



VST Industries Limited

June 30, 2025

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

The Manager
Listing Department
National Stock Exchange of India Ltd.
“Exchange Plaza”
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

STOCK CODE : 509966

STOCK SYMBOL : VSTIND

Dear Sir/Madam,

Sub : Annual Report 2025

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, we enclose a copy of the Annual Report for the financial year ended 31st March, 2025 including the Report and Accounts of the Company, Notice of the 94th Annual General Meeting of the Company to be held on 23rd July, 2025 and the Business Responsibility & Sustainability Report (BRSR).

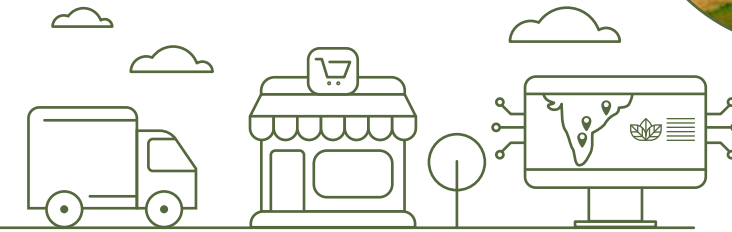
The abovementioned report is also being uploaded on the Company's website (www.vsthyd.com).

Please take the same on record.

Yours faithfully,
For VST INDUSTRIES LIMITED

PHANI K. MANGIPUDI
Company Secretary &
Vice President – Legal & Secretarial

Encl : As above.



**RESILIENT TODAY.
STRONGER TOMORROW.**

Corporate overview

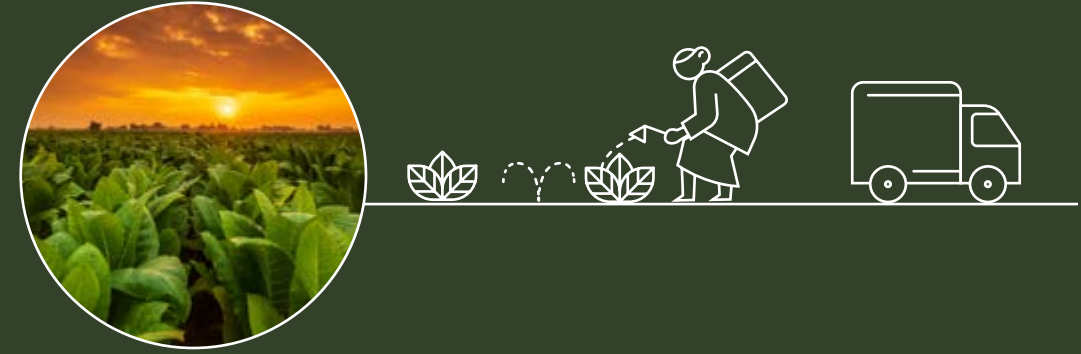
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**RESILIENT TODAY.
STRONGER TOMORROW.**

In a year marked by external pressures and internal pivots, we at VST Industries Limited (VST) reinforced our foundation while sharpening our strategic focus. FY 2024-25 was not just about staying the course — it was about making deliberate moves that will define our next growth phase.

From building a future-ready portfolio to deepening digital adoption and modernising operations, we acted precisely and purposefully.

Rooted in resilience and guided by clarity, we are transforming our strong core into a sharper edge that equips us to lead in an evolving market.



FY25 highlights

Financial

₹1,80,943 Lakhs Revenue	₹29,039 Lakhs Net profit
₹17.10 Earnings per share	13 Lakhs EBIT margin
₹1,32,269 Lakhs Net assets employed	₹10 Dividend per share
28% RoCE	

Non-financial

₹844 Lakhs CSR expenditure	5,000 Mid-day meals to school children
2 School building blocks constructed	400 Smart toilets constructed
15,000 Women self-help groups	

VST at a glance

CRAFTING EXCELLENCE

With a legacy spanning over nine decades, VST Industries Limited stands as a trusted and responsible name in the Indian cigarette manufacturing industry. Backed by a diverse portfolio of acclaimed brands, we continue to meet the evolving preferences of our adult consumers and we take great pride in our unwavering commitment to delivering exceptional quality and adding value to our customers.



As an associate undertaking of British American Tobacco Plc, our operations span state-of-the-art facilities in Toopran, empowering us to deliver consistent excellence and precision at every stage of the manufacturing process.

Our core strengths



Brand portfolio

At VST Industries, we ensure that our distinctive brand portfolio reflects our commitment to meeting the evolving needs of adult consumers, playing a key role in driving our remarkable business success over the past decade.



National distribution

By expanding our distribution network, we can effectively serve adult consumers across India, establishing a robust national presence. Our extensive wholesale and retail network enables us to reach adult consumers across the country's largest states.



Innovation

Our dedicated product innovation hub focuses on developing and delivering unique, cutting-edge products that cater to the ever-evolving preferences of adult consumers.



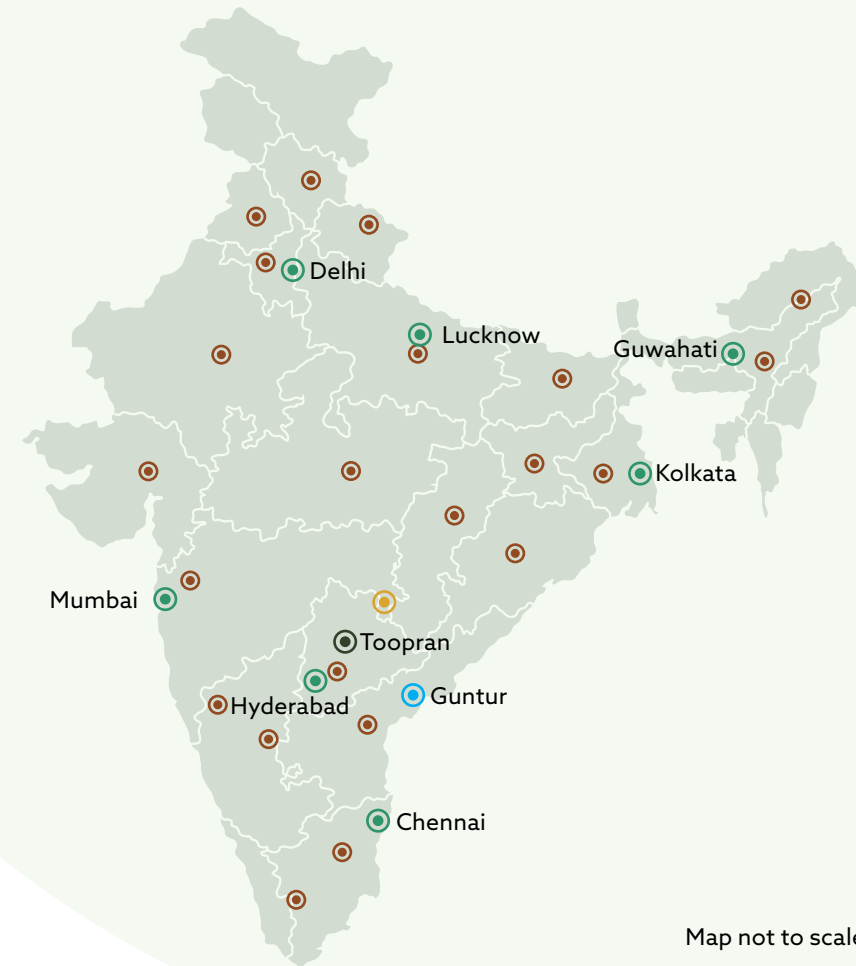
Led by ambition

The long-term success and growth of our organisation stem from the passion, skill and ambition of our people. With strong leadership and effective governance, our team is driven by a clear vision that drives superior performance, which is at the heart of our team.

Our presence

NATIONWIDE REACH FOR DIVERSE CONSUMERS

VST Industries has built an extensive network across India, ensuring a widespread national presence. This expansive reach allows us to cater to the diverse needs of our valued adult consumers, making our dynamic brand portfolio easily accessible nationwide.



Map not to scale

1

Manufacturing facility in Toopran

7

Regional offices in Hyderabad, Mumbai, Delhi, Kolkata, Chennai, Guwahati and Lucknow

800+

Wholesale dealers

10 Lakh +

Retail outlets

Offices and manufacturing facilities

- Market presence (states)
- Regional offices
- Corporate office
- Manufacturing facilities
- Leaf offices

Board of Directors

GUIDING THE STRATEGIC DIRECTION



Mr. Naresh Kumar Sethi

Non-executive Director & Chairman of the Board



Mr. S. Thirumalai

Non-executive Director



Mr. Alok Agarwal

Non-executive Director



Ms. Rama Bijapurkar

Independent Non-executive Director



Mr. Sudip Bandyopadhyay

Independent Non-executive Director



Mr. Rajeev Bakshi

Independent Non-executive Director



Mr. Nellaiappan Thiruambalam

Independent Non-executive Director



Mr. Sanjay Wali

Whole-time Director

Mr. Naresh Kumar Sethi

Non-executive Director & Chairman of the Board

Mr. Sethi joined the Board of Directors of VST Industries Limited in 2018 as a Non-executive Director, representing the interests of the Promoter Group – British American Tobacco (BAT). He serves as a member of the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee. Additionally, he is an invitee to the Audit Committee.

An alumnus of IIT Varanasi, Mr. Sethi holds a degree in Chemical Engineering and a Post Graduate Diploma in Management from IIM Calcutta. He is a seasoned global leader in consumer products, with deep expertise in strategy and business transformation. With a proven track record of managing large, complex businesses, he has consistently delivered exceptional performance and long-term shareholder value.

Mr. Alok Agarwal

Non-executive Director

Mr. Alok Agarwal joined the Board of Directors of VST Industries Limited effective 25th April 2025 as a Non-executive Director representing the interests of M/s. Bright Star Investments Pvt. Ltd. He has the requisite skills and expertise in Corporate & Business Management, Strategy, M&A in India and globally. He has over 47 years of experience in various industries and sectors.

He is a Chartered Accountant from ICAI and has a Master's degree in Business Administration (FMS) from University of New Delhi and has attended executive education/programmes at the Harvard Business School (Boston), Wharton Business School (Philadelphia), London Business School (London) and INSEAD (Paris).

Mr. S. Thirumalai

Non-executive Director

Mr. Thirumalai has been serving as a Non-executive Director on the Board of VST Industries Limited since 2019. Prior to this, he held the position of Independent Non-executive Director. He is an active member of the Audit Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee.

A seasoned professional with over four decades of experience, Mr. Thirumalai brings deep expertise in finance, taxation and legal affairs, with a particular focus on the tobacco sector. He is a Fellow Member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India, a Certified Associate of the Indian Institute of Bankers and a law graduate. He has also completed the prestigious Advanced Management Programme at the Harvard Business School in Boston, USA.

Ms. Rama Bijapurkar

Independent Non-executive Director

Ms. Bijapurkar joined the Board of Directors of VST Industries Limited in 2019 as an Independent Non-executive Director. She currently serves as the Chairperson of Stakeholders Relationship Committee. Additionally, she is a member of the Nomination & Remuneration Committee, Audit Committee and the Corporate Social Responsibility Committee.

Ms. Bijapurkar holds a B.Sc. (Hons.) in Physics from Delhi University and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. A recognised thought leader in market strategy and India's consumer economy, she brings over 30 years of experience in market strategy consulting and research.

She runs her own independent market strategy consulting practice, is a visiting faculty member at IIM Ahmedabad, and serves as an experienced independent director on several corporate boards. Her current directorships include Gokaldas Exports Limited, Apollo Hospitals Enterprise Limited, Cummins India Limited, Sun Pharmaceutical Industries Limited and Sun Pharma Distributors Limited.

Board of Directors

Mr. Sudip Bandyopadhyay

Independent Non-executive Director

Mr. Bandyopadhyay joined the Board of Directors of VST Industries Limited in 2019 as an Independent Non-executive Director. He currently serves as the Chairman of both the Audit Committee and the Risk Management Committee and is also a member of the Nomination and Remuneration Committee.

A rank-holder Chartered Accountant and Cost Accountant, Mr. Bandyopadhyay brings over 31 years of rich and diverse experience in finance and financial services. He is also a Gold Medallist from Calcutta University.

Mr. Bandyopadhyay is the Group Chairman of the Inditrade (JRG) Group of Companies, which has a strong presence in agri-commodity financing, microfinance and MSME lending. In addition to holding board positions across several listed and unlisted Indian companies, he is also an active investor in fintech and other technology-driven ventures.

He is a well-known voice in the business media, frequently featured on leading business news channels and regularly contributes to business newspapers and magazines.

Mr. Nellaiappan Thiruambalam

Independent Non-executive Director

Mr. Nellaiappan Thiruambalam joined the Board of Directors of VST Industries Limited as an Independent Non-executive Director effective 25th April 2025. He has requisite skills and expertise in Sales, Operations and P&L management and employee engagement in India and globally. He has over 40 years of experience in reputed firms viz. Heinz, Glaxo SmithKline Consumer, GE and a PE funded Indian company.

He has Honours degree in Mechanical Engineering from NIT, Trichy and has a Master's Degree in Business Administration (Marketing & Finance) from IIM, Calcutta.

Mr. Rajeev Bakshi

Independent Non-executive Director

Mr. Rajeev Bakshi joined the Board of Directors of VST Industries Limited as an Independent Non-executive Director effective 1st July 2024. He currently serves as the Chairman of Nomination & Remuneration Committee and Corporate Social Responsibility Committee and is also a Member of Audit Committee and Stakeholders Relationship Committee.

He holds a B.A. (Hons.) in Economics from St. Stephen's College, Delhi and a Post Graduate Diploma in Management with a specialisation in Marketing from IIM Bangalore. With over four decades of experience in sales and marketing, Mr. Bakshi has held key leadership roles in several renowned organisations, including PepsiCo, Cadbury Schweppes and Lakme, where he led major commercial and operational strategies.

Throughout his career, he has served on the boards of numerous companies across diverse sectors, such as Marico India, Omniactives Health Technologies Ltd., Raymond Consumer Care and Ola Foods. He currently serves as a Non-executive Director on the boards of Cummins India, Macrotech Developers, Dalmia Bharat Sugar Ltd. and Mother Dairy India Ltd. In addition to his board responsibilities, Mr. Bakshi is an advisor in the fields of strategy, general management and marketing. In 2014, he was honoured with the 'Distinguished Alumni Award' for his outstanding contributions to business and society.

Mr. Sanjay Wali

Whole-time Director

Mr. Sanjay Wali joined the Board of Directors of VST Industries Limited as Whole-time Director effective 25th April 2025. Prior to joining the Board, he was the Chief Operating Officer of the Company. He is an experienced professional with a career spanning over three decades, with expertise in Business Strategy, Sales, Marketing, Logistics, New Product Development, Business Development and Project Management. His professional journey includes tenures at esteemed organisations such as Procter & Gamble, Godfrey Philips and Dalmia Cement, where he has consistently taken on roles of increasing responsibility and demonstrated remarkable leadership. He has a Post Graduate Degree in Business Management (Marketing) from IMT, Ghaziabad and is an alumnus of Harvard Business School (AMP 2015).

Management team

LEADING FROM THE FRONT



Dr. T. Lakshmi Narasaiah

Vice President - Leaf



Mr. S. Sriram

Vice President - Technical



Mr. Sanjay Wali

Whole-time Director



Mr. Phani Mangipudi

Company Secretary and Vice President - Legal & Secretarial



Mr. Anish Gupta

Chief Financial Officer



Mr. Amit Arora

Chief Human Resources Officer

Chairman's statement

RESILIENT TODAY. STRONGER TOMORROW.



In a year defined by industry-wide challenges, we demonstrated our ability to adapt, evolve and emerge stronger—positioning VST for accelerated growth in the years ahead."

Dear Shareholders,

I am pleased to present our Annual Report for FY25. This was a year that tested our resilience in a hyper competitive environment, but our conviction in our strategic direction began to pay off. While external headwinds persisted, your Company responded with decisive action. We strengthened our foundation and positioned ourselves to capitalise on emerging market opportunities.

Navigating Industry Headwinds

FY25 presented formidable challenges across our sector. Persistent inflationary pressures on key raw materials—particularly leaf tobacco—compressed margins industry-wide. Global supply chain disruptions and volatile market conditions added further complexity to our operating environment.

However, these challenges also revealed VST's fundamental strength. Through strategic procurement optimisation and enhanced supplier partnerships, we minimised adverse impacts. Overall, the operating environment continued to affect our volumes and profitability in the first half. However, focused execution ensured favourable recovery in the second half which we will strive to sustain in the next financial year and beyond.

Largely stable regulatory and tax regime in recent years along with growth in disposable incomes is driving growth in the mid-premium segment of this category. While your Company has historically been strong in the value segment, your Company's recent strategic brand interventions are enabling participation in this segment, allowing us to effectively compete with entrenched players.

Financial Performance and Shareholder Returns

Your Company delivered revenues of ₹1,809.43 Crores in FY25. Profit after tax stood at ₹290.4 Crores. The tobacco leaf business continued its strong trajectory. It generated revenues of ₹472 Crores and profits of ₹58 Crores. This revenue represents a 6.7% growth over the previous year.

The Board has recommended a final dividend of ₹10 per share. This underscores our commitment to consistent value creation for shareholders even in challenging times.

Strategic Portfolio Transformation

The mid-premium segment now represents nearly 40% of the industry. This shift affected our portfolio adversely. There has been a sustained effort over the last few years to establish our brands in this hyper-competitive segment. Our strategy is to provide enhanced value to adult consumers through consumer relevant innovations. We now have efficient processes to support this. Regional insights were leveraged by our experienced R&D team to build a strong new product pipeline. This led to promising launches during the year in contemporary formats such as demi-slims coupled with local flavours. New launches were ably supported by region-specific offers and sales strategies.

I am happy to report that in FY25, we have begun to see progress in this

area. Our portfolio is now poised to be stronger and more sustainable for the future. We are committed to returning to growth and now have a platform to make this happen.

EDITIONS has emerged as a key growth engine, transforming it from a regional offering into our second national brand after TOTAL. TOTAL is poised for further expansion, with new mid-premium variants being rolled out. We also continue to support regional trademarks like Charms, Special, and Moments with relevant innovation and activation efforts, especially in the value segment where we retain firm leadership.

Operational Excellence and Future Readiness

Your Company's new manufacturing facility at Toopran, integrating the Secondary Manufacturing Division (SMD) is now fully operational. This state-of-the-art plant symbolises our future readiness, anchored in productivity, efficiency and sustainability. It strengthens our ability to deliver world-class products while maintaining cost competitiveness.

We continue advancing our digital transformation. We are future-proofing our distribution network to enhance reach in core markets. This also accelerates penetration in emerging territories. Our agility in adapting across people, processes and platforms will keep us ahead of market shifts.

Looking Forward with Confidence

Looking ahead, we are optimistic. Our actions are grounded on three active pillars—portfolio upgradation, deeper digital enablement and geographic penetration—across both the value and mid-premium segments. With more robust brand-building efforts and a sharper go-to-market model, we aim to grow ahead of the industry over the long term. Meanwhile, our tobacco leaf business continues to show strong

momentum. We remain committed to nurturing this through niche cultivation models and trusted farmer partnerships.

Our Commitment Beyond Business

Through VST Cares, our flagship CSR programme, we continue creating positive impact. We reach approximately one Million families across sanitation, education, environmental sustainability and rural development. Care remains at our core. This reflects our commitment to sustainable business practices.

On behalf of the Board, I extend heartfelt gratitude to our management team and ~700 dedicated employees. Their perseverance and passion drove our success this year. Their commitment to excellence has been instrumental in overcoming challenges. They have helped build a stronger VST for tomorrow.

As we move forward, I am confident in VST's strategic focus, operational excellence and commitment to all stakeholders. These strengths will continue creating sustainable value for shareholders. We will also contribute meaningfully to the communities we serve.

I reiterate VST's commitment to creating a long-term value for all our stakeholders, including employees, shareholders, customers and to the communities we operate in while upholding the highest standards of integrity, transparency and social responsibility.

Thank you for your continued trust and support.

Naresh Sethi

Non-executive Chairman

READY FOR WHAT'S NEXT



Strategic pivots enabled us to augment our brand portfolio, actively catering to diverse and emerging adult consumer needs with a keen emphasis on creating an innovation-led and future-fit portfolio through differentiated launches.

Product profile

EXPANDING OUR PORTFOLIO STRATEGICALLY

VST Industries, headquartered in Hyderabad, India, is focused on manufacturing and selling cigarettes and unmanufactured tobacco, a core aspect of our business within the Indian market across various regional distribution networks. Our brand portfolio revolves around our established cigarette brands. At VST Industries, we deliver a long-standing commitment to quality and consumer satisfaction, addressing the diverse needs and preferences of adult smokers in India.

Our diversified product division

Our brand portfolio is a collection of five dynamic brands, broadly categorised under two broad segments.

Among them, three (Charms, Special and Moments) are Growth Heritage Brands, continuing a legacy of excellence. The other two (Total and Editions) are New Age Brands, reflecting the essence of contemporary preferences. Additionally, we have introduced a new brand, Editions Trio, which caters specifically to premium consumers.

New-age brands

Total

TOTAL, VST's largest brand, actively sells across the country in multiple formats and flavours, thus meeting the evolving needs of adult consumers. It is a youth-centric brand and straddles multiple price points.



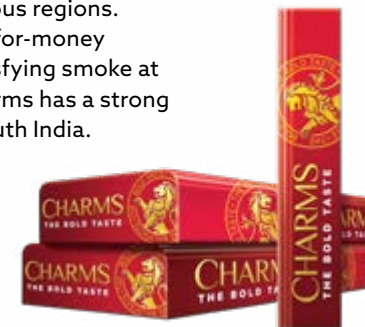
Editions

Editions is VST's first successful king-size brand and comes in multiple flavours and formats. The brand is targeted at mid-premium and premium adult consumers. Editions is a strong brand in South India.

Growth heritage brands

Charms

Charms has been a long-standing and reliable brand in the Indian cigarette industry, enjoyed by multiple generations across various regions. Charms caters to value-for-money smokers, offering a satisfying smoke at an affordable price. Charms has a strong presence in East and South India.



Moments

Moments is a vibrant, value-for-money brand in North India, offering a satisfying smoking experience at an affordable price.

Special

Special is a strong brand in East India, offering a satisfying experience at an affordable price.



Newly-launched brands

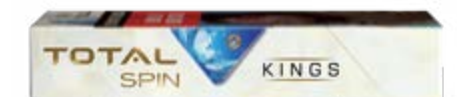
Editions Trio

Editions Trio is an innovative variant that provides a three-in-one experience in a stylish format. Trio is primarily targeted at mid-premium adult consumers seeking a unique experience and style. Editions Trio is available across the country.



Total Spin

TOTAL's first king-size variant offers a satisfying smoke and a refreshing mint experience.



Total Paan Delight

This innovative variant comes with a paan capsule targeting discerning value consumers seeking an indigenous flavour at an affordable price.

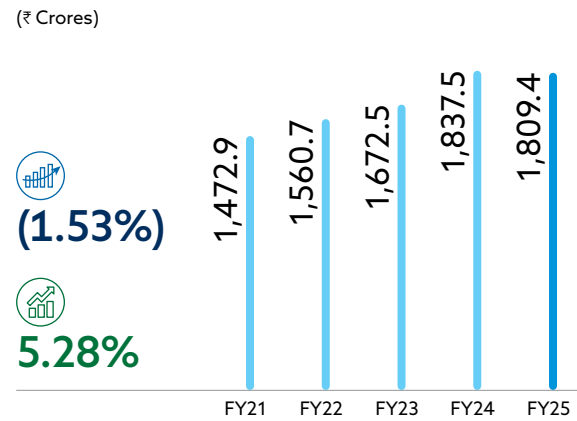


Key performance indicators

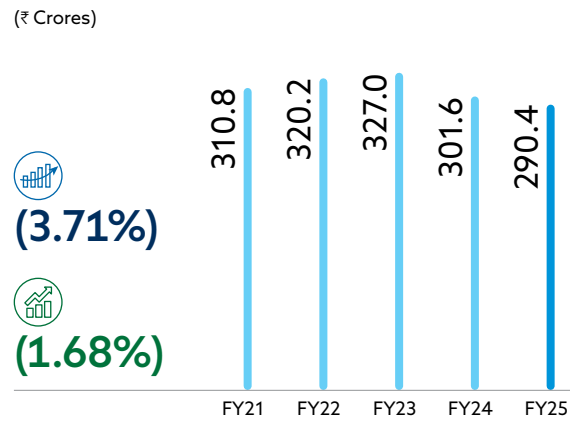
NAVIGATING THE PATH TO PROGRESS

Financial

Revenue from operations

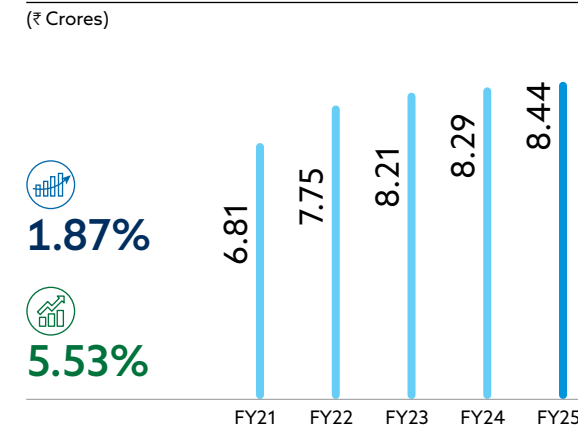


PAT

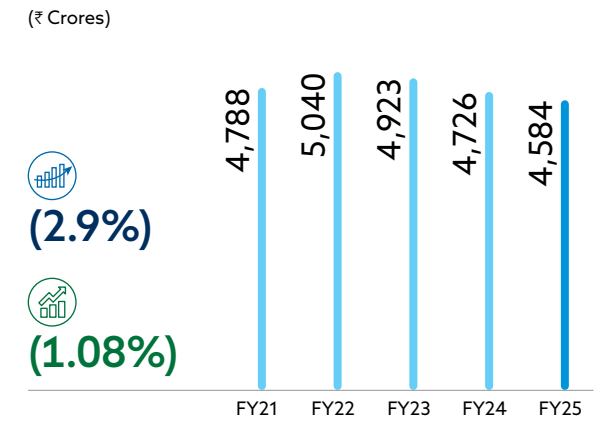


Non-financial

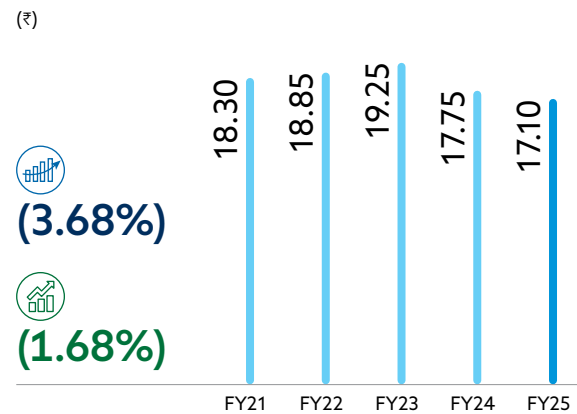
CSR expenditure



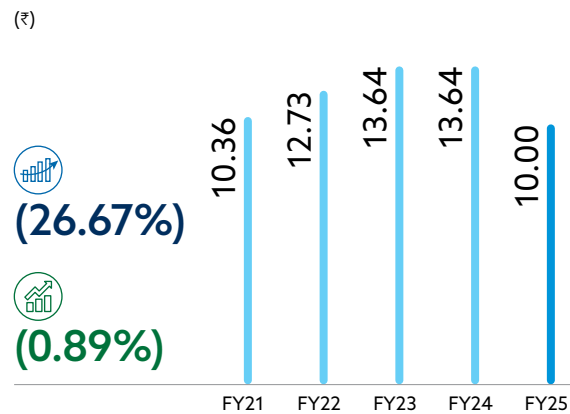
Consumer expenditure



Earnings per share*

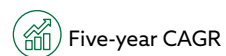
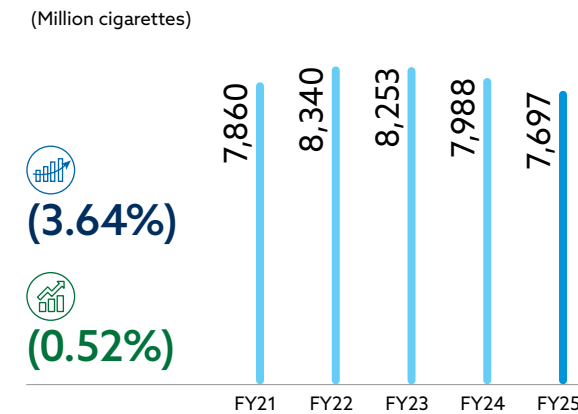


Dividend per share*



Operational

Volumes



*Adjusted for issue of bonus shares in 2025 to facilitate like-for-like comparison.

INVESTED IN PROGRESS

We identified and leveraged cutting-edge manufacturing as one of the key drivers of future-proofing organisational efficiency and agility, driving adaptability for long-term readiness and ensuring resilience in the face of macroeconomic headwinds and uncertainties.



Manufacturing excellence

REDEFINING MANUFACTURING STANDARDS

The successful integration of the Azamabad factory with the Toopran facility was completed in November 2024, marking a significant milestone in our journey towards operational excellence.

The state-of-the-art factory now seamlessly integrates the Primary Manufacturing Division (PMD) and Secondary Manufacturing Division (SMD) to produce high-quality cigarettes. Built on principles of sustainability, cost optimisation, and technological innovation, the integrated facility seeks to deliver efficiencies while prioritising the well-being of workers. Our focus on quality remains unwavering, and this state-of-the-art plant strives to enhance excellence in every aspect of our operations.

With a strong emphasis on quality control, these integrated operations ensure consistency and an attention to detail. We have implemented rigorous quality management systems, leveraging advanced technologies and process improvements to guarantee the highest standards for our adult consumers.



Benefits

- Enhanced efficiency**
Integrated operations and optimised processes drive productivity gains.
- Sustainable practices**
Commitment to sustainability reduces environmental impact in line with our ESG goals.
- Cost competitiveness**
Optimised costs enable us to maintain market competitiveness.
- Improved working conditions**
Our workforce-friendly approach fosters a positive work environment.

Outlook
This strategic investment will drive long-term growth, profitability and value creation for our shareholders. We are confident that our commitment to sustainability, efficiency and innovation will position us for success in the tobacco sector.

Leaf operations

DIGITALISATION AND SUSTAINABILITY AT THE CORE

At VST Industries, we are committed to sustainable tobacco production, ensuring high-quality tobaccos to cater to our domestic consumption and export markets, while minimising environmental impact and promoting socioeconomic well-being. Our Sustainable Tobacco Programme (STP) integrates optimal farming practices, fosters ongoing enhancements, and addresses crucial social and human rights concerns.

Digital traceability

We have partnered with Tracex for the implementation of end-to-end traceability across our leaf supply chain ecosystem. This module enables:

Farmer data: Comprehensive database management of farmers, including farm locations and crop details

Crop monitoring: Real-time monitoring of crop activities, from sowing to harvesting

Procurement tracking: Transparent tracking of procurement processes, including grading and timely payment to farmers

Processing and export: Traceability of tobacco processing for domestic consumption and export, ensuring compliance with international standards



Benefits

The digital traceability solution has:

Enhanced adherence

Improved compliance with sustainability standards

Simplified farmer agreements

Streamlined processes and reduced complexity

Improved efficiency

Enhanced procurement and processing operations



Commitment to Sustainability

At VST Industries, we are committed to transforming into a more ESG-compliant business environment. Our sustainable strategy focuses on:

Environmental stewardship

Minimising adverse environmental effects

Social responsibility

Enhancing socioeconomic well-being of individuals and farming communities

Governance

Implementing effective management processes

The integration of sustainable leaf operations and digital traceability have positioned us to be an effective leaf exporter, ensuring a dependable supply of high-quality tobacco leaves to our customers while promoting responsible farming practices and contributing to rural sustainability.



Value creation model

DRIVING LONG-TERM GROWTH AND IMPACT

From working with smallholder farmers to delivering premium tobacco products across India and global markets, our integrated operations ensure consistent performance and long-term impact.

Our value creation model begins with...

Enables a better future

Impact

Sourcing

- **Raw material:** Cured tobacco sourced from farmers across Andhra Pradesh, Telangana, Karnataka, Gujarat and Maharashtra
- **Focus:** Long-term partnerships with smallholder farmers
- **Procurement:** Through auctions for various tobacco types
- **Sourcing:** Filters, paper and inputs from global and local suppliers

Manufacture

- **Primary manufacturing:** Threshing, grading, sieving, cutting, drying and humidified storage of tobacco
- **Secondary manufacturing:** Making, packing, wrapping and parcelling

We operate

1 Factory | **7** Regional offices

Distribute

Our network spans >80% of India, serving distributors, wholesale dealers, and retailers. Meanwhile, unmanufactured tobacco is exported to global buyers.

Sell and innovate

- Strategic product upgrades
- Insight-based innovation
- Brand portfolio enhancement

Insight

Market data, consumer trends and stakeholder feedback inform our R&D innovations, facilitating business growth



Consumers

- Commitment to high-quality products for adult consumers
- Focus on brand strength and product innovation
- Aim to lead in market relevance

Measured by

Two

of the top 10 cigarette brands owned by VST Industries

Five

Products launched

Farmers and partners

- Our network include 17,246 farmers across 609 villages
- Engage with suppliers on a large scale
- Focus on ensuring quality and livelihood security

Our people

343
Employees

353
Workers

Enabled by

- Focus on training and development
- A commitment to safety and performance

Society and sustainability

- Sustainable progress
- Strengthened supply chain
- Responsible sourcing
- Investment in efficient production
- Long-term value creation

Shareholders

Strong financial base enables growth reinvestment, supports innovation and sustains long-term dividend strategies

₹1,39,776 Lakhs
Net revenue

₹29,131 Lakhs
Total comprehensive income

₹17.10
Earnings per share

₹10
Dividend per share

28.3%
Return on capital employed

13%
EBIT

CHAMPIONING COMMUNITIES AND THE ENVIRONMENT

We strive to promote a cleaner and greener future by embracing renewable energy, implementing effective waste management and engaging responsively with our stakeholder family. Our CSR initiatives testify to the strength of our ethical roots and aim to usher in positive changes in the lives of individuals and communities, fostering sustainable and equitable development.



Emphasis on ESG

SUSTAINABILITY AT THE CORE OF OUR CULTURE

At VST Industries, we recognise our critical role in creating a sustainable future. We see addressing environmental, social and governance (ESG) factors as both a responsibility and an opportunity to drive positive change. We prioritise environmental stewardship, social responsibility and strong corporate governance for long-term success and stakeholder well-being. Our comprehensive ESG framework encompasses operations, supply chain and engagement with employees, customers and communities.

Environment



0.66

tCO₂e/Million cigarettes
GHG intensity (Scope 1+2)

6.83

GJ/Million cigarettes
Energy intensity

6.49

KL/Million cigarettes
Water intensity

1.18

MW
Renewable energy capacity

Social



₹844 Lakhs

CSR expenditure

15,000

Village women benefitted by the menstrual hygiene programme

400

Families benefitted by the construction of household toilets

413

Village youth got trained in vocation skills

5,000

Students benefitted directly by the mid-day meal initiative

1,500

Students benefitted directly by the electric food van

18,000

Villagers benefitted by the mobile dispensary programme and blood checkups

600

School children benefitted by the school infrastructure project

11,000

Patients will benefit from dialysis machines

1,100

Students encouraged to take up arts and sports

600

Blind students benefitted by the school infrastructure project

Governance

17%

Board gender diversity

50%

Board independence



Emphasis on ESG

Our strategic ESG pillars and identified material issues

Environment



Solar tree installed at our facility

Identified material issues

- | | |
|----------------------|------------------|
| Energy | Emissions |
| Water | Waste management |
| Sustainable material | Circular economy |
| Biodiversity | |

Contribution to the UN SDGs



Social



Identified material issues

- | | |
|-----------------------------------|------------------------|
| Employment | Training and education |
| Labour-management relations | Human rights |
| Diverse and inclusive environment | Health and safety |

Contribution to the UN SDGs



Inclusive growth



Identified material issues

- | | |
|-----------------------|------------------|
| Community initiatives | Consumer welfare |
| Littering prevention | |

Contribution to the UN SDGs



Sustainable agriculture



Identified material issues

- | | |
|--------------------|------------------|
| Farmer livelihood | Water |
| Climate resilience | Waste management |

Contribution to the UN SDGs



Responsible governance



Identified material issues

- | | |
|----------------------|----------------------------------|
| Business ethics | Regulatory compliance |
| Responsible sourcing | Innovation |
| Policy and advocacy | Illicit tobacco trade prevention |

Contribution to the UN SDGs







Emphasis on ESG



ESG roadmap 2030

Our commitment to sustainability and generating value for all stakeholders is redirected in our ESG goals. We strive to achieve excellence in every aspect of ESG, aiming to drive positive change and leave a lasting impact.



Environment

ESG pillar	Material topics	Targets for FY30
Sustainable operations	 Energy	<ul style="list-style-type: none"> 50% renewable energy in the overall energy mix (subject to the regulatory environment) Aim to operate 100% of fleet (owned and third-party passenger vehicles) on electricity
	 Emissions	<p>Carbon neutrality/offsetting: 100% carbon offset for VST's operations (Scope 1+2 emissions)</p>
	 Water	<p>Rainwater harvesting potential equivalent to over 3x the net water consumption in own operations</p>
	 Waste	<ul style="list-style-type: none"> 100% of packaging to be reusable, recyclable or biodegradable 100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under extended producer responsibility (EPR)

Governance

ESG pillar	Material topics	Targets for FY30
Rigorous oversight	 Climate resilience	<ul style="list-style-type: none"> 30% of contracted farmers (for Talmari and Oriental crops) to use drip irrigation by 2030 30% of crop protection agents used by contracted farmers to be biofertiliser/biochemical-based 20% improvement in soil organic matter through green manuring crops for better water-holding capacity
	 Farmer livelihood	<ul style="list-style-type: none"> We maintain a zero-tolerance policy for child and forced labour and will implement sufficient measures to identify and mitigate such risks within our leaf supply chain We shall continue to ensure minimum legal wage is provided to farm workers Implement mechanisation of field preparation and removal of stubbles for 100% of the area under tobacco Explore and implement mechanisation of other farm operations (harvesting and plantation) for at least 20% of the tobacco area

Social

ESG pillar	Material topics	Targets for FY30
Care for people	 Diverse and inclusive work environment	<p>Promote an inclusive work environment by:</p> <ul style="list-style-type: none"> Providing equal opportunity to all employees based on merit and ability Undertaking inclusiveness training to management staff to promote a work environment free from discrimination, sexual harassment and undue biases in compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or affiliation with a political, religious, or union organisation or majority/minority groups
	 Employment	<p>Continue to invest in employee engagement and conduct employee engagement surveys at regular intervals for any course correction and track relevant KPIs for the workforce</p>
	 Health and safety	<p>Zero accidents in own operations</p>

Emphasis on ESG

Cleaner tomorrow for a sustainable future

At VST Industries, we remain committed to a cleaner future by investing in renewable energy, reducing greenhouse gas emissions, implementing waste management programmes, promoting responsible water management and engaging with stakeholders, all while striving to lead in environmental sustainability.

Our responsibility as a corporate citizen and our genuine care for the planet and future generations underpins our dedication to minimising our environmental impact and promoting sustainable practices. We adhere to global best practices, including optimising renewable energy use, implementing energy-saving strategies and reducing emissions.

Energy and emissions management

We pursue various initiatives to ensure our operations are sustainable. We have implemented energy conservation measures in our manufacturing facilities to reduce environmental impact. Our sites are accredited with ISO 14001:2015 for Environmental Management Systems. We primarily rely on two energy options for our operations:

Direct Energy

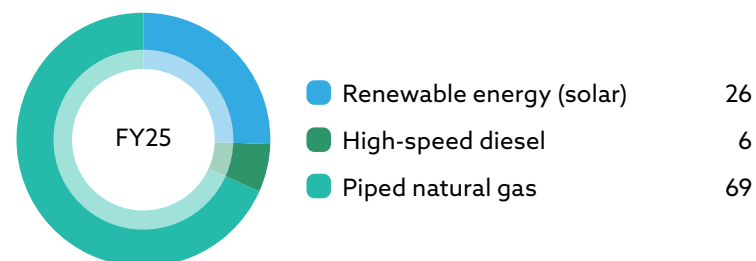
- Fuels like natural gas or diesel for our boiler room operations, Diesel generator sets and on-site renewable energy sources.

Indirect energy

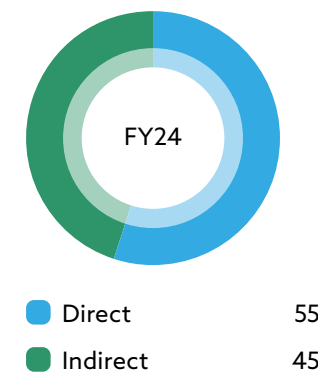
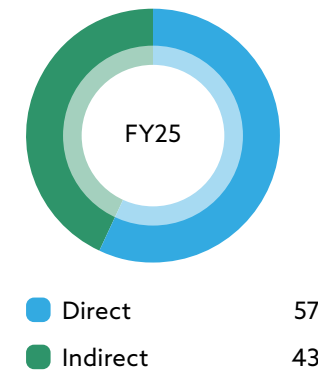
- Electricity which is purchased from utilities. In FY25, we purchased grid electricity counted for 43% of the total energy requirements.
- Similarly, fossil fuels, including high-speed diesel (HSD) and piped natural gas (PNG), accounted for approximately 74% of the total direct energy consumption, while on-site solar plants contributed 26% of the energy needs. The rise in renewable energy utilisation is attributed to the installation of an additional 200 KW solar plant, expanding our existing 1 MW solar capacity. This capacity increase brings our total solar capacity to 1.2 MW.



Categorisation of direct energy consumption by type (%)



Energy consumption mix (%)



AWS certification

Our Toopran facility was awarded the Alliance for Water Stewardship (AWS) Certification for Water Stewardship (Gold Rating). This is a step forward in our sustainability endeavours. We are one of the few companies in India to be AWS certified.

Our energy consumption for the past three financial years

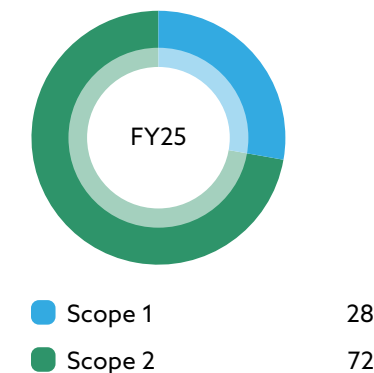
Financial year	Direct energy consumption (TJ)	Indirect energy consumption (TJ)	Total energy consumption (TJ)
FY25	20.3	15.6	35.8
FY24	19.4	15.57	34.83
FY23	15.32	12.53	27.85

We recognise our responsibility for all three categories of greenhouse gas emissions (Scope 1,2 and 3) resulting from our operations and throughout the upstream and downstream value chain. Currently, we are actively measuring and monitoring our Scope 1 and Scope 2 emissions. We are enhancing our data monitoring system to prioritise relevant sources of Scope 3 emissions within our value chain and intend to disclose our Scope 3 emissions in the future.

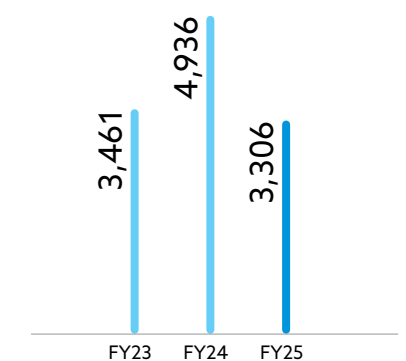
The table and graphs below illustrate the organisation's greenhouse gas emissions profile over the past three financial years:

Financial year	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total GHG emission (tCO ₂ e)
FY25	985	2,322	3,306
FY24	910	3,139	4,936
FY23	642	2,819	3,461

Scope 1 and Scope 2 mix (%)



GHG emissions (tCO₂e)



Emphasis on ESG

Foundations of teamwork, growth, responsibility

At VST Industries, we believe that the strength and success of any organisation lies in its people. We invest in employee development to build a culture that cultivates harmony among employees, harnessing the best in each individual in their respective roles.

Our goal is to enrich lives, create value in every internal and external transaction and build the organisation from the ground up to deliver sustainable growth and success for a brighter tomorrow.

People-first empowerment approach

A personalised approach goes beyond a one-size-fits-all model. We are creating an environment of recognition, respect and empowerment by valuing each employee's individuality and offering customised growth opportunities. At VST, every employee brings a unique perspective and approach,

contributing to our Company's success. We are instilling a vibrant and well-balanced culture by leveraging each individual's strengths, enriched by diverse thoughts, ideas and actions. Our culture embraces traits that drive collaboration, empowerment and ownership at all levels, fostering growth with purpose and uniting us under the power of One VST.

The Head of HR collaborates closely with the Whole-time Director to shape our Human Capital strategy. The Corporate Executive Committee (CEC), under the leadership of the Whole-time Director, is responsible for finalising and executing these strategies.



The three elements part our Human Capital Strategy that facilitates in fulfilling our pledge are:

Capability and talent

- Strengthen leadership at all levels
- Succession plans for critical roles
- Capability development strategy
- Enhance the sales team's capability to utilise digitisation

Employee communication and connect

- Recognition programmes
- Employee engagement and wellness initiatives
- Focus on diversity
- Strengthen employer brand-building

Driving performance culture

- Robust performance management process
- Sales incentive programme - instilling competitive spirit among teams
- Attracting right talent
- Performance orientation through regular feedback and tracking progress against KRAs

Material topic



Diverse and inclusive work environment

Targets for FY30

- Diversity and inclusion are at the forefront of our organisation's values
- We foster an open culture that promotes equal opportunities for career advancement and development
- Additionally, we actively support individuals from diverse backgrounds, ensuring they have the necessary resources and opportunities to participate fully in the decision-making processes



Employment

- Maintain ongoing investments in employee engagement and regularly calibrate employee satisfaction, allowing for adjustments as needed
- Monitor key performance indicators (KPIs) relevant to the workforce to ensure alignment with organisational goals



Health and safety

Successfully maintaining a zero-accident record in operations

Emphasis on ESG



Rewards and recognitions

At VST Industries, recognition is a core part of our culture. We celebrate team successes and individual efforts through various measures that drive collective success. By valuing employee contributions, we foster a positive and motivating work environment that inspires innovation and promotes loyalty. Our Gold Star Recognition programme highlights desired behaviours, awards employees quarterly and communicates their achievements across the organisation.

Enhancing capabilities for continuous improvement

We have established a culture that nurtures our employees' personal and professional development through comprehensive training programmes, workshops and skill-building initiatives. We empower them to reach their full potential and achieve their career goals. Our comprehensive learning and development (L&D) structure enables our team to achieve their professional goals and contribute meaningfully to our organisation. We have made significant progress in capability building and talent development, offering opportunities for employees to enhance their business skills and foster well-rounded growth. Highlights include building and strengthening talent at all levels, development centres, employee potential development programmes and focused leadership roadmap for future preparedness.



Innovation

We promote commitment to innovation by creating a culture that celebrates creativity and rewards experimentation through our recognition programmes.

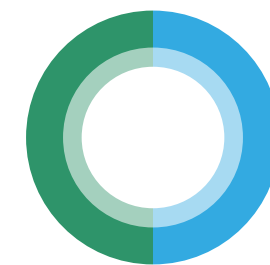
We encourage employees to explore new ideas with the resources, freedom and support to turn concepts into reality. We also embrace a mindset that views failure as a valuable learning opportunity and fuels improvement.

We help our employees develop problem-solving skills through targeted training. We empower individuals to face challenges confidently, building their ability to overcome obstacles and foster a collaborative environment that leverages diverse perspectives to drive innovative solutions that push beyond conventional limits.

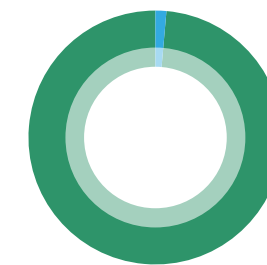


Our employee base as of 31st March 2025 was 696, which included permanent employees and workers.

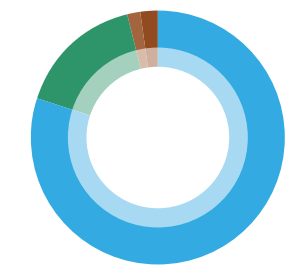
Employee-worker classification (%)



Gender diversity (%)



Employee categorisation (%)



Permanent employees 51
Permanent workers 49

Female 51
Male 49

Junior management 80.1
Middle management 16.1
Senior management 1.8
Executive management 2.0

Emphasis on ESG

Empowering change through our CSR vision

At VST Industries, our CSR initiatives are integral to our values and ethos. Our CSR vision aligns with our business goals to create tangible differences for individuals and communities by addressing relevant environmental issues for a more equitable and sustainable future for all.

Skill development programme

- Training rural women to become self-sustaining women entrepreneurs
- Vocational skill training programme for youth

Swachh Ghar Mission

- Household toilet construction
- Creating awareness of safe hygiene habits

Project Gyandeeep

Providing infrastructural support for schools – benches and classrooms

Menstrual hygiene

Awareness of menstrual hygiene and usage of cotton sanitary pads for women

Providing medical support

Partner with NGOs/private hospitals to address healthcare challenges in the villages

Nutrition support

Feed underprivileged children (mid-day meals)

Sustainability

- Projects promoting sustainability, e.g. solar panels in villages and schools
- Projects promoting wildlife conservation

₹844 Lakhs

CSR expenditure during FY 2024-25





1 Million

Lives benefitted through our CSR programmes



Thematic areas identified

We prioritise social well-being and community contribution through our Corporate Social Responsibility Policy. We actively participate in social initiatives that advocate for inclusive development, concentrating on the following key areas:

 Health and sanitation	 Education and sports	 Rural development	 Environment and sustainability
<ul style="list-style-type: none"> • Facilitate government health insurance coverage • Health screening camps and referral linkages with hospitals • Toilet construction • Affordable dialysis services for patients from underprivileged backgrounds 	<ul style="list-style-type: none"> • Education support through infrastructure for schools, mobile libraries and IT infrastructure • Mid-day meals for students • Sponsor sports activities representing the nation 	<ul style="list-style-type: none"> • Women farmer self-help groups • Farmer training on modern farming techniques • Vocational training to youth for employment • Training on personal hygiene and menstrual cycle hygiene 	<ul style="list-style-type: none"> • Solar energy solutions for irrigation pumps, street lights, primary health care centres and schools

Emphasis on ESG



Health and sanitation

We made significant strides in improving community well-being through our Health and Sanitation Project in FY 2024-25. In Kurnool, Telangana, we constructed household toilets, enhancing sanitation and hygiene. In Toopran, Hyderabad, our partnership with the Red Cross Society facilitated impactful healthcare camps, delivering essential services to residents. We sponsored a mobile medical unit (ambulance)

in the villages of Kurnool to ensure prompt and effective response and improve healthcare accessibility in the region. We sponsored 12 dialysis machines in partnership with the Rotary Club, Secunderabad, including setting up an RO plant impacting close to 11,000 lives yearly. Furthermore, we sponsored an audiometry machine addressing the needs of differently-abled children in their treatments.

15,000

Villages provided with door step healthcare

9,500

Household toilets constructed in 41 villages till date



Education

In the field of education, we sponsored school infrastructure to support the education of visually-impaired children at the Devnar School for Blind, Hyderabad and also supported the construction of school infrastructure at Government Schools in Suraram, Medchal, Hyderabad and Government School, Medak. A unique pedagogy for identified school children enhancing their overall development in all fields like computer training, arts, sports etc are being imparted in government schools in Brahmanapalle village of the Medak district.



Nutrition for schoolchildren

We provided mid-day meals in government schools and Anganwadis in Medak district, Hyderabad, contributing to eliminating classroom hunger, ensuring children have access to nutritious meals and supporting their overall development and education.

Rural development

We sponsored skill-building programmes for women



entrepreneurs in the villages of Kurnool. We supported women's entrepreneurship and menstrual hygiene initiatives in Undavelly Mandal, Jogulamba Gadwal District, Telangana, through the Naari Shakti project, which provided training on reusable cloth pads, stitching, and menstrual hygiene as part of our rural development efforts.

We also supported rural students by enrolling them in a vocational skill-building programme aimed at securing jobs conducted by the Sambhav Foundation. Through this programme, we have been able to place close to 413 students in respectable employment in retail and BPO.

Environmental sustainability

We have undertaken an initiative to support environmental sustainability by sponsoring two electric vehicles to deliver mid-day meals to school children in the Medak region. We also supported wildlife conversation biodiversity protection by sponsoring the conservation of whale sharks in Kerala.

Emphasis on ESG

Ensuring ESG-compliant governance

At VST Industries, we are committed to upholding the highest standards of environmental, social and governance (ESG) principles. We firmly believe that responsible and sustainable business practices are an obligation we owe to our planet, our stakeholders and future generations.

Environmental responsibility

We are committed to addressing the pressing environmental challenges our world faces. Our governance practices focus on minimising our ecological footprint. We actively implement eco-friendly policies and adopt innovative technologies to reduce waste, conserve resources and combat climate change.

Governance excellence

We have set high standards and hold ourselves accountable to the strictest levels of transparency, integrity and ethical conduct. Our governance framework ensures that decisions are fair and align with the expectations of our stakeholders. We continuously monitor and assess our internal processes through rigorous audits, risk assessments and robust internal controls.

Stakeholder engagement

Stakeholder engagement is vital to our governance practices, enabling us to make well-informed decisions that align with their interests and expectations. We actively engage with our stakeholders, valuing their perspectives, concerns and feedback. We forge strong partnerships with our shareholders, employees, customers, suppliers and communities.

Social impact

We champion inclusivity, diversity and respect within our organisation, creating a workplace where everyone feels valued and empowered. We prioritise the well-being, safety and personal growth of our employees. We also actively engage with local communities, supporting initiatives that improve education, healthcare and social well-being, creating positive long-term social change.

Constant advancement

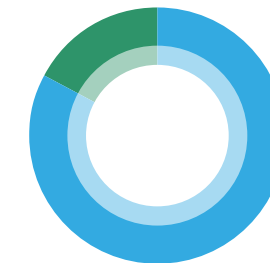
We are always looking to improve, aim higher, and exceed industry standards by staying updated on ESG trends and adapting to new regulations. We are committed to evolving and innovating to ensure a sustainable future for everyone.

Our ESG governance

We have implemented a three tiered ESG governance framework at the Board, corporate and unit levels.

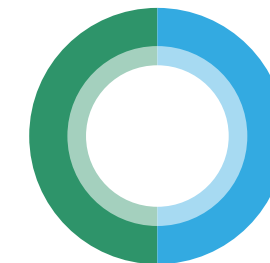
- **Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Committee:** This committee operates at the Board level and is led by an Independent Director. Its role includes assessing performance, offering strategic guidance and providing essential feedback to the Corporate ESG committee.
- **ESG Strategy Committee:** Headed by our Managing Director & CEO, this committee is responsible for formulating the ESG strategy, conducting a comprehensive performance evaluation, offering strategic updates and providing operational direction.
- **ESG Council:** At the unit level, this committee, led by the respective unit heads, oversees the monitoring of ESG Key Performance Indicators (KPIs), conducts performance evaluations, providing strategic updates, and offering operational direction.
- Our Company Secretary, who reports directly to the Managing Director and CEO, oversees the execution of our comprehensive ESG strategy and the preparation of reports.

Board diversity (%)



Male 83
Female 17

Board independence (%)



Independent Directors 50
Non-independent Directors 50

Corporate Information

BOARD OF DIRECTORS

Naresh Kumar Sethi

Chairman
(DIN 08296486)

S. Thirumalai

Non-executive Director
(DIN 00011899)

Alok Agarwal*

Non-executive Director
(DIN 08655585)

Rama Bijapurkar

Independent Non-executive Director
(DIN 00001835)

Sudip Bandyopadhyay

Independent Non-executive Director
(DIN 00007382)

Rajeev Bakshi

Independent Non-executive Director
(DIN 00044621)

Nellaiappan Thiruambalam*

Independent Non-executive Director
(DIN 02121182)

Sanjay Wali*

Whole-time Director
(DIN 10868596)

Aditya Deb Gooptu**

Managing Director & CEO
(DIN 07849104)

BOARD COMMITTEES

AUDIT COMMITTEE

Sudip Bandyopadhyay	Chairman
Rama Bijapurkar	Member
Rajeev Bakshi	Member
S. Thirumalai	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Rama Bijapurkar	Chairperson
Rajeev Bakshi	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Aditya Deb Gooptu**	Member

NOMINATION AND REMUNERATION COMMITTEE

Rajeev Bakshi	Chairman
Rama Bijapurkar	Member
Sudip Bandyopadhyay	Member
Naresh Kumar Sethi	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Rajeev Bakshi	Chairman
Rama Bijapurkar	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Aditya Deb Gooptu**	Member

RISK MANAGEMENT COMMITTEE

Sudip Bandyopadhyay	Chairman
Rama Bijapurkar	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Aditya Deb Gooptu**	Member
Anish Gupta	Management Member
S. Sriram	Management Member

CORPORATE EXECUTIVE COMMITTEE

Sanjay Wali	Whole-time Director
Amit Arora	Chief Human Resource Officer
Anish Gupta	Chief Financial Officer
T. Lakshmi Narasaiah	Vice President-Leaf
Phani K. Mangipudi	Company Secretary & Vice President-Legal
S. Sriram	Vice President-Technical

AUDITORS

BSR & ASSOCIATES LLP
Chartered Accountants
Hyderabad - 500 034

REGISTERED OFFICE PLANT LOCATION

1-7-1063/1065 Azamabad, Hyderabad - 500 020 Telangana	Survey No.288/289 Muppireddy Palli, Toopran, Medak Telangana
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REGISTRAR & SHARE TRANSFER AGENTS

KFin Technologies Ltd.
Selenium Tower B, Plot No.31 & 32
Financial District, Nanakramguda,
Serilingampally, Gachibowli
Hyderabad - 500 032, Telangana
Phone : +91 40 6716 2222
E-mail : einward.ris@kfintech.com
Website : www.kfintech.com

* Appointed w.e.f. 25.4.2025.

** Resigned at the Board Meeting held on 5.11.2024 and was relieved w.e.f. 25.4.2025.

STATUTORY REPORTS 46-163

FINANCIAL STATEMENTS 164-222

NOTICE

NOTICE is hereby given that the Ninety fourth ("94th") Annual General Meeting ("AGM") of VST INDUSTRIES LIMITED ("the Company") will be held on **Wednesday, 23rd July, 2025** at 10.00 A.M. (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM) for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2025, and the Reports of the Board of Directors and Auditors thereon.
2. To declare a final Dividend of ₹10/- per Equity Share for the financial year ended 31st March, 2025.
3. To appoint a Director in place of Mr. S. Thirumalai [DIN: 00011899] who retires by rotation and being eligible, offers himself for re-appointment.

In this matter, to consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provision of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 ["Rules"] (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. S. Thirumalai (DIN: 00011899), who retires by rotation at the ensuing Annual General Meeting, being eligible and willing for re-appointment, consent of the Members be and is hereby accorded for re-appointment as Non-executive Director liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Regulations 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["SEBI Listing Regulations"], the consent of the Members be and is hereby accorded for continuation of Mr. S. Thirumalai (DIN: 00011899), who has attained the age of 76 years, as a Non-executive Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

APPOINTMENT OF INDEPENDENT DIRECTOR

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT Mr. Nellaiappan Thiruambalam (DIN: 02121182), who was appointed as an Additional Director (Non-executive Independent) of the Company with effect from 25th April, 2025 by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee in terms of Section 161 of the Companies Act, 2013 ("the Act") , and who holds office up to the date of this AGM and who has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of a Director, consent of the Members be and is hereby accorded for appointment of Mr. Nellaiappan Thiruambalam as a Director of the Company."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules made thereunder and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["SEBI Listing Regulations"], (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Nellaiappan Thiruambalam (DIN: 02121182), who has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, consent of the Members be and is hereby accorded for appointment of Mr. Nellaiappan Thiruambalam as an Independent Director of the Company not liable to retire by rotation, to hold office for a term of five years on the Board of the Company commencing from 25th April, 2025 up to 24th April, 2030 (both days inclusive)."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Act read with the Rules made thereunder and Regulation 17(6) of the SEBI Listing Regulations, Mr. Nellaiappan Thiruambalam be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits prescribed from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s) / Authorised Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of Companies Act, 2013 ("the Act") and the Rules made thereunder and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["SEBI Listing Regulations"], [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Mr. Alok Agarwal (DIN: 08655585) representing the interests of M/s. Bright Star Investments Pvt. Ltd., who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee as an Additional Non-executive Director under Section 161(1) of the Act, and who holds office upto the date of this AGM, who has given his consent to act as a Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, consent of the Members

be and is hereby accorded for appointment of Mr. Alok Agarwal as a Non-executive Director of the Company liable to retire by rotation with effect from 25th April, 2025.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Act read with the Rules made thereunder and Regulation 17(6) of the Listing Regulations, Mr. Alok Agarwal be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits prescribed from time to time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s)/ Authorised Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

APPOINTMENT OF WHOLE-TIME DIRECTOR

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder, Mr. Sanjay Wali (DIN: 10868596) who was appointed as an additional director of the Company by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee, with effect from 25th April, 2025, and who holds office until the date of this AGM, and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, consent of the Members be and is hereby accorded for appointment of Mr. Sanjay Wali as a Director of the Company."

"RESOLVED FURTHER THAT pursuant to the recommendations of the Nomination and Remuneration Committee and approval of the

Board and subject to the provisions of Sections 161, 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Act, and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded to the appointment of Mr. Sanjay Wali [DIN: 10868596] as a Whole-time Director of the Company, with effect from 25th April, 2025 for a period of two years or upon attaining superannuation as per the retirement policy of the Company, whichever is earlier, liable to retire by rotation, on such terms and conditions of appointment including remuneration which is hereby approved and the material terms of which are detailed in the Explanatory Statement attached to this Notice, with the liberty to the Board of Directors [hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board] to alter and vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr. Sanjay Wali, as it may deem fit subject to the same not exceeding the limits specified under the Act, read with Schedule V thereto."

PAYMENT OF REMUNERATION TO MR. NARESH KUMAR SETHI APART FROM THE REMUNERATION PAYABLE TO OTHER NON-EXECUTIVE DIRECTORS OF THE COMPANY

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 197 of the Companies Act, 2013 ["the Act"] and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["SEBI Listing Regulations"] as amended, consent of the Members of the Company be and is hereby accorded to the remuneration payable to Mr. Naresh Kumar Sethi [DIN:08296486], Non-executive Director of the Company, apart from the remuneration as applicable to the other Non-executive Directors of the Company for a period

of up to 3 years with effect from 1st August, 2025 within the applicable limits prescribed under the Act, and SEBI Listing Regulations as amended and more specifically as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this Resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

PAYMENT OF REMUNERATION TO MR. S. THIRUMALAI APART FROM THE REMUNERATION PAYABLE TO OTHER NON-EXECUTIVE DIRECTORS OF THE COMPANY

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 197 of the Companies Act, 2013 ["the Act"] and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations"], as amended, consent of the Members of the Company be and is hereby accorded to the remuneration payable to Mr. S. Thirumalai [DIN: 00011899], Non-Executive Director of the Company apart, from the remuneration as applicable to the other Non-Executive Directors of the Company for a period of up to 3 years with effect from 1st August, 2025 within the applicable limits prescribed under the Act, and SEBI Listing Regulations as amended and more specifically as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this Resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

APPOINTMENT OF SECRETARIAL AUDITOR

9. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013 ["the Act"], (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations"], as amended, and based on the recommendation of the Audit Committee and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded for appointment of M/s. Tumuluru and Company, Company Secretaries (Firm Registration No. P1988AP052200) as the Secretarial

Auditor of the Company for a term of five (5) years, commencing from 1st April, 2025, until 31st March, 2030, to conduct a Secretarial Audit of the Company and to furnish the Secretarial Audit Report ."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to fix such remuneration plus out-of-pocket expenses payable to them during their tenure as the Secretarial Auditors of the Company."

By Order of the Board

Phani K Mangipudi

Company Secretary &
Vice President-Legal & Secretarial
ACS 17557

Dated this 25th day of April, 2025
Hyderabad

NOTES:

1. Ministry of Corporate Affairs ("MCA") vide its Circular No. 9/2024 dated September 19, 2024 (in continuation with the Circulars issued earlier in this regard) ("MCA Circulars") and SEBI Circular - SEBI/HO/CFD/PoD-2P/CIR/2024/133 dated October 3, 2024 has allowed conducting Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) without the physical presence of Members at a common venue till September 30, 2025. In compliance with the applicable provisions of the Act, MCA and SEBI Circulars, the 94th AGM of the Members will be conducted through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. Since this AGM is being held through VC/OAVM the physical attendance of members is dispensed with. As the AGM would be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM. Hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The deemed venue for the 94th AGM shall be the Registered Office of the Company.
2. The explanatory statement as required under Section 102 of the Companies Act, 2013 ("the Act") setting out all material facts and reasons in respect of Item Nos. 3 to 9 is annexed to the notice of the AGM ("Notice").
3. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Act, authorising their representative to attend the AGM through VC/OAVM on their behalf and vote through remote e-voting. The Resolution shall be sent to the Scrutiniser by email through its registered email address to saravana1015@gmail.com with a copy marked to evoting@kfintech.com.
4. M/s. KFin Technologies Limited (KFinTech) will be providing facility for voting through remote e-voting, for participation in the Ninety Fourth AGM through VC/OAVM and e-voting during the AGM.
5. Members may join the 94th AGM through VC/OAVM by following the procedure which shall be kept open for the Members from 9.45 a.m. i.e. 15 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM 15 minutes after the scheduled time to start the 94th AGM. The detailed instructions for participating in the 94th AGM through VC/OAVM are given as a separate attachment to this Notice.
6. Members may note that the VC/OAVM provided by KFinTech allows participation of at least 1000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters/promoter group, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.
7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Record date is fixed as 3rd July, 2025 for ascertaining the eligibility of the Members to receive payment of dividend, if declared.

Dividend, if declared, will be paid within 30 days from the date of the AGM to those Members whose names appear in the Register of Members of the Company on 3rd July, 2025 or to their mandatees, subject however to the provisions of Section 126 of the Act or any amendment thereto or re-enactment thereof. In respect of dematerialised shares the dividend will be payable on the basis of beneficial ownership as on 3rd July, 2025, as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
9. SEBI vide Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated 7th May, 2024 has mandated that with effect from 1st April, 2024 dividend to Members who are holding shares in physical form shall be paid only through electronic mode. Such payment shall be made only after the Members furnish their PAN, contact details (postal address with PIN and mobile number), bank account details and specimen signature ('KYC') and choice of Nomination. As per the aforesaid SEBI Circular, Members holding shares in physical form may note that any future dividend payable against their shareholding would be withheld if their KYC and choice of Nomination are not updated with the RTA.

Members holding shares in physical form are requested to furnish Form ISR-1, Form ISR-2 and SH-13 (available on Company's website at <https://www.vsthyd.com>) to update KYC and choice of Nomination (in case the same are not already updated), to KFin Technologies Limited ('KFinTech'), Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 who are the Company's Registrar and Share Transfer Agents. Alternatively, Members may send their documents by email to KFinTech at einward.ris@kfintech.com or upload on their webportal <https://www.kfintech.com> provided in both cases the documents furnished shall have digital signature of the holders.

Similarly Members holding shares in demat mode are requested to update their details with the depository participants.
10. Brief profile of the Directors proposed to be appointed/reappointed is given towards the end of this Notice pursuant to Regulation 36(3) and 36(5) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard - 2 ["SS-2"] issued by Institute of Company Secretaries of India. None of the directors is related to one another.
11. The shares of the Company are under compulsory demat trading. SEBI vide its circular dated 25th January, 2022 has further mandated issuance of securities in dematerialised form while processing service requests viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal / exchange of securities certificate; endorsement/splitting/sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly Members are requested to make service requests by submitting a duly filled Form ISR-4, the format of which is available on the Company's website at www.vsthyd.com and on the website of Company's RTA at www.kfintech.com. It may be noted that any service request can be processed only after the folio of the Member is KYC compliant. Members holding shares in physical form are therefore requested to convert their shares into dematerialised form.

Bonus shares pertaining to shares held in physical form have been parked in a suspense account as per Regulation 39(4) of SEBI Listing Regulations. Members are again requested to demat their shares and claim the bonus shares.
12. Any person, who acquires shares and becomes a Member of the Company after the Notice is sent and holding shares as on the cut-off date, i.e. July 16, 2025, may obtain the login ID and password by sending a request to einward.ris@kfintech.com. However, if he/she is already registered with kfinTech for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.
13. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed under the Act, can be obtained from the Registrar and Transfer Agent or can be downloaded from the Company's website www.vsthyd.com.
14. Members are requested to refer to the "Shareholder Referencer" of the Report on Corporate Governance which inter-alia contains details regarding unclaimed dividend. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents as mentioned above, or the Company Secretary, at the Company's registered office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's unclaimed dividend account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 of the aforesaid Act, and applicable Rules thereunder.
15. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are

interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays, between 11.00 a.m. and 1.00 p.m. up to the date of AGM, i.e. 23rd July, 2025. Members seeking to inspect such documents can send an email to investors@vstind.com.

16. Pursuant to Section 108 of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI Listing Regulations, the Company is pleased to offer voting by electronic means to the Members to cast their votes electronically on all items of business set forth in this Notice. The detailed instructions for e-voting are given separately to this Notice. Members who have cast their vote by remote e-voting prior to the Ninety Fourth AGM may also participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again. Only those Members, who will be present in the 94th AGM through VC/OAVM and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM by following the same procedure as in the remote e-voting.

Voting rights will be reckoned on the paid-up value of the shares registered in the name of the Members on 16th July, 2025 (cut-off date). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during the AGM. Those who are not Members on the cut-off date should accordingly treat this Notice for information purpose only.

17. The Company has appointed Mr. B.V. Saravana Kumar, Company Secretary in Practice, who in the opinion of the Board is a duly qualified person, as a Scrutiniser who will scrutinise the electronic voting process in a fair and transparent manner.

The Scrutiniser shall within two working days from the date of conclusion of the Meeting, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company or any other person authorised by the Chairman and the result of the same will be disclosed forthwith. The result declared along with the Scrutiniser's Report shall be placed on the Company's website www.vsthyd.com. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

18. In compliance with the MCA circulars and the SEBI circulars, Notice of the AGM along with the Annual Report 2024-25 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and the Annual Report 2024-25 will also be available on the Company's website www.vsthyd.com, and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of kfintech - www.kfintech.com

A letter containing the web link, along with the exact path to access the complete details of the Annual Report, is being sent to shareholders who have not registered their email address with the Company's RTA or DP.

19. **TDS ON DIVIDEND**
Pursuant to Finance Act 2020, dividend income will be taxable in the hands of the Members w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and DP (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No.15G/15H, to avail the

benefit of non-deduction of tax at source by email to einward.ris@kfintech.com by 11.59 p.m. on 2nd July, 2025. Members are requested to note that in case their PAN is not registered or having invalid PAN, the Tax will be deducted at a higher rate prescribed under Section 206AA of the Income Tax Act, 1961, as applicable.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11.59 p.m. IST on 2nd July, 2025.

20. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client Id No./Folio No. and Mobile No. to reach the Company's email address investors@vstind.com in advance by 16th July, 2025 5.00 P.M. (IST). Such questions by the Members shall be taken up during the Meeting and replied by the Company suitably. Members, who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client Id No./Folio No. and Mobile No. to reach **the Company's email address investors@vstind.com by 16th July, 2025 5.00 P.M. (IST). Only those Members who have registered themselves as a speaker shall be allowed to ask questions during the AGM, depending upon the availability of time.**

INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER:

- a. Pursuant to SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, e-voting process has been enabled for all the

individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with e-voting service provider.

- b. Members are advised to update their mobile number and email address in their demat accounts in order to access remote e-voting facility.

c. Login Method for shareholders other than individual shareholders holding shares of the Company in demat mode and shareholders holding shares in physical mode.

1. Use the following URL for e-voting from KFintech website: <https://evoting.kfintech.com>.
2. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with KFintech for e-voting, use your existing User ID and password for casting your votes.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVEN i.e. VST Industries Limited.
7. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting

to the resolution, enter all shares and click 'FOR/AGAINST' as the case may be or partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

8. Members holding multiple folios / demat account shall choose the voting process separately for each folio / demat account. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
9. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.

10. The Portal will be open for voting from 9.00 a.m. on 19th July, 2025 and closes at 5.00 p.m. on 22nd July, 2025.
11. Any person, who acquires shares and becomes a Member of the Company after the Notice is sent and holding shares as on the cut-off date, i.e. 16th July, 2025, may obtain the login ID and password by sending a request to ris@kfintech.com. However, if he/she is already registered with kfintech for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.
12. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.kfintech.com> or contact KFintech at Tel No. 1800 309 4001 (toll free).

d. Login method for Individual shareholders holding securities in demat mode is given below:

(i) Shareholders holding securities in demat mode with NSDL or CDSL

NSDL	CDSL
<p>1. Users already registered for IDeAS facility of NSDL</p> <ol style="list-style-type: none"> i. Click on URL: https://eservices.nsdl.com ii. Click on the "Beneficial Owner" icon under 'IDeAS' section. iii. Enter your User ID and Password for accessing IDeAS. iv. On successful authentication, click on "Access to e-Voting". v. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period. 	<p>1. Users already registered for Easi/Easiest facility of CDSL</p> <ol style="list-style-type: none"> i. Click on URL: https://web.cdslindia.com/myeasitoken/home/login or www.cdslindia.com and click on New System Myeasi. ii. Enter your User ID and Password for accessing Easi/Easiest. iii. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.
<p>2. Users not registered for IDeAS facility of NSDL</p> <ol style="list-style-type: none"> i. To register, click on URL: https://eservices.nsdl.com ii. Select "Register Online for IDeAS". iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc. iv. After successful registration, please follow steps given under Sr.No.1 above to cast your vote. 	<p>2. Users not registered for Easi/Easiest facility of CDSL</p> <ol style="list-style-type: none"> i. To register, click on URL: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration ii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc. iii. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.

NSDL	CDSL
<p>3. Users may directly access the e-voting module of NSDL as per the following procedure:</p> <ol style="list-style-type: none"> i. Click on URL: https://www.evoting.nsdl.com/ ii. Click on the icon "Login" available under "Shareholder/Member" section. iii. Enter your User ID (i.e. 16-digit demat account number held with NSDL), login type, Password/OTP and Verification code as shown on the screen. iv. On successful authentication, you will enter the e-voting module of NSDL. v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period. 	<p>3. Users may directly access the e-voting module of CDSL as per the following procedure:</p> <ol style="list-style-type: none"> i. Click on URL: https://evoting.cdslindia.com/Evoting/EvotingLogin ii. Provide demat account number and PAN. iii. System will authenticate user by sending OTP on registered mobile & email as recorded in the demat account. iv. On successful authentication, you will enter the e-voting module of CDSL. v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.

For OTP based login you can click on <https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp>. You will have to enter your DP ID, Client Id, PAN, Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. Kfintech and you will be redirected to e-Voting website of Kfintech for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Procedure to login through their demat accounts/website of Depository Participant

Individual shareholders holding shares of the Company in Demat mode can access e-Voting facility provided by the Company using login credentials of their demat accounts through their Depository Participants registered with NSDL/CDSL for e-voting facility. An option for "e-Voting" will be available once they have successfully logged-in through their respective logins. Click on the option "e-Voting" and they will be redirected to e-voting modules of NSDL/CDSL (as may be applicable). Click on the e-Voting link available against the name of Company or select e-voting service provider "KFintech" and you will be redirected to the e-voting page of KFintech to cast your vote during the e-voting period.

Members who are unable to retrieve User ID/Password are advised to use "Forgot User ID"/"Forgot Password" options available on the websites of Depositories/Depository Participants.

Contact details in case of issue related to login through NSDL website

Members facing any issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at +91 22 48867000

Contact details in case of issue related to login through CDSL website

Members facing any issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at toll free no. 1800 21 09911.

Instructions for Members for e-voting on the day of the AGM are as under:-

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The contact details for any grievances connected with respect to the facility for e-voting on the day of the AGM shall be the same as mentioned for remote e-voting.

INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be able to attend the 94th AGM through VC/OAVM through KFintech e-voting system at <https://evoting.kfintech.com> under shareholders login by using the remote e-voting credentials and selecting the EVEN for the Company's 94th AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the

User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice of AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging in to the e-voting system.

2. Members will be required to use internet with a good speed to avoid any disturbance during the Meeting. It is recommended to join the Meeting through Google Chrome for better experience.
3. Please note that Members connecting from mobile devices or tablets or through laptops etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
4. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID No./Folio No. and Mobile No. to reach the Company's email address investors@vstind.com before 16th July, 2025. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
5. Members, who would like to ask questions during the AGM with regard to the financial

statements or any other matter to be placed at the 94th AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID No./Folio No. and Mobile No. to reach the Company's email address investors@vstind.com by 16th July, 2025. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the AGM, depending upon the availability of time.

6. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM to vote on the Resolutions as set out in the Notice of the 94th AGM and announce the start of the casting of vote through e-voting system. After the Members participating through VC/OAVM, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the Meeting.
7. Only those Members who will be present in the AGM through the VC facility and have not casted their vote through remote e-voting are eligible to vote through e-voting in the AGM.
8. Members who need assistance or help during the AGM, can contact KFinTech, Toll free No.: 1800 -309-4001.

Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("The Act") setting out material facts in respect of special business items:

Item No. 3

Mr. S. Thirumalai [DIN: 00011899] is currently a Non-executive director of the Company, who has attained the age of 76 years. In terms of the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") directorship of any person as a Non-executive Director who has attained the age of 75 years cannot be continued, unless a special resolution is passed to that effect.

The shareholders at the 92nd Annual General Meeting of the Company held on 21st August, 2023, approved the appointment of directorship of Mr. S. Thirumalai as Non-executive Director on attaining the age of 75 years in compliance with the provisions of the SEBI Listing Regulations.

Mr. Thirumalai is liable to retire by rotation and being eligible, offers himself for re-appointment. Mr. Thirumalai is hale and healthy and the Board is also confident about him being able to function and discharge his duties in an able and competent manner.

The Board of Directors taking into account Mr. Thirumalai's seniority, expertise and vast experience, which has immensely benefited the Company, considered and recommended the appointment and continuation of Mr. Thirumalai as a Non-executive Director of the Company liable to retire by rotation.

Mr. Thirumalai [76 years] is a Fellow Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Certified Associate of Indian Institute of Bankers and a law graduate. He has also attended the Advanced Management Program at Harvard Business School, Boston, USA. He has diversified experience of over four decades and specialises in Finance, Taxation and Legal affairs, especially in the tobacco sector. Mr. Thirumalai holds 275 equity shares in the Company.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. S. Thirumalai has any concern or interest, financial or otherwise in this Resolution.

The Board commends this item of business for your approval.

Item No. 4

APPOINTMENT OF INDEPENDENT DIRECTOR

The Board of Directors ("the Board") on the recommendation of Nomination and Remuneration Committee [NRC], appointed Mr. Nellaiappan Thirumbalam [DIN: 02121182] as an Additional Director designated as Independent Director of the Company with effect from 25th April, 2025 to hold office up to 24th April, 2030 (both days inclusive) and further, he fulfils the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations.

The NRC after considering his knowledge, acumen, core skills, expertise, consumer insights, competency, has recommended to the Board his appointment for a term of five years. The NRC and the Board are of the view that he fulfils the requisite skills and capabilities in Business Strategy, Sales, Marketing and Employee Engagement which would be of immense benefit to the Company and hence, it is desirable to appoint him as an Independent Director of the Company for a term of five years.

The Board at their meeting held on 25th April, 2025 based on the recommendation of NRC, recommended for the approval of the Members in terms of Sections 149, 152 and other applicable provisions of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, SEBI Listing Regulations, as amended, the appointment of Mr. Nellaiappan Thirumbalam for a term of five years with effect from 25th April, 2025 up to 24th April, 2030 [both days inclusive], subject to the approval of the shareholders by way of Special Resolution.

In the opinion of the Board and based on its evaluation, Mr. Thirumbalam fulfils the conditions specified in the Act, and Rules made thereunder and SEBI Listing Regulations for his appointment as an Independent Director of the

Company and he is independent of the Management of the Company.

Mr. Thiruambalam [68 years] holds Honours in Mechanical Engineering from NIT Trichy and MBA (Marketing & Finance) from IIM, Calcutta. He has experience of about 4 decades in operations, leadership and P&L experience across India, Asia and global businesses. He held leadership and managerial roles at Heinz, Glaxo Smithkline Consumer, GE and currently an operating partner with Motilal Oswal PE.

The Company has received a declaration from Mr. Thiruambalam confirming that he meets the criteria of independence as provided under Section 149(6) of the Act. Further, the Company has also received consent from him to act as a Director in terms of Section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his candidature for the office of Director. Mr. Thiruambalam has confirmed that he is not debarred from holding the office of a Director by virtue of order passed by SEBI or any other such authority. He has confirmed that he is in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The letter of appointment of Mr. Thiruambalam setting out the terms and conditions of appointment shall be available for inspection by the Members electronically. Members seeking to inspect the same can send an email to investors@vstind.com.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Nellaiappan Thiruambalam has any concern or interest, financial or otherwise in this Resolution.

The Board commends this item of business for your approval.

Item No. 5

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board of Directors of the Company at their meeting held on 25th April, 2025, on the recommendation of the Nomination and Remuneration Committee, recommended for the approval of the Members, the appointment of Mr. Alok Agarwal [DIN: 08655585] as a Non-executive Director of the Company with effect from 25th April, 2025, as set out in the Resolution. Mr. Alok Agarwal represents the interests of M/s. Bright Star Investments Pvt. Ltd. He will be liable to retire by rotation.

The Company has also received consent from Mr. Agarwal to act as a Director in terms of Section 152 of the Act and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his candidature for the office of Director. Mr. Agarwal has confirmed that he is not debarred from holding the office of a Director by virtue of order passed by SEBI or any other such authority.

In the opinion of the Board and based on its evaluation, Mr. Alok Agarwal fulfils the conditions specified in the Act, and Rules made thereunder and SEBI Listing Regulations for his appointment as a Non-executive Director of the Company.

Mr. Alok Agarwal 71 (years) is a Chartered Accountant and MBA, FMS from University of Delhi, New Delhi. He attended various programmes at international Business schools such as Harvard Business School (Boston), Wharton Business School (Philadelphia), London Business School (London) and INSEAD (Paris). He has over 47 years of experience in Corporate & Business Management, Strategy and M&A in India and internationally which include about 22 years of experience in the Cement and Building Materials sector and about 25 years of experience in various sectors such as print media with a leading national and regional daily, textile sector, woollen and cotton & spinning, pure finance and investment banking, footwear industry and retail business.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Alok Agarwal has any concern or interest, financial or otherwise in this Resolution.

The Board commends this item of business for your approval.

Item No. 6

APPOINTMENT OF MR. SANJAY WALI AS WHOLE-TIME DIRECTOR

Mr. Sanjay Wali [DIN: 10868596] was appointed as an Additional Director of the Company with effect from 25th April, 2025 at the Board Meeting held on 25th April, 2025 on the recommendation of the Nomination and Remuneration Committee in terms of Section 161(1) of the Act, read with Article 98 of the Articles of Association of the Company. A notice has been received from a Member proposing Mr. Sanjay Wali as a candidate for the office of Director of the Company.

Mr. Sanjay Wali was also appointed as the Whole-time Director of the Company for a term of two (2) consecutive years with effect from 25th April, 2025 or upon attaining superannuation as per the retirement policy of the Company, whichever is earlier. Mr. Sanjay Wali, aged 58 years, holds a Post Graduate Degree in Business Management (Marketing) from IMT, Ghaziabad and is an alumnus of Harvard Business School (AMP 2015). He is an experienced professional with a career spanning over three decades, with expertise in Business Strategy, Sales, Marketing, Logistics, New Product Development, Business Development, and Project Management. His professional journey includes tenure at esteemed organisations such as Procter & Gamble, Godfrey Philips, and Dalmia Cement, where he has consistently taken on roles of increasing responsibility and demonstrated remarkable leadership and as the Chief Operating Officer of the Company.

The consent pursuant to Section 152(5) of the Act, to act as Director if appointed and intimation in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under subsection (2) of Section 164 of Act, have been received from Mr. Sanjay Wali. He holds 2200 shares in the Company and is not related to any other Director of the Company.

The approval of Members is being sought to the terms and conditions for the appointment of Mr. Sanjay Wali as a Whole-time Director of the Company and the remuneration payable to him, as modified, including the material terms of appointment and remuneration as mentioned below:

- I. **Consolidated Salary:** At the rate of ₹7,09,000/- per month subject to such increases as the Board may determine in the consolidated salary during the tenure of office as Whole-time Director having regard to the annual performance of Mr. Sanjay Wali and to cover the Consumer Price Index.
- II. **Other Allowance:** Not exceeding 75% of Consolidated Salary, payable monthly, as may be determined by the Board from time to time.
- III. **Performance Bonus:** Payable annually for each financial year not exceeding 100% 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, other allowance and performance bonus, Mr. Sanjay Wali shall be entitled to perquisites like gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees (subject to a maximum of 2 clubs), personal health and 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, subject to a maximum of 30% of the consolidated salary.
- b. Contribution to Provident Fund up to a maximum of 12% of salary and contribution to Gratuity Fund upto 8.33% of salary as limited and 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 maintained car with driver and telephone and internet facility for official and personal purposes.
- 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. Reimbursement of all the actual expenses including entertainment and travelling, incurred during the course of Company's business as per Rules of the Company
- g. Costs and expenses incurred by the Company in connection with joining/transfer from one location to another as per the Rules of the Company.
- h. Participation in any Employee Stock Option Plans 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. Wali as Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay salary and perquisites to Mr. Wali as laid down in Part II or Part III, as the case may be, of Schedule V to the Act, as Minimum Remuneration and subject to the provisions thereof."

Mr. Sanjay Wali shall manage and conduct the business and affairs of the Company subject to the superintendence, control and direction of the Board of Directors. He shall not be paid any sitting fees for attending meetings of the Board or Committee thereof.

The appointment can be terminated by the Company or Mr. Sanjay Wali, by one party giving to the other six (6) months' notice in writing or by payment of a sum equivalent to remuneration for the notice period or pro-rated in case of shorter notice or on such other terms as may be mutually agreed.

Considering Mr. Sanjay Wali expertise, knowledge and experience, the Board, on the recommendation of the Nomination and Remuneration Committee, considers his appointment as a Director and Whole-time Director to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Act, recommends the Ordinary Resolution as set out in the accompanying Notice for the approval of the Members.

Copy of the terms and conditions referred to in the Resolution would be available for inspection without any fee by the Members at the Registered Office of the Company during business hours from 10.00 a.m. to 1.00 p.m. on any working day, excluding Saturday and Sunday, up to 23rd July, 2025.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Wali has any concern or interest, financial or otherwise in this Resolution.

The above may be treated as written memorandum setting out the terms of appointment of Mr. Wali under Section 190 of the Act, and a disclosure under Regulation 36 of the Listing Regulations.

The Board commends this item of business for your approval.

Item No. 7

PAYMENT OF REMUNERATION TO MR. NARESH KUMAR SETHI APART FROM THE REMUNERATION PAYABLE TO OTHER NON-EXECUTIVE DIRECTORS OF THE COMPANY

The shareholders at the 91st Annual General Meeting of the Company held on 29th July, 2022, approved an annual prorated remuneration up to ₹1.25 Crores payable monthly from 1st August, 2022 for a period up to 3 years, which is due to expire on 31st July 2025.

Considering the continued contribution of Mr. Naresh Sethi with his vast experience of over three decades in the global tobacco industry coupled with specialised knowledge in the core business activity of the Company, which the Company wishes to leverage and benefit from his guidance in the non-executive role, the Board

of Directors at their Meeting held on 25th April, 2025, based on the recommendation of the Nomination and Remuneration Committee has approved an annual prorated remuneration up to ₹1.25 Crores payable monthly for a further period of up to 3 years from 1st August, 2025 subject to the approval of the shareholders.

In addition to receiving the sitting fees for attending the Meetings of the Board and Committees thereof, Mr. Naresh Kumar Sethi would be entitled to remuneration by way of commission to the Non-executive Directors as approved by the Members at the 92nd Annual General Meeting of the Company. The total remuneration, including commission to be paid to the Non-executive Directors of the Company shall not exceed 1% of the Company's net profits in terms of Section 197 and computed under Section 198 of the Act, and shall be in compliance with the provisions of Regulation 17(6)(ca) of the SEBI Listing Regulations as amended.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Naresh Kumar Sethi has any concern or interest, financial or otherwise in this Resolution.

The Board recommends this item of business for your approval.

Item No. 8

PAYMENT OF REMUNERATION TO MR. S. THIRUMALAI APART FROM THE REMUNERATION PAYABLE TO OTHER NON-EXECUTIVE DIRECTORS OF THE COMPANY

The shareholders at the 91st Annual General Meeting of the Company held on 29th July, 2022 approved an annual prorated remuneration up to ₹25 Lakhs payable monthly from 1st August 2022 for a period up to 3 years, which is due to expire on 31st July 2025.

The Board of Directors at their Meeting held on 25th April, 2025, based on the recommendation of the Nomination and Remuneration Committee, and considering his diversified experience of over four decades in Finance, Taxation and Legal, more specifically in the tobacco

sector, approved an annual prorated remuneration up to ₹25 Lakhs payable monthly for a further period up to 3 years from 1st August, 2025 subject to the approval of the shareholders.

In addition to receiving the sitting fees for attending the Meetings of the Board and Committees thereof, Mr. S. Thirumalai would be entitled to remuneration by way of commission to the Non-executive Directors as approved by the Members at the 92nd Annual General Meeting of the Company. The total remuneration, including commission to be paid to the Non-executive Directors of the Company shall not exceed 1% of the Company's net profits in terms of Section 197 and computed under Section 198 of the Act, and shall be in compliance with the provisions of Regulation 17(6)(ca) of the SEBI Listing Regulations, as amended.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. S. Thirumalai has any concern or interest, financial or otherwise in this Resolution.

The Board recommends this item of business for your approval.

Item No. 9

APPOINTMENT OF SECRETARIAL AUDITOR

The Board of Directors at their meeting held on 25th April, 2025 based on the recommendation of the Audit Committee, have approved the appointment of M/s. Tumuluru and Company, Secretarial Audit Firm, having firm registration number P1988AP052200 as the Secretarial Auditor of the Company with effect from 1st April, 2025 for a term of five years up to 31st March, 2030 as set out in this item of Notice taking into account their credentials and also based on the evaluation of the quality of audit work as the Secretarial Auditor of the Company. The registered office of the firm is at F No.102, Surya Kiran Complex, S.D. Road, Secunderabad - 500 003, Telangana. The firm is peer reviewed by the Institute of Company Secretaries of India. The terms and conditions of appointment of the Secretarial auditors and the proposed fees are as follows:

- a. Term of Appointment: 5 years with effect from 1st April, 2025.
- b. Proposed Fees: Remuneration for Secretarial Audit of ₹3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and other out-of-pocket expenses incurred by them in connection with the secretarial audit of the Company for the financial year 2025-26.

The remuneration payable to the Secretarial Auditor for the remaining tenure of the proposed appointment will be determined by the Board based on the recommendation of Audit Committee. The proposed fees is based on knowledge, expertise, industry experience and the time and efforts required to be put in by them. The fees for services in the nature of statutory certifications and other professional work will be in addition to the audit fee as above and will be determined by the Board in consultation with the Auditor and as per the recommendations of the Board.

M/s. Tumuluru & Company have been the Secretarial Auditors of the Company since the year 2019. They provide audit services to manufacturing and technology firms. The team members of the firm have experience and exposure in the specialised areas of Corporate Laws such as Companies Act, FEMA, Labour compliances, corporate restructuring and SEBI Regulations.

M/s. Tumuluru & Company have consented to their appointment as Secretarial Auditors and have confirmed that their appointment will be in accordance with Section 204 of the Act, read with Regulation 24A of SEBI Listing Regulations.

None of the Directors or Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise in this Resolution.

The Board recommends this item of business for your approval.

By order of the Board
For **VST Industries Limited**

Phani K. Mangipudi
Company Secretary &
Vice President-Legal & Secretarial
ACS 17557

Place: Hyderabad
Date : 25th April, 2025

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings]

Name of the Director	Mr. S. Thirumalai (As a Non-executive Director)	Mr. Nellaiappan Thirumbalam (As an Independent Director)	Mr. Alok Agarwal (As a Non-executive Director)	Mr. Sanjay Wali (As a Whole-time Director)
DIN	00011899	02121182	08655585	10868596
Age	76 years	68 years	71 years	58 years
Date of first appointment on the Board	26.7.2019	25.4.2025	25.4.2025	25.4.2025
Qualifications	- Law Graduate. - Fellow Member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India. - Certified Associate of Indian Institute of Bankers. - Attended Advanced Management Program at Harvard Business School, Boston, USA.	- Honours in Mechanical Engineering, NIT Trichy - MBA (Marketing & Finance), IIM Calcutta	- Chartered Accountant - MBA, FMS, University of Delhi, New Delhi - Executive Education/ Programs at Harvard Business School (Boston), Wharton Business School (Philadelphia), London Business School (London), INSEAD (Paris).	- Post Graduate Degree in Business Management (Marketing) from IMT, Ghaziabad - Alumnus of Harvard Business School (AMP 2015).
Expertise in specific functional areas	Finance & Regulatory	Business Strategy, Sales, Marketing, Employee Engagement	Business Strategy & Finance	Business Strategy & Marketing
Number of Meetings of the Board attended during the year	7	NA	NA	NA
Last drawn remuneration	₹51,40,000	NA	NA	NA
Remuneration proposed to be paid	- Sitting Fees, Commission and other remuneration as approved by the Board of Directors/ Shareholders.	Sitting Fees, Commission and other remuneration as approved by the Board of Directors/ Shareholders.	Sitting Fees, Commission and other remuneration as approved by the Board of Directors/ Shareholders.	Remuneration as approved by the Board of Directors/ Shareholders.
List of Directorships of other listed entities	-	-	-	-
List of Memberships/ Chairmanships of Committees of other listed entities	-	-	-	-
Listed entities from which resigned/retired in the past three years	-	-	-	-
Shareholding in the Company	275 equity shares	Nil	Nil	2200 equity shares
Relationship with other Directors and Key Managerial Personnel of the Company.	None	None	None	None

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31ST MARCH, 2025

Your Directors have pleasure in presenting the 94th Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2025.

FINANCIAL SUMMARY

	(₹ Lakhs)	
	2024-25	2023-24
Revenue from Operations	180943	183750
Profit after Tax	29039	30157
Balance available for Appropriation in Retained Earnings	112782	109605
Amount transferred to General Reserves	3000	3000
Dividend paid	23077	23077
Balance in retained earnings	86705	83528
Key Ratios *		
Earnings per Share (₹)	17.10	17.75
Dividend per Share (₹)	13.64	13.64

Value creation during the decade has been Compounded Annual Growth Rate (CAGR), 6.6% in Earnings Per Share (EPS) and 7.9% in Dividend Per Share (DPS).

* Adjusted for issue of bonus shares in the ratio of 10:1

DIVIDEND

The Directors are pleased to recommend a dividend of ₹10/- per equity share of ₹10/- each on the paid up equity share capital of the Company for the year ended 31st March, 2025, for consideration and approval of Members at the ensuing Annual General Meeting (AGM). Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Company has adopted a Dividend Distribution Policy. This policy can be accessed on the Company's website at <https://www.vsthyd.com/mainsite/documents/Dividend-Distribution-Policy.pdf>. The dividend would be payable to all Shareholders whose names appear in the Register of Members as on 3rd July, 2025, subject to deduction of tax at source.

TRANSFER TO RESERVES

It is proposed to carry forward an amount of ₹3000 Lakhs to General Reserve.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed elsewhere in the Report, there have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this Report. There has been no change in the nature of business of the Company during the year.

BONUS ISSUE

During the year, your Company had issued Bonus Shares in the ratio of 10:1 i.e. ten new bonus equity shares of ₹10/- each for every one equity share of ₹10/- each fully paid up, to the eligible Members of the Company whose names appeared in the Register of Members/list of beneficial owners received from the NSDL/CDSL on the record date i.e. 6th September, 2024. With the issue and allotment of bonus shares, the nominal capital has increased from ₹15,44,19,200 to ₹1,69,86,11,200. The shares so allotted rank pari passu with the existing share capital of the Company.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2025 was ₹16,986.11 Lakhs. The Company has neither issued shares with differential rights as to dividend, voting or sweat equity shares.

EMPLOYEE STOCK OPTION PLAN

During the year under review, there has been no change in the VST Employee Stock Option Plan-2020 (VST-ESOP 2020) of the Company and further the said VST-ESOP 2020 are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The necessary disclosures in compliance with Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are available on the website of the Company at <https://www.vsthyd.com/mainsite/documents/vst-employee-stock-option-plan-2020.pdf>

MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A)

Based on feedback from Members on the Annual Report and Accounts, this report includes MD&A as appropriate so that duplication and overlap between the Directors' Report and a separate MD&A is avoided and the entire material with Company's state of affairs is provided in a composite and comprehensive document.

INDUSTRY PERFORMANCE

The industry continues to witness volume growth, driven by a stable regulatory and taxation regime. Industry volumes grew at a high single-digit rate during the financial year 2024-25, following incremental growth in the preceding year. Policy stability over the past few years has led to structural changes in the industry, with the mid-premium price segment emerging as the most vibrant across the market.

However, illegal non-duty-paid cigarettes continue to pose a significant threat to legal players, benefiting from a substantial price differential compared to legal cigarettes. Despite coordinated efforts by the Government, the menace of illicit cigarettes remains an ongoing challenge for the legitimate cigarette industry.

In addition, the industry faced other challenges during the year, notably high inflation in raw material costs-particularly tobacco leaf.

COMPANY PERFORMANCE

Your Company's performance in its traditionally strong value segment outpaced the industry. However, with the mid-premium segment gaining momentum, it became imperative to introduce new brands at higher price points. In response, your Company developed and launched innovative offerings in the mid-price segment, which have received encouraging initial feedback across markets.

Unprecedented raw material cost inflation, coupled with intense competitive pressures, impacted margins in the short term. Nonetheless, these challenges were partially mitigated through business process restructuring and the strategic use of digitisation to enhance operational efficiency.

TOTAL, your Company's national trademark, continues to rank among the top 10 brands in the industry. The Company remains focused on strengthening TOTAL's consumer appeal through periodic upgrades and the introduction of relevant variants. EDITIONS, launched in several regions last year, is emerging as your Company's second national trademark.

Your Company is also enhancing its overall brand portfolio through a mix of product upgrades and market-relevant variants. Most of the new variants are showing strong early promise. Simultaneously, improved in-market execution has driven growth in heritage trademarks such as CHARMS, SPECIAL, and MOMENTS.

The Company's distribution capabilities have significantly improved over the past few years by effectively leveraging digital infrastructure for data-driven decision-making and targeted market activities. This has helped expand portfolio width and depth in both established and emerging markets.

LEAF TOBACCO

Leaf function has once again delivered exceptional results, achieving a record turnover of ₹472 Crores during the financial year 2024-25 reflecting a 6.7% year-on-year growth, with a PBIT of about ₹58 Crores. This strong

performance underscores our operational excellence and ability to navigate an evolving global landscape.

Amidst external challenges, we have reinforced relationships with key customers, expanded into new geographies, and enhanced operational efficiencies, further solidifying the position in international markets. Our unwavering commitment to quality, sustainability continues to drive our competitive edge.

You Company has made significant advancements in digital procurement and traceability, ensuring greater transparency and accountability across supply chain. Additionally, strategic investment in tobacco varieties aligns with shifting global market dynamics, positioning us for sustainable long-term growth.

At the core of our operations is a deep commitment to our farmers, fostering trust-based, long-term partnerships. Your Company continues to focus on optimising efficiency in tobacco procurement and processing, leveraging digital integration, streamlining operations, and good agricultural practices to enhance sustainability and excellence.

Looking ahead, Leaf function remains dedicated to driving sustainable expansion, strengthening partnerships, and capitalising on emerging opportunities, ensuring long-term value creation for all the stakeholders.

PRODUCTION AND PLANT MODERNISATION

Your Company has successfully transitioned its production to the new state-of-the-art facility in Toopran, near Hyderabad. This upgraded plant is designed to enhance capital efficiency, improve product quality, and optimise costs. Built with a focus on sustainability and Industry 4.0 principles, the facility emphasises resource conservation, water sustainability, and effective use of renewable energy.

RESEARCH & DEVELOPMENT ACTIVITY

Your Company's Research & Development Centre has played a pivotal role in developing and delivering innovative, competitive products that have been well received by adult consumers and are gaining strong traction in the market.

The R&D Centre Laboratory has been awarded the 'Certificate of Continuation' for ISO 17025:2017 by the

National Accreditation Board for Testing and Calibration Laboratories (NABL), under the Quality Council of India, for the year 2024-25. The laboratory has since been relocated to the new factory at Toopran, near Hyderabad, and is now fully operational. The process of obtaining NABL certification for the laboratory at its new location is currently underway, in accordance with NABL guidelines.

HUMAN RESOURCE DEVELOPMENT

The success of your Company is rooted in the enduring belief that people make all the difference. With a clear ambition to become a dynamic and well-balanced organisation, your Company continues to embrace diversity in thought, ideas, and action—leveraging the collective strength of One VST. Your Company has built a culture that emphasises agility, cost efficiency, and consistent delivery of high-quality outcomes at every level, enabling purposeful growth.

Aligned with its strategic priorities and long-term vision, your Company is committed to fostering a culture of continuous learning, supported by a digital ecosystem that encourages a growth mindset. This empowers employees to upskill and realise their full potential—enabling both personal and organisational growth. Talent development remains a key priority, a key initiative in this area was the CXO Leadership Journey, a year-long development programme for senior leaders aimed at strengthening leadership capabilities across the organisation. In addition, Sales Capability Workshops were conducted to enhance both functional expertise and behavioural competencies. A robust in-house Assessment Centre was conducted to rigorously identify and develop high-potential, results-driven talent. To drive performance excellence, your Company has introduced regular performance reviews and feedback mechanisms. This approach balances a focus on outcomes with strong systems and process discipline.

Your Company is also focused on minimising people-related risks by building the right capabilities and nurturing talent across the organisation - especially in critical roles in the sales function. Employee engagement was carried out through initiatives designed to build stronger connections between employees and leadership. Platforms such as quarterly Town Halls, Two-Way Talks, Leaf Hangouts, and Open House sessions provided opportunities for open dialogue and

deeper engagement. The flagship Gold Star recognition programme continued to celebrate and reinforce the behaviours that shape a high-performance culture.

To ensure a safe and inclusive workplace, particularly for female employees, your Company has constituted an Internal Complaints Committee in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No cases were reported during the year.

As of 31st March 2025, your Company employed 696 people—comprising 343 management staff and 353 workmen.

ENVIRONMENT, HEALTH & SAFETY (EHS) AND COMMUNITY SERVICES

300 employees and 120 contract workmen have undergone EHS training. Mock drills were also conducted for workers and management during the period to comply with the Company's EHS guidelines. Half-yearly and Annual EHS audits of the Company's operations were carried out to ensure compliance of EHS requirements.

Your Toopran facility was awarded "Gold rating" in Water Stewardship Certification from Water Stewardship and Assurance Services, AWS, Scotland. In view of the sustainability efforts, your Company was able to reduce water consumption by 5% year on year by adopting best practices for sustainable development.

RENEWABLE / GREEN ENERGY

Your Company commissioned a 1.2 MW photovoltaic (PV) solar power plant in September 2022, followed by the installation of a 10 KW solar lighting system in 2024. These initiatives reflect VST's ongoing commitment to renewable energy and sustainable development. Your Company remains focused on increasing the adoption of clean energy sources in alignment with its broader sustainability goals.

Through enhanced maintenance and operational efficiency, the solar plant's performance improved by 5% compared to FY 2023-24. Currently, the plant supplies approximately 31% of the Company's electricity needs, resulting in a 37% reduction in carbon footprint.

In support of clean mobility, your Company has also established electric vehicle (EV) charging stations for two and four wheelers at both its Azamabad and Toopran facilities.

CLEANER FUEL FOR BOILER/INCINERATOR

As part of its commitment to reducing emissions and carbon footprint, your Company has transitioned the primary fuel for its incinerator from High-Speed Diesel (HSD) to the more eco-friendly Piped Natural Gas (PNG). PNG is not only one of the cleanest-burning fuels but also offers greater safety and cost efficiency.

This strategic shift is aimed at enhancing environmental sustainability, resulting in an estimated 50% reduction in carbon emissions and annual fuel cost savings of approximately ₹174 Lakhs. Additionally, fuel efficiency for both the boiler and incinerator has improved by 6.5% compared to FY 2023-24.

FINANCE

- a. Profits
 - The Profit after Tax of your Company for the year is ₹290.4 Crores.
- b. Treasury Operations
 - Your Company follows a SLR model (Safety, Liquidity and Return) in deployment of earmarked funds.
- c. The changes (change of 25% or more) as compared to the immediately previous financial year ratios of the Company including those listed out and specified under Schedule V (B)(1)(i) read with Regulation 34(3) of the SEBI Listing Regulations, as amended are disclosed in Note No. 32 of Notes on Financial Statements to the Accounts in the Annual Report.
- d. The financial statements have been prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 ["the Act"], read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time. The accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not taken any loans or given guarantees or made investments in any other Company covered and provided under Section 186 of the Act, during the year.

FIXED DEPOSITS

The Company has not accepted any deposits from public as per the provisions of the Act, and as such no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

CORPORATE GOVERNANCE

In terms of Regulation 34 of the SEBI Listing Regulations, a Report on Corporate Governance along with Compliance Certificate issued by the Statutory Auditors of the Company is annexed as "**Annexure A**" and forms part of this Report. Your Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

MEETINGS

The Board met seven times during the financial year. The Board and Committee Meetings are pre-scheduled and a tentative calendar of the Meetings is finalised in consultation with the Directors and are circulated to them in advance to facilitate them to plan their schedule. However, in case of special and urgent business needs, the approval is obtained by way of circular resolution. The details of the meetings of the Board and Committees held during the year are given in the Corporate Governance Report, which is part of this report.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

a. Your Company maintains an adequate and effective internal control system commensurate with the size and complexity. Your Company also has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs.

b. Your Company remains committed to improve effectiveness of internal financial controls and processes which would help in efficient conduct of its business operations, ensure security to its assets and timely preparation of reliable financial information. The policies and procedures laid out by your Company capture the control environment prevalent in the organisation. Over a period of three years, the business processes of your Company are reviewed through an internal audit process which reviews the systems on a continuous basis. The objective being to identify potential risk areas and come up with a comprehensive risk mitigation plan.

The Audit Committee of your Board met five times during the year. Review of audit observations covering the operations, consideration of accounts on a quarterly basis and monitoring the implementation of audit recommendations were some of the key areas which were dealt with by the Committee. The Statutory Auditors/Internal Auditors were invited to attend the Audit Committee Meetings and make presentations covering their observations on adequacy of internal financial controls and the steps required to bridge gaps, if any. Chief Financial Officer is a permanent invitee to the Audit Committee and other executives of the Company are invited to address, respond or provide clarifications to relevant issues as and when required.

RISK MANAGEMENT

Your Company has constituted the Risk Management Committee as mandated by SEBI Listing Regulations to frame, implement and monitor the risk management plan for the Company. The Committee comprises of Directors and Senior Management as its Members as prescribed under Regulation 21 of the SEBI Listing Regulations as amended. The Company Secretary is the Secretary of the Committee. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Your Company has always endeavoured to bring together elements of best practices for risk management in relation to existing and emerging risks faced by it at both strategic and operating level. The Company faces a variety of risks from external and internal sources. However, the objective is to be aware of different kinds of risks affecting the business. Rather than eliminating these risks, the decision making process at your Company considers sensible risk taking, and thereby proactive steps are taken to ensure that business is undertaken in an environment which encourages a reasonable amount of risk taking and enables the Company to leverage market opportunities effectively.

The Board is responsible for determining the nature and extent of the principal risks that your Company is willing to take to achieve its strategic objectives and for maintaining sound risk management system. With the support of the Audit Committee, it carries out a review of the effectiveness of your Company's risk management process covering all material risks including strategic, financial, operational and also compliance levels. Your Company has substantial operations all over the country and competes on the basis of brand appeal, loyalty, price value connotations and strong trade relationships. The Company's position is influenced by the economic, regulatory and political situations both nationally and at a state level and of the competitors. The principal risks impacting your Company's business and steps undertaken to mitigate them are as under:

i. **Regulatory restrictions** could have an impact on long term revenue growth of the Company.

The Company operates under increasingly stringent regulatory regime (COTPA guidelines on packaging and labelling, advertising and promotion). This further gets complicated with adoption of differing regulatory regimes in different states and/or lack of consensus on interpretation/application. Such restrictive regulations which are subjected to interpretation could result in not only penalties being imposed/loss of reputation, but also impair the Company's ability to communicate with adult smokers and/or to meet consumer expectations through new/innovative brand launches or geographic expansion. The Company addresses this risk by engaging in continuous social dialogue with

stakeholders and regulatory community through industry bodies. At the same time, it works on developing strategies and capabilities to effectively launch competitive and consumer acceptable brands within the changing regulatory environment.

ii. **Taxation changes** could have an impact on short-term revenue growth of the Company.

The Company's business is subjected to GST, excise and other cesses as may be made applicable, which could require the Company to take up product prices and in absence of such action, impact its business. The impact increases when due to changes in economic situation, consumer's disposal income reduces, resulting in down-trading to cheaper cigarettes including non-duty paid illicit cigarettes or alternative tobacco products. Such risks are addressed by the company through: (a) engagement with tax authorities at levels where appropriate; (b) regular management review to build a well laddered brand portfolio across new segments including new brand creation; and (c) capability buildup through investments in distribution infrastructure to increase geographical spread.

iii. **Geopolitical tension** could have a short-term impact on company's revenue growth and profitability.

The Company's supply chain and normal business processes are exposed to the risk of disruption. Such disruption could be caused through geopolitical tension, civil unrest, economic policy changes, health crisis, violent weather conditions or other natural disasters. This could result in potential loss of assets and increased costs due to more complex supply chain arrangements and/or maintaining inefficient facilities. Such risks are mitigated through a robust business continuity planning process and having multiple sourcing / delivery (supply chain) strategy.

iv. **Illicit Trade** could have a risk to Company's long term revenue growth and profitability.

Non-Duty Paid (NDP) Cigarettes in the form of counterfeit product, contraband (genuine smuggled product) and locally manufactured products on which applicable taxes are evaded, represents a

significant and growing threat to the legitimate cigarette industry. Factors such as increased product prices (either for retailer or consumer) and economic downturn among others encourage consumers shift to cheaper cigarettes which results in commoditisation of the Product and erosion of brand value resulting in undermining company's investment in trade marketing and distribution. As part of its mitigation plan the company both directly as well as through trade bodies engages with key external stakeholders including periodical interaction with law enforcement agencies in pursuit of priority targets.

- v. **Infringement of Intellectual property** could have a short term impact on revenue growth and profitability.

The Company relies on its registered, trademarks and copyrights under which it sells its products to get competitive advantage. Risk of Infringement happens due to delay in identification and action taken including limitation of judicial protection. In addition, as third-party rights (registered trademarks) are not always identifiable, there may be claims against the company for infringement of their intellectual property rights. Such infringement of trademarks results in reputational impact due to inability to protect its trade marks, disruption to normal business processes resulting in potential loss of revenue, unnecessary protracted litigation. Such risks are mitigated through constant training to all team members to recognise misuse of Company's trademarks and report to take legal protection, Further, process is in place to ensure new trademarks do not infringe with trademarks belonging to others.

- vi. **Cyber Security** – the Company's operations place high reliance on its digital data. Loss or misuse of any such sensitive information, or its disclosure to outsiders, including competitors and trading partners could potentially have a significant adverse impact on the Company's business operations and/or give rise to legal and financial liability. For this purpose, the Company has put in place cyber

security policies and procedures which are reviewed regularly. In addition, for continuity of the operations we perform periodic assessment of information technology controls implemented like access controls, security and operations management, data back-up & recovery management, authorisation verification, firewalls, etc.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your Company has formulated a Corporate Social Responsibility Policy with the objective to promote inclusive growth and equitable development of identified areas by contributing back to the society. Over the years, your Company has been involved in various social activities focusing on Rural Development, Health & Sanitation, Education & Sports and Environment sustainability.

Your Company has with the help of Gramalaya, a non-profit organisation, was involved in creating awareness among women on menstrual hygiene, usage of cloth sanitary pads & production of cloth sanitary pads by the rural women to support their livelihoods under project Naari Shakti as part of Rural development initiative. Towards this initiative, women were mobilised and self-help groups were formed for better execution of the project and a cohort of women were formed who will produce the cloth sanitary pads for sale to make this project a self-sustaining one. Your organisation also supported rural students by enrolling for a vocational skill building programme aspiring for jobs conducted by Sambhav Foundation. Through this programme, your Company has been able to place close to 300 students in respectable jobs in retail, and other sectors.

Your Company has also in collaboration with Gramalaya constructed toilets in individual homes (of farmers living) in and around Jogulamba-Gadwal district of Telangana where your Company has its operations, under the 'Swachh Ghar' programme of your Company. These villages and the communities in the area were also sensitised regarding the importance of health & sanitation. Over 400 household toilets have already been constructed during the financial year, and your Company

has plans to extend it further to other houses in the same area and thereafter to other areas.

Your Company has touched lives of many families in Kurnool and Raichur areas and created a sense of healthy living and awareness through its mobile dispensary programme to address the health care needs. With this, almost 15,989 villagers have undergone health checkups and have access to medical support regularly.

Your Company had sponsored 12 Dialysis machines in partnership with Rotary Club, Secunderabad including setting up of an RO plant impacting about 10,800 lives yearly. In addition to this, your Company had sponsored an Audiometry machine, addressing the needs of differently abled children in their treatments.

In the field of Education, your Company sponsored school infrastructure to support the blind children education at Devnar School for Blind, Hyderabad and also supported construction of school infrastructure at Government Schools in Suraram, Medchal, Hyderabad and Government School, Medak. A unique pedagogy for identified school children enhancing their overall development in all fields like computer training, arts, sports etc. are being imparted in Government schools in Brahmanpally, Medak.

Your Company had provided Mid-day meals for more than 5,000 Government School children in Medak district, Hyderabad this financial year.

In order to protect environment, your Company had initiated supporting environment sustainability sponsoring 2 Electric Vehicles. Your Company has also supported conservation of Wildlife and protection of biodiversity by sponsoring the conservation activities through M/s Whale sharks project in Kerala.

The composition of the CSR Committee is given in the Corporate Governance Report forming part of this Annual Report. The CSR policy and the projects approved by the Board are available on the Company's website at: <https://www.vsthyd.com/mainsite/documents/corporate-social-responsibility-policy.pdf>

The CSR Policy of the Company the Annual Report on CSR activities during the year is annexed herewith as "Annexure B" and forms part of this Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, a report on Business Responsibility and Sustainability Report (BRSR) in the prescribed format forms part of the Board's Report.

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Company during the year are in its ordinary course of business and on arm's length basis. There were no materially significant related party transactions between your Company and the Directors, Promoters or Promoter group, Key Managerial Personnel and other designated persons which may have a potential conflict with the interest of your Company at large. During the year, the Company has not entered into any transactions with any person or entity belonging to the promoter or promoter group which holds 10% or more shareholding in the listed entity other than the corporate actions applicable uniformly to all the shareholders. Prior approval for all the related party transactions is obtained from the Audit Committee.

Form AOC-2 pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 for disclosure of particulars of contracts/arrangements, entered into by your Company with related parties for the year ended 31st March, 2025 is annexed herewith as "Annexure C" and forms part of this Report.

BOARD EVALUATION

Pursuant to the provisions of the Act, as amended and SEBI Listing Regulations, the performance evaluation of the Board, the committees of the Board and individual Directors [including Independent Directors and Chairperson] has been carried out. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

REMUNERATION POLICY

Nomination and Remuneration Committee has formulated a policy relating to remuneration of directors, key managerial personnel and other employees which has been revised and approved by the Board. The Remuneration Policy and the criteria for determining qualification, position, attributes and independence of a Director as required under Section 178(3) of the Act, are disclosed in the Corporate Governance Report. The policy is also placed on the website of the Company at <https://www.vsthyd.com/mainsite/documents/remuneration-policy.pdf>

MEETING OF INDEPENDENT DIRECTORS

During the financial year under review, all the Independent Directors of the Company met on 25th April, 2024, inter alia, to discuss:

- Evaluation of the performance of the Non-independent Directors and the Board as a whole.
- Evaluation of the performance of the Chairman of the Company, Chairman of the Committee's considering the views of the Executive and Non-executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to perform its duties effectively and reasonably.

VIGIL MECHANISM

In terms of Section 177 of the Act, and Regulation 22 of SEBI Listing Regulations, the Company has formulated a Whistle Blower Policy as a vigil mechanism to encourage all employees and Directors to report any unethical behaviour, actual or suspected fraud or violation of the Company's 'Code of Conduct and Ethics Policy' which also provides for adequate safeguard against victimisation of person who use such mechanism and there is a provision for direct access to the chairman of the Audit Committee inappropriate/exceptional cases. The details of the Whistle Blower Policy is given in the Corporate Governance Report and also available on the Company's website at: <https://www.vsthyd.com/mainsite/documents/whistle-blower-policy-2022.pdf>

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March, 2025, the Board comprises of six Directors out of which three are Independent Directors.

Directors retiring by rotation/Re-appointment

Mr. S. Thirumalai

Pursuant to Article 93 of the Articles of Association of your Company, Mr. S. Thirumalai (DIN: 00011899) is liable to retire from the Board and being eligible, offers himself for re-election. Your Board recommends his re-appointment. Further, in terms of Regulation 17(1A) of the SEBI Listing Regulations, the Board recommends continuation of his directorship who has attained the age of 76 years. A suitable Resolution for continuation of his directorship pursuant to Regulation 17(1A) of the SEBI Listing Regulations, is being put up for your approval.

Mr. Thirumalai (76 years) is a Fellow Member of Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Certified Associate of Indian Institute of Bankers and also a law graduate. He has also attended the Advanced Management Program at Harvard Business School, Boston, USA. He has diversified experience of over four decades including a major portion in the tobacco sector and specialises in Finance, Taxation, Legal and General Management. The Board feels that the vast and diversified experience of Mr. Thirumalai will prove to be an asset to the Company.

Mr. Thirumalai is not a Director in any other Company in India. He is a Member of the Audit Committee, CSR Committee, Stakeholders Relationship Committee and Risk Management Committee. He has attended all the Board and Committee meetings held during the year. Mr. Thirumalai holds 275 shares in the Company and is not related to any other Director of the Company.

Directors Appointment/Cessation

Mr. Nellaiappan Thiruambalam

The Board at its meeting held on 25th April, 2025 based on the recommendation of Nomination and Remuneration Committee of the Company approved the appointment of Mr. Nellaiappan Thiruambalam - [DIN 02121182] as an Additional Director designated as Independent Director

of the Company with effect from 25th April, 2025 for a period of five years not liable to retire by rotation subject to the approval of the Members at the ensuing Annual General Meeting.

Mr. Nellaiappan Thiruambalam (68 years) has requisite skills and expertise in Business Strategy, Marketing, Employee Engagement, Sales, Operations and P&L management in India and globally. He has over 40 years of experience in reputed firms viz. Heinz, Glaxo SmithKline Consumer, GE and a PE funded Indian Company. He has a Honours degree in Mechanical Engineering from NIT, Trichy and has a Masters Degree in Business Administration (Marketing & Finance) from IIM, Calcutta.

Mr. Nellaiappan Thiruambalam does not hold shares in the Company and is not related to any other Director of the Company.

Mr. Alok Agarwal

Mr. Alok Agarwal [DIN 08655585] representing the interests of M/s. Bright Star Investments Pvt. Ltd. was appointed as an Additional Non-executive Director of the Company with effect from 25th April, 2025 who shall be liable to retire by rotation in accordance with the Article 93 of Articles of Association of the Company subject to the approval of the Members at the ensuing Annual General Meeting.

Mr. Alok Agarwal (71 years) has the requisite skills and expertise in Corporate & Business Management, Strategy, M&A in India and globally. He has over 47 years of experience in various industries and sectors. He is a Chartered Accountant from ICAI and has a Masters degree in Business Administration (FMS) from University of New Delhi and has attended executive education/programmes at Harvard Business School (Boston), Wharton Business School (Philadelphia), London Business School (London) and INSEAD (Paris).

Mr. Alok Agarwal do not hold shares in the Company and is not related to any other Director of the Company.

Mr. Sanjay Wali

Mr. Sanjay Wali [DIN 10868596] was appointed as an Additional Director and Whole-time Director of the Company with effect from 25th April, 2025 who shall also be a Key Managerial Personnel under Section 203 of

the Act subject to the approval of the Members at the ensuing Annual General Meeting.

Mr. Sanjay Wali (58 years) is an experienced professional with a career spanning over three decades, with expertise in Business Strategy, Sales, Marketing, Logistics, New Product Development, Business Development, and Project Management. His professional journey includes tenure at esteemed organisations such as Procter & Gamble, Godfrey Philips, and Dalmia Cement, where he has consistently taken on roles of increasing responsibility and demonstrated remarkable leadership. He has a Post Graduate Degree in Business Management (Marketing) from IMT, Ghaziabad and is an alumnus of Harvard Business School (AMP 2015).

Mr. Sanjay Wali hold 2200 shares in the Company and is not related to any other Director of the Company.

The resolution seeking Members approval at the ensuing AGM for the above mentioned Directors appointment along with other required details forms part of the Notice of the AGM.

Mr. Aditya Deb Gooptu

Mr. Aditya Deb Gooptu [DIN 07849104], resigned as the Managing Director & CEO and Director of your Company on 4th November, 2024 and is serving his notice period in accordance with the Articles of Association of the Company. The Board of Directors place on record their appreciation of the contribution made to your Company by Mr. Aditya Deb Gooptu during his tenure as Managing Director & CEO. He is being relieved from the services of the Company on 25th April, 2025.

Independent Directors

In accordance with Section 149 of the Act, the Members at the Annual General Meeting of the Company held on 29th August, 2024 have approved the appointment of Mr. Rajeev Bakshi as Independent Director of the Company with effect from 1st July, 2024 and the Members through Postal Ballot by way of Special Resolution have approved the re-appointment of Ms. Rama Bijapurkar and Mr. Sudip Bandyopadhyay to be effective from 1st April 2024 and 1st June, 2024 respectively to hold the office for a further term of five consecutive years from their respective dates.

All the Independent Directors have submitted the declarations stating that they meet the criteria of independence as prescribed under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations as amended for the financial year ended 31st March, 2025. The Board reviewed and assessed the veracity of the aforesaid declarations, as required under Regulation 25(9) of the SEBI Listing Regulations. In the opinion of the Board, all the Independent Directors fulfil the said conditions as mentioned in Section 149(6) of the Act and the SEBI Listing Regulations and are independent of the Management. All the Independent Directors of the Company have complied with the provisions of sub rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to registration with the Indian Institute of Corporate Affairs for the Independent Directors' Database.

There has been no change in the circumstances affecting their status as Independent Directors of the Company. In the opinion of the Board, the Independent Directors possess the requisite integrity, experience, expertise and proficiency required to fulfill their duties as Independent Directors.

KEY MANAGERIAL PERSONNEL

Mr. Sanjay Wali, Whole-time Director, Mr. Anish Gupta, Chief Financial Officer and the Company Secretary Mr. Phani K. Mangipudi are the Key Managerial Personnel as per the provisions of Section 203 of the Act, .

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. appropriate accounting policies have been selected and applied consistently. Judgement and estimates which are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of your Company as on 31st March, 2025 and of the profits of the Company for that period;

3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.
5. proper internal financial controls have been laid down to be followed by your Company and such internal financial controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised, and such systems were adequate and operating effectively.

CRITERIA FOR SELECTION AND APPOINTMENT OF DIRECTORS

The Nomination and Remuneration Committee is responsible for identifying, screening, recommending to the Board a candidate for appointment as Director. Based on the recommendation of the Committee, the Board identifies the candidate for the position of Director. While identifying the candidate, inter alia the following are taken into consideration:

- Qualification, experience and expertise;
- Skills, abilities and personal contribution;
- Commitment to spare time to attend Board/Committee and other Meetings as may be necessary;
- Diversity of perspectives brought to the existing Board;
- Existing composition of the Board.

The qualification of the candidate is scrutinised by the Committee considering educational degree, college/institution, professional qualification if any, etc. In addition, there is also a criteria regarding minimum work experience and the positive attributes such as leadership quality, level of maturity, management capabilities, strategic vision, problem solving abilities, etc., on which the candidate is judicially scrutinised. In

case of an internal candidate, the senior management employee is also evaluated on the above criteria before being recommended for promotion as a Director. While considering re-appointment of the Directors, their performance evaluation report is considered. In case of Independent Director, the independence, integrity, expertise, experience and interest pecuniary or otherwise as per the statutory provisions are also assessed before appointment.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant or material orders passed by the Regulators, Courts or Tribunals which impact the going concern status of the Company and its future operations. However, Members' attention is drawn to the following:

TAXATION

i. Entry Tax

Entry Tax levy by the States of Jharkhand and Assam has been challenged before the respective State High Courts by your Company, basis the directions of the Hon'ble Supreme Court. Demand of interest on entry tax was challenged before the High Court of Allahabad and is pending adjudication.

ii. Excise

a. Tobacco Refuse

Your Company has received show cause notices demanding recovery of duty on cut tobacco used in the manufacture of tobacco refuse since January 2005 till June 2017 amounting to 14.52 Crores. Demand for the period till October, 2013 has been adjudicated and the CESTAT decided in favour of your Company. Department preferred an appeal before Supreme Court which is pending. Demands for period after October, 2013 till June, 2017 are yet to be adjudicated by the original authority.

b. Service Tax

Your Company has received show cause notices from the Excise Department seeking to deny CENVAT credit availed on various input services on the ground that the same are not in relation to the manufacture of final products. Upon adjudication, credit on most of the services was allowed in favour of your Company. Some of them have been disputed and in such matters, the Company is in appeal.

PUBLIC INTEREST LITIGATION (PIL)

- i. Your Company has been impleaded in the petition filed in the Supreme Court by an NGO called 'Centre for Transforming India' against the Union of India along with other cigarette manufacturers, Tobacco Institute of India, Bidi Manufacturers and Bidi Manufacturers' Association, seeking prohibition/ban of the manufacture, storage and sale of all forms of tobacco within the territory of India. This is being contested.
- ii. Petitions have also been filed in other courts such as High Court of Madhya Pradesh - Jabalpur, National Green Tribunal, Delhi seeking ban on sale of cigarettes and before High Court of Madhya Pradesh - Indore Bench seeking directions to mention tar and nicotine content on cigarette packs by the manufacturers. All of the above are being effectively contested by your Company.

FINANCIAL SERVICES BUSINESS

The Company petition filed by the Official Liquidator before the High Court of Andhra Pradesh (now Telangana High Court) seeking directions against some of the Ex-Directors of ITC Agro Tech Finance and Investments Limited (ITCATF), the Company in liquidation, into which one of the subsidiaries of your Company, viz. VST Investments Limited was amalgamated, and its related matters are still pending final adjudication.

THE CIGARETTES AND OTHER TOBACCO PRODUCTS (PROHIBITION OF ADVERTISEMENT AND REGULATION OF TRADE AND COMMERCE, PRODUCTION, SUPPLY AND DISTRIBUTION) ACT, 2003 (COTPA)

- i. In view of the provisions of COTPA, various restrictions such as ban on advertising in print, visual media and outdoors, regulation of in-store advertising, prohibition of sale of cigarettes to persons below the age of 18 years, etc. have been in force. Printing of pictorial warnings on cigarette packets, came into effect from 31st May 2009 were further revised and the pictorial warning covering 85% of the front and back side of the packets was implemented w.e.f. 1st April 2016 and is being duly complied with by your Company.
- ii. Your Company also filed a writ petition in the Hon'ble High Court of Andhra Pradesh (now Telangana High Court) challenging The Cigarettes and Other Tobacco Products (Packaging & Labelling) Rules, 2006 and the Amendment Rules 2008, on the grounds inter alia that they are ultra vires of COTPA and therefore the notifications issued there under (including those seeking implementation of graphic health warnings) should be quashed. The said writ petition has been admitted but no interim orders were passed by the Hon'ble Court. The matter came up for hearing and the same was dismissed as infructuous.
- iii. Before the High Court of Karnataka, a Writ Petition was filed by Tobacco Institute of India (TII) on behalf of your Company and other manufacturers against the proposed notification dated 15th October 2014 by Health Ministry to print health warning on both sides of the pack occupying 85% of space. The 85% health warning came into effect from 1st April 2016. Your Company also filed a Writ Petition before the High Court bench at Dharwad against the implementation of 85% health warning. The Hon'ble Supreme Court on hearing a PIL filed by Health for Millions, constituted a Bench before the Karnataka High Court to hear all the matters relating to graphical health warning. The Writ Petitions filed by TII and your Company were heard before the Bangalore Bench and it was held on 15th December

2017 that the amendment made to the Packaging Rules imposing 85% graphic health warning is ultra vires the Constitution. Against the said Judgment, an appeal was filed by the Ministry of Health before the Supreme Court. A stay has been granted on the said judgement and the case is pending before the Supreme Court.

REAL ESTATE

The then Government of Andhra Pradesh had filed a land grabbing case against your Company in 1991 in relation to a piece and parcel of vacant land which has been under possession and occupation by your Company for over four decades. By its judgement dated 28th July 2010, the Special Court had held that your Company is not a land grabber but had given the State Government the right to initiate proceedings to recover possession of the land at some future date. Against this part of the judgement, your Company filed a writ petition before the then Hon'ble High Court of Andhra Pradesh to expunge that part of the Order giving such liberty to the Department despite the fact that your Company has already been declared not to be a land grabber. The writ petition is still pending. The State Government has also filed a writ petition in the Hon'ble High Court of Andhra Pradesh seeking to set aside the said judgement of the Land Grabbing Court. An interim Order was passed restraining your Company from changing the status of the land or creating any third party interest therein. Your Company is taking all the necessary steps for speedy disposal of the above writ petitions which are pending before the Court.

One more case of land grabbing was filed by the then Government of Andhra Pradesh against your Company in the year 1989 on a piece of land along with building called 'Lal-e-Zar', before the Special Court. In the year 2010, the Special Court passed a judgement stating that your Company is not a land grabber. After 7 years, the Government of Telangana filed an appeal before the Hon'ble High Court of Telangana and Andhra Pradesh seeking a direction from the court that the nature of the land is not to be altered and no third party interest to be created. Your Company filed a counter and vacate stay application seeking permission to construct on the said land. Judgment was pronounced on the vacate stay petition allowing your Company to construct but with certain conditions. The State Government preferred an appeal before the Supreme Court which was dismissed.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended in respect of employees of the Company, are annexed herewith as "Annexure D" and forms part of this Report. The statement containing particulars of employees as required under Section 197 of the Act read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this Report. However, in terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. In case any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary of the Company.

The Nomination and Remuneration Committee of the Company has affirmed that the remuneration is as per the Remuneration Policy of the Company. Your Directors take this opportunity to record their deep appreciation of the continuous support and contribution from all employees of your Company.

ANNUAL RETURN

As required under Section 92(3) of Act, and Rule 12(1) of Companies (Management and Administration) Amendment Rules, 2020, Annual Return is available on the Company's website at <https://www.vsthyd.com/mainsite/Annual>Returns.html>

AUDITORS

Statutory Auditors

M/s. BSR & Associates, LLP, Chartered Accountants, were re-appointed as the Statutory Auditors of the Company to hold office for a second term of five years from the conclusion of the 90th AGM to the conclusion of the 95th AGM. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

There has been no qualification, reservation or adverse remark in their Report. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Act, and hence, no details is required to be disclosed under Section 134(3)(ca) of the Act, .

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, read with Regulation 24A (1), (1A), (1B) and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, the Company appointed M/s. Tumuluru and Company [Firm Registration No. P1988AP052200], Company Secretaries to undertake Secretarial Audit of the Company for the financial year ended 31st March, 2025 and as Secretarial Auditor of the Company for a term of five years effective from 1st April, 2025 to 31st March, 2030. The Secretarial Audit Report is annexed herewith as "Annexure E" and forms part of this Annual Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

Further, as per Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and read with SEBI (LODR) (Third Amendment) Regulations, 2024 the Board on the recommendation of the Audit Committee has recommended to appoint M/s. Tumuluru and Company [Firm Registration No. P1988AP052200], Company Secretaries as Secretarial Auditor of the Company for a term of five years effective from 1st April, 2025 to 31st March, 2030.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with applicable Secretarial standards, i.e. on Meetings of the Board of Directors [SS-1] and on General Meetings [SS-2] issued by The Institute of Company Secretaries of India (ICSI).

COST ACCOUNTS AND RECORDS

The maintenance of cost accounts and records and requirement of cost audit as specified under Section 148(1) of the Act, are not applicable for the business activities carried out by the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with clause (m) of sub-section (3) of Section 134 of the Act, read with Rule 8 of Companies (Accounts) Rules, 2014 is given in the "Annexure F" forming part of this Report.

SUBSIDIARY/ASSOCIATES/JOINT VENTURES

Your Company does not have any subsidiary company, associates or joint ventures.

INSOLVENCY AND BANKRUPTCY CODE 2016

There was no application made or any proceedings pending under the Insolvency and Bankruptcy Code 2016 (31 of 2016) during the financial year.

UTILISATION OF FUNDS

Your Company has not raised any funds during the year through preferential allotment or Qualified Institutional Placement, as a result question of providing details of utilisation of such funds does not arise. Further, during the year, there were no transaction relating to difference between amount of valuation done at the time of one-

time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

WAY FORWARD

While a consumer centric portfolio continues to be a top priority for your Company, a lot of efforts are being made to enhance your Company's portfolio in mid price segment. This will ensure that your Company is able to actively participate in overall industry growth.

ACKNOWLEDGEMENTS

The Directors are grateful to all valuable stakeholders of the Company viz. customers, shareholders, dealers, vendors, banks and other business associates for their excellent support rendered during the year. The Directors also acknowledge the unstinted commitment and valued contribution of all employees of the Company.

On behalf of the Board,
Naresh Kumar Sethi
Chairman
DIN: 08296486

Dated this 25th day of April, 2025
Hyderabad

ANNEXURE A

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2025.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company considers good Corporate Governance a pre-requisite for meeting the needs and aspirations of its Members and other stakeholders in the Company. The Board of Directors of your Company firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standard of compliance.

2. BOARD OF DIRECTORS

(a) Composition and category of Directors

Name of the Director	Category	No. of outside directorships held *	No. of Memberships/ Chairmanships of board committees of other companies #
Mr. Naresh Kumar Sethi [§]	Non-executive Director	Nil	Nil
Mr. Aditya Deb Gooptu	Managing Director & CEO	1	Nil
Ms. Rama Bijapurkar	Independent - Non-executive Director	4	3
Mr. Sudip Bandyopadhyay	Independent - Non-executive Director	2	1
Mr. Rajeev Bakshi**	Independent - Non-executive Director	2	1
Mr. S. Thirumalai	Non-executive Director	Nil	Nil
Mr. Rajiv Gulati##	Independent - Non-executive Director	Nil	Nil

Notes: There are no inter-se relationships between the Board Members.

Except Mr. S. Thirumalai who holds 275 equity shares, none of the other Directors hold any shares in the Company. There are no convertible instruments issued by the Company and hence none held by the Non-executive Directors during the year ended 31st March, 2025.

*Outside directorships exclude unlisted public companies, foreign companies, private limited companies, debt listed and alternate directorships.

#Only Membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned for other Committee Memberships.

§Representing equity interest of promoter group - British American Tobacco, U.K.

**Appointed as an Independent Director w.e.f. 1st July, 2024.

##Ceased to be an Independent Director w.e.f. 26th July, 2024.

Directorships and Committees held in other listed companies

Ms. Rama Bijapurkar is on the Board and Member/Chairperson of the Committees in the following listed companies:-

Name of the Director	Directorship held in the other companies	Name of the Committee	Whether Chairman or Member
Rama Bijapurkar	Cummins India Limited - Independent Director	Stakeholders Relationship Committee	Member
	Sun Pharmaceuticals Industries Limited - Independent Director	Audit Committee	Member
	Apollo Hospitals Enterprise Limited - Independent Director	-	-
	Gokaldas Exports Limited - Independent Director	Audit Committee	Member

Mr. Sudip Bandyopadhyay is on the Board and Member/Chairman of the Committees in the following listed companies:-

Name of the Director	Directorship held in the other companies	Name of the Committee	Whether Chairman or Member
Mr. Sudip Bandyopadhyay	Inditrade Capital Limited	-	-
	AGS Transact Technologies Limited	Audit Committee	Member

Mr. Rajeev Bakshi is on the Board and Member/Chairman of the Committees in the following listed companies:-

Name of the Director	Directorship held in the other companies	Name of the Committee	Whether Chairman or Member
Mr. Rajeev Bakshi	Macrotech Developers Ltd.	Audit Committee	Member
	Dalmia Bharat Sugar Ltd.	-	-

(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) held

Name of the Director	No. of Board Meetings held	26th April, 2024	25th July, 2024	24th October, 2024	5th November, 2024 (Through VC)	11th November, 2024 (Through VC)	7th February, 2025 (Through VC)	15th March, 2025 (Through VC)	AGM held on 29th August, 2024 (Through VC)
Mr. Naresh Kumar Sethi	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Aditya Deb Gooptu	7	Yes	Yes	Yes	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Yes
Ms. Rama Bijapurkar	7	Yes	Yes	Yes	Yes	Leave of Absence	Yes	Yes	Yes
Mr. Sudip Bandyopadhyay	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Name of the Director	No. of Board Meetings held	26th April, 2024	25th July, 2024	24th October, 2024	5th November, 2024 (Through VC)	11th November, 2024 (Through VC)	7th February, 2025 (Through VC)	15th March, 2025 (Through VC)	AGM held on 29th August, 2024 (Through VC)
Mr. Rajiv Gulati *	7	Yes	Yes	NA	NA	NA	NA	NA	NA
Mr. S. Thirumalai	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Rajeev Bakshi **	7	NA	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as an Independent Director w.e.f. 1st July, 2024

None of the Independent Non-executive Directors has any pecuniary relationship or transactions with the Company, its promoters or its senior management which in the judgement of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee Meetings and commission on profits from the Company.

(c) Other details

The Board of Directors of your Company is routinely presented with all requisite information inter alia as required under the Companies Act, 2013 ["the Act"] and the information as mentioned in Part A of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), for its consideration. Detailed agenda notes containing details required for decision-making are circulated to the Directors in advance. The Meetings are held as per the calendar finalised in consultation with the Board Members and the notice and agenda of the Meetings are circulated well in advance.

The Board exercises its powers subject to the provisions of the Act, Memorandum & Articles of Association, the SEBI Listing Regulations and other statutory provisions. The Board reviews the performance and takes on record the actions taken by the Company/Management on its suggestions.

None of the Directors on the Board is a Member of more than ten committees or a Chairperson of more than five such committees, across all listed entities in which he/she is a Director as required under Regulation 26 of the SEBI Listing Regulations.

In terms of Regulation 25(8) of SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of management.

Further, the Independent Directors have included their names in the data bank of independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI Listing Regulations and are independent of the management.

The Board has identified the following core skills/expertise/competencies which are required and available with reference to the business environment in which the Company operates:

Name of the Director	Skills/expertise/competencies of the Director
Mr. Naresh Kumar Sethi	Governance, Marketing and Business Strategy
Mr. S. Thirumalai	Finance & Regulatory
Ms. Rama Bijapurkar	Business Strategy, Marketing & Governance
Mr. Sudip Bandyopadhyay	Business Strategy & Finance
Mr. Rajeev Bakshi	Business Strategy, Marketing & Governance
Mr. Aditya Deb Gooptu	Business Strategy & Marketing

(d) Familiarisation Programme for Independent Directors

In order to familiarise the Independent Directors with the Company and to inform them about their roles, rights and responsibilities, the Company conducts orientation programmes by various departmental heads such as Legal & Secretarial, Marketing, Finance, Technical, etc. The Independent Director is also taken for a market visit, visit to tobacco growing areas, leaf division and tour of the plant. In addition to the above, any other detail which the Director wants or any other department or function which the Director wants to meet is also arranged. The Policy on Familiarisation Programme for Independent Directors and the details of such familiarisation programmes are disseminated on the website of the Company https://www.vsthyd.com/mainsite/documents/familiarisation_programme_for_independent_directors1-25april2025.pdf

The Board also carried out an assessment of the Independent Directors and confirmed that in its opinion they fulfill the conditions of independence as specified under the Act and the SEBI Listing Regulations as amended and are Independent of management.

3. AUDIT COMMITTEE

The Audit Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.

(a) Terms of Reference

The primary objective of the Committee is to monitor and provide an effective supervision of the financial reporting process, to ensure accurate and timely disclosures with highest level of transparency, integrity and quality of financial reporting. The terms of reference of the Audit Committee covers all the matters specified under Section 177 of the Act, and those enumerated in Part C of Schedule II of Regulation 18 of the SEBI Listing Regulations. The terms of reference of the Audit Committee inter alia, includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgement by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified Opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e. the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Management letters/letters of internal control weaknesses issued by the statutory auditors;
3. Internal audit reports relating to internal control weaknesses;
4. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and

5. Statement of deviations:
- a] Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
- b] Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(b) Composition, Meetings held and Attendance during the financial year

Name of the Member	Category	Attendance at the Audit Committee Meetings held on				
		26th April, 2024	25th July, 2024	24th October, 2024	5th November, 2024 (Through VC)	7th February, 2025 (Through VC)
Mr. Sudip Bandyopadhyay	Independent Non-executive Director [Chairman]	Yes	Yes	Yes	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-executive Director	Yes	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati *	Independent Non-executive Director	Yes	Yes	NA	NA	NA
Mr. S. Thirumalai	Non-executive Director	Yes	Yes	Yes	Yes	Yes
Mr. Rajeev Bakshi **	Independent Non-executive Director	NA	NA	Yes	Yes	Yes

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as a Member of the Committee w.e.f. 26th July, 2024

The representatives of the statutory auditors and internal auditors and the CFO are the permanent invitees and they have attended all the Meetings held during the year except 5th November, 2024. The Company Secretary is the Secretary to the Audit Committee. Minutes of the Audit Committee Meetings are circulated to the Members of the Board of Directors and taken note of.

Quarterly Reports are sent to the members of the Audit Committee on matters relating to the Insider Trading Code.

During the year, the Committee took note of disclosures by promoters under Regulation 31(5) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

The previous AGM of the Company was held on 29th August, 2024 and was attended by Mr. Sudip Bandyopadhyay, Chairman of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

(a) Terms of Reference

Pursuant to Section 178 of the Act, read with Regulation 19 of the SEBI Listing Regulations as amended, the terms of reference are as under:

- Identify persons who are qualified to become Directors in accordance with the criteria laid down;
- Lay down the criteria for appointment at senior management level;
- Recommend to the Board, appointment and removal of Directors;
- To vet and approve recommendations from the Executive Directors for the appointment and succession of senior managers;
- Formulate a criteria for evaluation of every Director's performance;

- Formulate criteria for determining qualifications, positive attributes and independence of a Director;
- Recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel & other employees;
- Recommend to the Board, all remuneration payable to senior management;
- Assess, approve or recommend the training and development requirements of Directors and senior management as recommended by the Executive Directors;
- Devising a policy on Board Diversity.
- To monitor and administer the ESOP scheme.

(b) Composition, Meetings held and Attendance during the financial year

Name of the Member	Category	Attendance at the Nomination & Remuneration Committee Meeting held on	
		26th April, 2024	5th November, 2024 (Thru' VC)
Ms. Rama Bijapurkar	Independent Non-executive Director [Chairperson]	Yes	Yes
Mr. Sudip Bandyopadhyay	Independent Non-executive Director	Yes	Yes
Mr. Rajiv Gulati*	Independent Non-executive Director	Yes	NA
Mr. Naresh Kumar Sethi	Non-executive Director	Yes	Yes
Mr. Rajeev Bakshi**	Independent Non-executive Director	NA	Yes

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as a Member of the Committee w.e.f. 26th July, 2024

(c) Remuneration Policy

Purpose

The remuneration policy defines the compensation or remuneration philosophy of the organisation. It specifies about the drivers of the philosophy, where the Company positions itself in the overall industry/market related percentile, who are the comparators for the purpose of remuneration.

Scope

It covers the Executive Directors and management level employees of the Company comprising of senior management, middle management and junior management.

Compensation Philosophy

The Company's compensation philosophy reflects on the guiding principles of aligning with Company objective of sustained

improvement in performance, promoting a culture of meritocracy, creating a linkage to corporate and individual performance, market competitiveness and positive influence on the employee contribution and continuity.

The Company's remuneration philosophy is aligned with broader HR strategy which reinforces employee value proposition through enabling work environment, empowering and engaging work culture.

The remuneration philosophy is driven by:

- Business performance-Remuneration as an effective instrument to enhance performance and therefore link as an optimum mix of individual & company performance.
- Remuneration practices that support and encourage meritocracy based on objectivity, fairness & transparency.

3. Remuneration policy will act as motivational tool & drive the desired positive behaviours and thus improve the overall organisational health and performance.
4. Taking in to the competitive aspect, remuneration is based on market/industry positioning vis-à-vis relevant competitors.

For determining the market/industry positioning, FMCG, manufacturing and other sector companies form the basket of comparators with primary focus on FMCG sector. The list of the comparators and the positioning of the remuneration structure is reviewed periodically as may be required but at least once in three years in tune with the requirement of the Company.

Employee compensation positioning is determined by his/her performance as assessed on the basis of the applicable performance management system.

Policy Definition

Remuneration policy of the Company has been designed to attract, retain and motivate the employees and Directors of the quality required to run the Company successfully. The remuneration is directly linked to the individual performance and is measurable on specified benchmarks as set by the Company. The remuneration is an optimum mix of fixed and variable pay and comprises of the components as mentioned under:

- a. Fixed components: Comprising of (i) Basic salary; (ii) Fixed allowances & perquisites; (iii) Retiral benefits.
- b. Variable components: Comprising of performance linked bonus, paid annually.

Individual compensation fixation is as under:

Executive Directors & senior management: Compensation fitment for Executive Directors is in the top quartile or thereabout and for

senior management, above the median of the market/industry positioning.

Middle & junior management: Individual compensation fitment in this category is around the median of the market/industry positioning.

The variable component of the salary at the junior management starts at 10% of the total cost of the Company and goes up to 35% for senior management.

The variable component for the Executive Directors is subject to statutory provisions and approval of the shareholders. The Company's performance management system differentiates the executives under four categories and they are accordingly rated based on the agreed key result areas. The reward is linked to the performance rating.

The review of the compensation structure in line with the market shall be done periodically as may be required but at least once in three years. All other perquisites and benefits shall also be reviewed at least once in three years.

Remuneration of Non-executive Directors

Non-executive Directors of the Company are paid sitting fees for attending Board & Committee Meetings, reimbursement of expenses for attending the Meetings and remuneration/commission as a percentage of net profit, as approved by the Members within the overall limit prescribed under the law and Independent Directors are not eligible for any stock options.

Criteria for selection and appointment of Directors

Criteria for selection and appointment of Directors is given as part of the Board Report.

Criteria for performance evaluation

During the year under review, one meeting of the Independent Directors was held on 25th April, 2024. The Independent Directors,

inter alia, reviewed the performance of Non-independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors.

Pursuant to the provisions of the Act, and Regulation 19 of the SEBI Listing Regulations, criteria for performance evaluation of independent Directors, Board as a whole as well as the Board Committees has been formulated.

Performance of the Directors was evaluated on broad criteria such as contribution to the Board and Committees thereof; contribution to effective Board governance; contribution to the Company and management to achieve its plans, goals, corporate strategy and risk mitigation; level of preparedness; level of participation in the Board and Committee Meetings etc. In addition to the above parameters, the performance of Executive Director was also evaluated against his Key Responsibility Areas (KRAs). The Chairman's performance was evaluated by Independent Directors on above parameters after considering the views of Executive and Non-executive Directors. Independent Directors were also assessed

by the entire Board (excluding the person being evaluated), based on their performance, fulfilment of the Independence criteria and their independence from the management vis-à-vis Code for Independent Directors under Schedule IV of the Act. A structured format for evaluation of the Directors on the above parameters has been prepared for the purpose. Director being evaluated does not participate in the evaluation process.

The performance of Board Committees were evaluated by the Board on the basis of their achievement of charter and role of each Committee. The performance of Board as a whole was evaluated by the Independent Directors on the basis of its duties and responsibilities as per terms of reference. The evaluation also assesses the Board composition, need for induction/change in Directors, Board's role in contributing to the growth and progress of the Company, etc.

The overall outcome from the evaluation was that the Board and its individual Directors are performing effectively and that the Board is well supported to focus on strategy, governance and compliance.

(d) Details of remuneration paid to all the Directors for the financial year ended 31st March, 2025

Name	Position	Salary/ Remuneration ₹	Allowances, benefits and contributions to Provident/ Pension and Other Funds ₹	Performance Linked Bonus ₹	Other Remuneration ₹	Commission ₹	Sitting Fees ₹	Total ₹
Mr. Naresh Kumar Sethi	Chairman- Non-executive Director	-	-	-	1,25,00,000	34,00,000	11,80,000	1,70,80,000
Mr. Aditya Deb Gooptu	Managing Director & CEO	1,49,76,984	1,47,60,484	-	-	-	-	2,97,37,468
Ms. Rama Bijapurkar	Independent Non-executive Director	-	-	-	-	30,00,000	17,80,000	47,80,000
Mr. Sudip Bandyopadhyay	Independent Non-executive Director	-	-	-	-	35,00,000	16,80,000	51,80,000
Mr. Rajiv Gulati*	Independent Non-executive Director	-	-	-	-	-	7,40,000	7,40,000

Name	Position	Salary/ Remun- eration ₹	Allowances, benefits and contributions to Provident/ Pension and Other Funds ₹	Perfor- mance Linked Bonus ₹	Other Remun- eration ₹	Commi- ssion ₹	Sitting Fees ₹	Total ₹
Mr. S. Thirumalai	Non-executive Director	-	-	-	25,00,000	10,00,000	16,40,000	51,40,000
Mr. Rajeev Bakshi **	Independent Non-executive Director	-	-	-	-	30,00,000	11,60,000	41,60,000

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as an Independent Director w.e.f. 1st July, 2024

The Company has adopted the VST Employee Stock Option Plan 2020 ('VST-ESOP 2020') for the benefit of the permanent employees and/or Directors of the Company and/or its holding and subsidiary Company(ies), if any, in future, but excluding Independent Directors and any employee who is a promoter or belongs to the promoter group.

Benefits for Managing Director & CEO/ Whole-time Director are as per the emoluments approved by the shareholders at their meeting held on 27th July, 2021 and the Rules of the Company.

The appointment of Executive Directors is governed by Resolutions passed by the Board of Directors and the Members of the Company and the agreement entered into with the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. The notice period for Executive Directors is six months as per Article No.101 of Articles of Association of the Company. No significant material transactions have been made with the Non-executive Directors vis-a-vis the Company. No severance fees was paid to the Directors.

Performance of the Managing Director & CEO/ Whole-time Director is evaluated basis his achievement as determined by the Key Result Areas identified and agreed at the beginning of the year.

(e) Criteria for making payments to Non-executive Directors

The Board periodically reviews the criteria for making payments to Non-executive Directors. The Non-executive Directors are paid sitting fees for attending each Meeting of the Board or its Committee as per the details given below:

Board Meeting	-	₹1,00,000
Audit Committee	-	₹1,00,000
Stakeholders Relationship Committee	-	₹50,000
Nomination & Remuneration Committee	-	₹80,000
Corporate Social Responsibility Committee	-	₹80,000
Risk Management Committee	-	₹80,000
Strategy Committee	-	₹80,000

Members of the Company have approved payment of Commission not exceeding one percent of the net profits to the Non-executive Directors of the Company for each of the five financial years commencing from 1st April, 2023. Commission paid to Non-executive Directors is determined based on their performance evaluation and on the basis of their membership in various Committees of the Board.

In accordance with the SEBI Listing Regulations, no employee, including key managerial personnel or director or promoter of a listed entity, shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit-sharing in

connection with dealings in the securities of the Company, without prior approval from the Board as well as from shareholders by way of an ordinary resolution. No such instances were reported during financial year ended 31st March, 2025.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

In terms of Section 178 of the Act, and Regulation 20 of the SEBI Listing Regulations as amended, the Committee inter alia looks after the redressal of investors' complaints, issue of duplicate shares, reviews the work of Registrar and Share Transfer Agents, etc.

Composition, Meetings held and Attendance during the financial year:

Name of the Member	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		25th April, 2024	25th July, 2024	24th October, 2024	7th February, 2025 (Through VC)
Ms. Rama Bijapurkar	Independent Non-executive Director [Chairperson]	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati*	Independent Non-executive Director	Yes	Yes	NA	NA
Mr. Naresh Kumar Sethi	Non-executive Director	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	Non-executive Director	Yes	Yes	Yes	Yes
Mr. Aditya Deb Goptu	Managing Director & CEO	Yes	Yes	Yes	Leave of Absence
Mr. Rajeev Bakshi**	Independent Non-executive Director	NA	NA	Yes	Yes

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as a Member of the Committee w.e.f. 26th July, 2024

The Company Secretary acts as the Secretary to the Committee.

- Name and designation of Compliance Officer: Phani K. Mangipudi, Company Secretary
- Number of shareholders' complaints received and attended during the financial year ended 31st March, 2025

Nature of complaints/queries	Received	Attended	Pending
Non-receipt of annual reports	8	8	Nil
Non-receipt of dividend warrants	35	35	Nil
Non-receipt of share certificates	2	2	Nil
Letters from stock exchanges/SEBI	22	22	Nil

The shareholders/investors complaints and other complaints are normally responded to as prescribed by SEBI under general norms, except where constrained by disputes or legal impediments. There are some pending cases relating to disputes over the title to shares in which the Company has been made a party only as a proforma defendant/respondent. However, these cases are not material in nature.

During the year, one of the shareholders' had raised a complaint in SEBI Online Dispute Resolution which was conciliated and resolved in favour of the Company.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (INCLUDING OVERSIGHT OF ESG FRAMEWORK)

In compliance with the provisions of Section 135 of the Act, Corporate Social Responsibility Committee has been constituted.

The terms of reference of the Committee are as under:

- Identify the areas for carrying out the activities and formulate policy to undertake the same;

Composition, Meetings held and Attendance during the financial year

Name of the Member	Category	Attendance at the CSR Committee Meeting held on 25th April, 2024
Mr. Rajiv Gulati*	Independent Non-executive Director [Chairman]	Yes
Ms. Rama Bijapurkar	Independent Non-executive Director	Yes
Mr. Naresh Kumar Sethi	Non-executive Director	Yes
Mr. S. Thirumalai	Non-executive Director	Yes
Mr. Aditya Deb Gooptu	Managing Director & CEO	Yes
Mr. Rajeev Bakshi**	Independent Non-executive Director	NA

* Ceased to be an Independent Director on completion of five year term w.e.f. 26th July, 2024

** Appointed as a Member of the Committee w.e.f. 26th July, 2024

The Company Secretary acts as the Secretary to the Committee.

7. SUBSIDIARY COMPANY

The Company does not have any material subsidiary company as defined in Regulation 16 of the Listing Regulations. Hence, no policy for determining material subsidiaries has been framed.

- Identify the projects, programmes for specific area of activity, finalise the budget and earmark the expenditure for each activity and recommend the same to the Board every year;
- To determine the location where CSR activities shall be undertaken;
- To monitor the progress of the projects/activities from time to time;
- To nominate employees who shall be responsible for implementation, execution and monitoring of CSR activities;
- To hire services of external service providers, Non-Governmental Organisations (NGOs), volunteers, professionals, consultants, specialised agencies, etc., if required, to undertake such activities.

The Board of Directors has extended the ambit and scope of CSR Committee to include the ESG strategy and its implementation, to execute ESG related initiatives and policies, assess their impact, review disclosures of ESG matters to internal and external stakeholders and to identify and recommend measures to mitigate ESG related risks.

8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.

The terms of reference of the Committee are as under:

- To ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- To consider the Business Continuity Plan (BCP) and Sustainability;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- To monitor and review cyber security in the Company

Composition, Meetings held through VC and Attendance during the financial year

Name of the Member	Category	Attendance at the Risk Committee Meetings held on	
		30th May, 2024	16th December, 2024
Mr. Sudip Bandyopadhyay	Independent Non-executive Director [Chairman]	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-executive Director	Leave of Absence	Yes
Mr. Naresh Kumar Sethi	Non-executive Director	Yes	Yes
Mr. S. Thirumalai	Non-executive Director	Yes	Yes
Mr. Aditya Deb Gooptu	Managing Director & CEO	Yes	Leave of Absence
Mr. Anish Gupta	Management Member	Yes	Yes
Mr. Kalyan Basu *	Management Member	Yes	Leave of Absence
Mr. S. Sriram	Management Member	Yes	Yes

The Company Secretary acts as the Secretary to the Committee.

* Ceased to be a Member w.e.f. 3rd March, 2025

9. Senior Management:

The particulars of Senior Management as per Regulation 16(1)(d) of the Listing Regulations are as follows:

S. No.	Name	Designation
1	Mr. Sanjay Wali	Chief Operating Officer
2	Mr. Amit Arora	Chief Human Resource Officer
3	Mr. Anish Gupta	Chief Financial Officer
4	Dr. T. Lakshmi Narasaiah	Vice President - Leaf
5	Mr. Phani Mangipudi	Company Secretary and Vice President - Legal
6	Mr. S. Sriram	Vice President - Technical

10. GENERAL BODY MEETINGS

- (i) Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2023-24	Through Video Conference	29.08.2024	11.00 a.m.
2022-23	Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034	21.08.2023	10.30 a.m.
2021-22	Through Video Conference	29.07.2022	10.00 a.m.

- (ii) The following Special Resolutions were passed by the Members at the last three Annual General Meetings:

Annual General Meeting held on 29th August, 2024

- Appointment of Mr. Rajeev Bakshi (DIN: 00044621) as a Non-executive Independent Director
- Reclassification of Authorised Share Capital of the Company
- Alteration of Articles of Company with respect to changes in Capital Clause

Annual General Meeting held on 21st August, 2023

Continuation of directorship of Mr. S. Thirumalai (DIN:00011899) as a Non-executive Director on attaining the age of 75 years

Mr. B.V. Saravana Kumar (Membership No. ACS 26944) Partner of Tumuluru & Company, Practising Company Secretaries, was appointed as the Scrutiniser to scrutinise the postal ballot process by voting through electronic means only (remote e-voting) in a fair and transparent manner. Details of the voting pattern are provided below:

Resolution passed through postal ballot	Votes in favour of the resolution	Votes against the resolution	Invalid votes
Re-designation and appointment of Mr. Naresh Kumar Sethi (DIN: 08296486), Non-executive Director & Chairman as an Executive Chairman & Whole-time Director of the Company, for a term of five (5) years commencing from 5 th November, 2024	6,86,40,804-56.08%	5,37,57,286-43.92%	0

- iv. Details of special resolution proposed to be conducted through postal ballot:

Annual General Meeting held on 29th July, 2022

No special resolutions were passed

- (iii) Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

The Company sought approval of Members by way of Special Resolution through notice of Postal Ballot dated 5th November, 2024 for:

Re-designation and appointment of Mr. Naresh Kumar Sethi (DIN: 08296486), Non-executive Director & Chairman as an Executive Chairman & Whole-time Director of the Company, for a term of five (5) years commencing from 5th November, 2024

The above resolution was not passed and the results of which were announced on 16th December, 2024.

No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Annual Report.

Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 9/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024, respectively issued by the Ministry of Corporate Affairs.

11. MEANS OF COMMUNICATION

The quarterly/half yearly financial results are announced within 45 days of close of each quarter. The annual audited financial results are announced within 60 days from the close of the financial year as per the requirements of the Listing Regulations. The aforesaid financial results are disclosed to BSE Limited [BSE] and The National Stock Exchange of India Limited [NSE] where the Company's securities are listed. The quarterly, half yearly and annual financial results are published in Business Standard and in a vernacular newspaper i.e., Nava Telangana. The results along with other official information are also posted on the Company's website viz. www.vsthyd.com.

During the year, there were no presentations made to institutional investors or to the analysts.

The Stock Exchanges viz. BSE and NSE, maintain separate online portals for electronic submission of information. As part of the Listing Regulations compliances, all the disclosures, results and other communications are filed electronically on these online portals.

12. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of the Annual General Meeting

23rd July, 2025 at 10.00 a.m. (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM)

Financial year: 1st April, 2025 to 31st March, 2026

Financial Calendar 2025-26 [Tentative]

First quarter results	July, 2025
Second quarter and half yearly results	October, 2025
Third quarter results	January, 2026
Annual results	April, 2026

Record Date for ascertaining the eligibility of the shareholders to receive dividend: 3rd July, 2025

Dividend Payment Date: Within 30 days of the AGM date.

Listing on Stock Exchanges with Stock Code:

S. No.	Name of the Stock Exchange	Stock Code
1	BSE Limited 25 th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	509966
2	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051	VSTIND

Annual Listing Fees have been paid to the above stock exchanges.

Registrar and Transfer Agents

As a Member of the Company, you are encouraged to contact the Registrar and Transfer Agents for all your shares related services and queries at the below address:

KFin Technologies Limited
Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Serilingampally, Hyderabad - 500 032, Telangana.

Toll Free No. : 1800 309 4001

Fax: + 91-40-23420814

email: einward.ris@kfintech.com

Contact Person: Mr. Praveen Chaturvedi – Sr. Vice President – Corporate Registry

Mr. Raghunath Veedha – Sr. Manager – Corporate Registry

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time,

securities can be transferred only in dematerialised form. The requests for effecting transfer/transmission/transposition of securities shall not be processed unless the securities are held in dematerialised mode. Members holding shares in physical form are requested to convert their holdings in dematerialised form. A summary of transmission of shares of the Company approved is placed at the Meeting of the Stakeholders' Relationship Committee.

Pursuant to SEBI Circular dated January 24, 2022, the listed companies are required to issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement,

transmission, transposition, etc. Post completing the processing of the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerialising those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

There are no pending share transfers as at 31st March, 2025.

Bonus Shares

During the year, Bonus shares in the ratio of 10:1 were allotted to the eligible shareholders as on the record date 6.9.2024.

Distribution of shareholding as on 31st March, 2025

Slab	No. of Shares	%	No. of Shareholders	%
1-5000	1,03,15,168	6.07	1,41,510	91.89
5001-10000	40,66,404	2.39	5,692	3.70
10001-20000	47,81,977	2.82	3,521	2.29
20001-30000	30,90,903	1.82	1,267	0.82
30001-40000	17,33,049	1.02	499	0.32
40001-50000	15,83,915	0.93	347	0.23
50001-100000	46,35,587	2.73	661	0.43
100001 and above	13,96,54,117	82.22	502	0.33
Total	16,98,61,120	100.00	1,53,999	100.00
Physical Mode	2,25,349	0.13	1,275	0.83
Demat Mode	16,96,35,771	99.87	1,52,724	99.17

Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in the dematerialised form on BSE and NSE.

As at 31st March, 2025, 16,96,35,771 equity shares of the Company constituting 99.87% of Issued and Subscribed Capital, are dematerialised.

The processing activities with respect to the requests received for dematerialisation are generally completed within two working days. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE710A01016. The annual custody fee for the financial year 2025-2026 has been remitted to NSDL and CDSL, the Depositories, before the due date.

Categories of Shareholding as on 31st March, 2025

Category	Number of Shares held	Percentage of Shareholding
Promoters and Associates	5,46,24,922	32.16
FII's/FPIs	31,66,128	1.86
Insurance Companies	25,97,133	1.53
Mutual Funds	95,54,311	5.62
Nationalised banks and other banks	1,03,558	0.06
NRI's and OCB's	29,04,054	1.71
Bodies Corporate	4,87,27,138	28.69
Indian Public and Others	4,81,83,876	28.37
TOTAL	16,98,61,120	100.00

Reconciliation of Share Capital Audit

For each quarter of the financial year 2024-25, a qualified Company Secretary in Practice has carried out audit under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, as amended to reconcile the total admitted capital with NSDL and CDSL and total issued and listed capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL and the same is filed with BSE & NSE.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

Not applicable as the Company has not made any such issue.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

During the year, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company uses forward exchange contracts to hedge its foreign currency exposures related to the underlying transactions, firm commitments and highly probable forecasted transactions. The use of these foreign exchange forward contracts are intended to reduce the risk or cost to the Company and are not intended for trading or speculation purpose. The details of foreign currency exposure are disclosed in Note No.29 to the Financial Statements.

The Principal raw material used by the Company in manufacture of its finished product i.e. Cigarettes, is tobacco. Factors that influence fluctuations in tobacco prices and availability include farm prices, government policies, operational issues, natural disasters and economic conditions among others.

of unpublished price sensitive information (UPSI) in relation to the Company and during the period when the Trading Window is closed. The Company has also formulated a policy on inquiry in case of leak of UPSI, forming part of Policy for prohibition of Insider Trading, which is available on our website at <https://www.vsthyd.com/mainsite/documents/Insider%20Trading%20Policy%20-%20Last%20updated%20on%207.2.2025.pdf>

x) Statutory Auditor

The Statutory Auditor of the Company and all the entities in the network firm/network entity of which the statutory auditor is a part have been paid a total fees of ₹62.59 Lakhs for all the services rendered by them during the financial year 2024-25.

xi) CEO and CFO Certification

The CEO and CFO certification for the year ended 31st March, 2025 has been annexed at the end of this Report. Similarly, the CEO and CFO have also given quarterly certification on financial results while placing the quarterly financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

xii) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Pursuant to Section 134 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 the details have been disclosed in the Business Responsibility and Sustainability Report forming part of the Annual Report.

xiii) Disclosure of certain type of agreements binding listed entities

Pursuant to Schedule III, Para A, Clause 5A of SEBI Listing Regulations, there are no agreements impacting management or control of the Company or imposing any restriction or create any liability upon the Company.

xiv) Adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Regulation 34(3) read with Part C of Schedule V of SEBI Listing Regulations.

Discretionary requirements under Part E of Schedule II of the SEBI Listing Regulations are as under:

- a] The Non-executive Chairman is allowed to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- b] Shareholder rights: The quarterly, half-yearly and annual financial results of the Company are published in newspapers on a pan India basis and are also posted on the Company's website: www.vsthyd.com. Significant events if any, are also posted on this website under the 'Investor relations' section.
- c] The auditors have not qualified the financial statements of the Company.
- d] Mr. Naresh Kumar Sethi (DIN: 08296486) is the Non-executive Chairman of the Company and Mr. Sanjay Wali (DIN: 10868596) is the Whole-time Director of the Company. The Chairman is not related to the CEO & MD.
- e] M/s. Deloitte Touche Tohmatsu India LLP, the firm of Chartered Accountants have been the Internal Auditors for the financial year 2024-25, who report directly to the Audit Committee.

Other discretionary requirements are being reviewed for implementation.

Other disclosures and affirmations:

- The Company has complied, to the extent applicable to it, and unless otherwise stated, with all the corporate governance requirements stipulated under Regulations 17 to 27 and website

disclosure requirements as contained in clauses (b) to (g), (i) and (t) of Regulation 46(2) of the SEBI Listing Regulations as amended.

- The securities of the Company were not suspended from trading anytime during fiscal 2025.
- There are no Non-compliances of any requirement of corporate governance report of sub-paras (2) to (10).

14. As required under SEBI Listing Regulations, a certificate has been received from Tumuluru & Company, Practising Company Secretaries confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI, Ministry of Corporate Affairs or any such other Statutory Authority. The certificate is enclosed with this Section as Annexure.

15. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34(3) read with Part E Schedule V of the SEBI Listing Regulations, the statutory auditor's certificate that the Company has complied with the conditions of corporate

The dividends for the following years remaining unclaimed for 7 years will be transferred on their respective due dates by the Company to the IEPF established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

Financial Year	Dividend No.	Date of Declaration	Amount of Dividend ₹	Amount of Unpaid Dividend as on 31.03.2025 ₹	Due for transfer to IEPF on
2017-2018	183	28.09.2018	1,19,67,48,800	1,49,58,042.50	03.11.2025
2018-2019	184	28.08.2019	1,46,69,82,400	1,76,26,015.00	03.10.2026
2019-2020	185	29.07.2020	1,59,05,17,760	1,42,68,814.00	02.09.2027
2020-2021	186	27.07.2021	1,76,03,78,880	1,10,67,645.00	31.08.2028
2021-2022	187	29.07.2022	2,16,18,68,800	1,35,46,328.00	02.09.2029
2022-2023	188	21.08.2023	2,31,62,88,000	1,43,84,135.00	26.09.2030
2023-2024	189	29.08.2024	2,31,62,88,000	2,62,19,932.00	02.10.2031

governance is given as an annexure to the Boards' Report.

Shareholder Referencer

Pursuant to Section 124 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended during the financial year 2024-25, unclaimed dividend for the financial year 2016-17 viz., Dividend No.182nd amounting to ₹1,66,60,425/- has been transferred to the Investor Education and Protection Fund (IEPF) on 28th October, 2024 and 9,460 ordinary equity shares in respect of which dividends remained unclaimed for a consecutive period of seven years or more have been transferred by the Company to the IEPF as notified and established by the Central Government. Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2016-17 and the corresponding shares from the IEPF Authority by applying in the prescribed Form No.IEPF-5. This form can be downloaded from the website of the IEPF Authority www.iepf.gov.in.

Details of shares/dividend transferred to IEPF can also be obtained by accessing <https://www.vsthyd.com/mainsite/unclaimed-dividend.html>

Members who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar & Transfer Agents confirming non-encashment/non-receipt of dividend warrant(s). Shares for which the dividend remains unclaimed for seven consecutive years will be transferred to the IEPF for which notices in this regard have been published in the newspapers and the Members have been individually intimated. Details of such unclaimed dividend and shares are available on the Company's corporate website under the section 'Investor Relations-Unclaimed dividend and shares'.

Bank Details

Members holding shares in physical form are requested to notify the following to the Registrar & Transfer Agents, to facilitate electronic payment.

- particulars of their bank account – name of the bank, branch with complete postal address, account number, MICR and IFSC.

Members holding shares in Dematerialised form and not opted for remittance of dividend through NECS are requested to notify the above details to their respective Depository Participants [DPs].

Remittance of Dividend through National Automated Clearing House [NACH /NECS]

The Company provides the facility of remittance of dividend through NECS to Members provided they maintain accounts with those branches of the banks which have implemented Core Banking System (CBS) and participated in the NECS facility extended by the Reserve Bank of India.

Members holding shares in physical form, who now wish to avail NECS facility, may send their NECS mandate in the prescribed form to the Company. The NECS mandate form can be furnished by the Registrars and Transfer Agents on request or can be downloaded from the Company's website www.vsthyd.com under the section Investor Relations – NECS Mandate Form. Members holding

shares in demat form are requested to update their bank account details with their respective Depository Participants [DPs].

As directed by SEBI vide its Circular Ref. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March 2023, the Members holding shares in physical form are requested to submit duly filled in form ISR 1 and form ISR 2 inter-alia providing particulars of their bank account along-with the original cancelled cheque to RTA/Company to update their KYC details. Members holding shares in demat form are requested to update their bank account details with their respective Depository Participant to enable the Company to provide timely credit of dividend in their bank accounts. The above stated forms can be downloaded from the Company and RTA's website.

Depository Services

For guidance on depository services, Members may write to the Registrar and Transfer Agents or to the respective depositories:

National Securities Depository Limited

3rd Floor, Nariman Chamber ,Plot C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400 051
Telephone: + 91 022-48867000
e-mail: info@nsdl.co.in
Website: www.nsdl.co.in

Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25th Floor, N.M. Joshi Marg, Lower Parel, Mumbai – 400 013.
Toll Free No. 1800 21 09911
e-mail: investors@cdslindia.com
Website: www.cdslindia.com

Investor Grievances

Your Company has created exclusive E-mail ID for redressal of investor grievances. The Members can send their queries to the E-mail ID: investors@vstind.com.

Nomination Facility

The facility of nomination can be availed by the Members holding the shares in single name. In cases where the shares are held in joint names, the nomination will be effective only in the event of the death of all the holders. Members are advised to avail of this facility by submitting the nomination in Form No. SH-13 which could be obtained from Registrars-M/s. KFin Technologies Limited at the address mentioned above or can be downloaded from the Company's website www.vsthyd.com under the section Investor Relations.

Where the shares are held in dematerialised form, the nomination has to be conveyed by the Members to their respective Depository Participant directly, as per the format prescribed by them.

Details of unclaimed shares

The details of shares remaining in the unclaimed suspense account as required under Regulation 34(3) read with Schedule V[F] of the SEBI Listing Regulations are given below:

Particulars	No. of shareholders	No. of shares
Outstanding at the beginning of the year - 1 st April, 2024	73	5,360
No. of Members who approached for transfer of shares	2	57
Members to whom shares were transferred - through rematerialisation	0	0
Transferred to IEPF	3	106
Outstanding shares lying at the end of the year - 31 st March, 2025*	68	5,197

*26,13,174 bonus shares pertaining to the physical shareholders have been parked in the suspense account as per applicable SEBI Regulations.

The Members who have not claimed the shares still from the above returned undelivered cases are requested to contact the Registrar-M/s. KFin Technologies Limited at the address given above.

The voting rights on the shares outstanding in the above suspense account as on 31st March, 2025 shall remain frozen till the rightful owner of such shares claims the shares.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)]

To,
The Members of
VST Industries Limited
Azamabad, Hyderabad

I, **B V Saravana Kumar**, Company Secretary in Practice, Partner of **Tumuluru & Company** have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VST Industries Limited having CIN L29150TG1930PLC000576 and having registered office at Azamabad, Hyderabad – 500 020, Telangana, India (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	DIN	Name of the Director	Designation
1.	08296486	Naresh Kumar Sethi	Non-executive Chairman
2.	00011899	S. Thirumalai	Non-executive Director
3.	07849104	Adityadeb Gooptu	Managing Director -CEO
4.	00001835	Rama Bijapurkar	Independent Director
5.	00007382	Sudip Bandyopadhyay	Independent Director
6.	00044621	Rajeev Bakshi	Independent Director

for **Tumuluru & Company**
Company Secretaries

B V Saravana Kumar

Partner

ACS No. 26944

C. P. No. 11727

Peer Review Cert. No.: 1159/2021

UDIN: A026944G000182594

Place: Hyderabad
Date: 25th April, 2025

CERTIFICATION BY CEO AND CFO

We, Sanjay Wali, Whole-time Director and Anish Gupta, CFO of VST Industries Limited, to the best of our knowledge and belief, certify that:

- We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2025 and that:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the state of affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
- We are responsible for establishing and maintaining internal controls for financial reporting. We evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
- We have indicated to the Company's Auditors and to the Audit Committee that:
 - there are no significant changes in internal control over financial reporting during the year;
 - there are no significant changes in accounting policies during the year; and
 - there are no instances of significant fraud of which we have become aware of that involves management or other employees who have significant role in the Company's internal control system over financial reporting.

SANJAY WALI
WHOLE-TIME DIRECTOR
DIN: 10868596

ANISH GUPTA
CHIEF FINANCIAL OFFICER

Place: Hyderabad
Date: 25th April, 2025

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of
VST Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 24 April 2025.
2. We have examined the compliance of conditions of Corporate Governance by **VST Industries Limited** ("the Company"), for the year ended 31 March 2025, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2025.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate

Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

for **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Balkishan Kabra

Partner

Place: Hyderabad

Membership No: 221202

Date: 25 April, 2025

UDIN: 25221202BMOCGA2430

Corporate Social Responsibility (CSR) Policy

ANNEXURE B

PURPOSE

The objective of this Policy is to promote inclusive growth and equitable development of identified areas by contributing back to the society and identifying the thematic domains listed within this Policy that resonate with the overall CSR purpose.

FUNCTIONS

The main functions of the CSR Committee are as under:

- Identify the areas for carrying out the CSR activities and formulate an annual proposal / action plan to undertake the CSR activities;
- To identify the projects, programmes for specific areas of activity specified or covered under Schedule VII of the Companies Act, 2013 as amended, finalise the budget and earmark the expenditure for each activity and the modalities for its utilisation and recommend the same to the Board every year;
- To determine the location(s) where the CSR activities shall be undertaken;
- To monitor the progress of the projects/activities from time to time and identify suitable reporting mechanisms;
- To nominate employees who will be responsible for implementation, execution and monitoring of the CSR activities;
- To hire services of external service providers, Non-Governmental Organisations, volunteers, professionals, consultants, specialised agencies etc., if required, to undertake the said activities and for designing, monitoring and evaluation of the CSR projects or programmes including capacity building of the employees/ personnel;
- Specify the projects that would need an impact assessment, where applicable;
- Such other functions as may be delegated by the Board.
- The main functions of the Board of Directors areas under:
- Approving the CSR policy as formulated and recommended by the CSR Committee;

- Ensuring the effective use of the funds allocated to CSR activities for the purposes and in the manner as approved by it which shall also be certified by the Chief Financial Officer or the person responsible for financial management;
- Ensuring from the financial year 2021-22 onwards that any entity which is permitted under the statute to undertake CSR activities and through which the Company intends to implement its CSR activities is registered with the Central Government;
- Ensuring that multi- year projects ("**ongoing projects**"), if any, undertaken by the Company do not extend beyond three years excluding the financial year in which it commences;
- monitoring ongoing projects undertaken by the Company, if any, with respect to approved timelines and annual fund allocation and making any modifications that it considers necessary for the smooth implementation of such projects within the permissible time period;
- ensuring that administrative overheads as defined in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time ("CSR Rules") do not exceed five percent of the CSR expenditure for the financial year;
- Including in its Board Report an annual report on CSR activities with all details as specified in the CSR Rules, including the composition of the CSR Committee and the CSR policy;
- Disclosing the composition of the CSR Committee, the CSR policy and the projects approved by the Board on the Company's website;
- Any other acts, deeds and things as may be required under law from time to time.

AREAS

The CSR activities, excluding those which are specifically not considered as such, shall be undertaken by the Company in any one or more of the following areas, projects, programmes or activities, either new or ongoing or such other areas/activities prescribed by the Companies Act, 2013, as amended from time to time, to take forward its commitment towards Social

Responsibility:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care, preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
 - (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
 - (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
 - (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
 - (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;
 - (vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows
 - (vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
 - (viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedules Castes, the Schedules Tribes, other backward classes, minorities and women;
- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
 - (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
 - (x) Rural development projects.
 - (xi) Slum area development.
 - (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

INVESTMENT

The Company shall invest at least two per cent of its average net profits, excluding profits arising from overseas branches and dividend received from other companies in India which are covered under and complying with the provisions of Section 135 of the Act, during the three immediately preceding financial years, towards CSR activities. Any surplus arising out of the CSR activities or project or programmes shall not form a part of business profit of the Company.

EXECUTING AGENCIES

The Company may undertake the CSR activities either on its own or through a registered public trust or a registered society, or a company established under Section 8 of the Companies Act, 2013 established for this purpose by the Company or otherwise and which are registered under Section 12A and Section 80G of the Income Tax Act, 1961. The Company may also undertake the CSR activities through other entities specified under the CSR Rules including through a registered trust, a registered society, a Company established under Section 8 of the Companies Act, 2013 which is registered under Section 12A and Section 80G of the Income Tax Act, 1961 and has a track record of at least three years in undertaking similar activities. However, no Director or Key Managerial Personnel or their relatives shall have substantial interest in such, trust, and society, NGO or Section 8 Company. The Company may also collaborate with other companies for undertaking the projects/programmes in accordance with the CSR Rules.

CSR BUDGET AND UTILISATION**Treatment of Unspent Amount in case of projects other than ongoing projects**

In case of any unspent amount arising in any financial year out of the CSR projects, other than ongoing projects, such unspent amount shall be transferred by the Company within six months from the end of the financial year to any fund specified in Schedule VII of the Companies Act, 2013 or to such specific fund as may be prescribed from time to time for this purpose under the Companies Act, 2013 or Rules thereunder.

Treatment of Unspent Amount in case of ongoing projects

Where the unspent amount is in respect of an ongoing project, the Company shall within thirty days from the end of the financial year transfer such unspent amount to a separate account called Unspent Corporate Social Responsibility Account to be opened in any scheduled bank by the Company for that financial year. The Company shall utilise such unspent amount for its CSR activities within a period of three financial years from its transfer, failing which such amount shall be transferred to any fund specified in Schedule VII of the Companies

Act, 2013 or to such specific fund as may be prescribed from time to

time for this purpose under the Companies Act, 2013 or Rules thereunder within thirty days from the end of the third financial year.

Treatment of Surplus Amount

Surplus amount, if any, arising out of CSR activities shall not form part of the business profit of the Company. Such surplus amount may within a period of six months from the end of the financial year be:

- (a) ploughed back into the same project or
- (b) transferred to the Unspent Corporate Social Responsibility Account and spent in pursuance of the Company's CSR policy and its annual action plan or
- (c) transferred to any fund specified in Schedule VII of the Companies Act, 2013 or to such specific fund as may be prescribed from time to time for this purpose under the Companies Act, 2013 or Rules.

Set-Off of excess CSR amount spent

Subject to the Board of Directors passing a resolution to that effect, any amount spent in a financial year by the Company in excess of the CSR requirement for such financial year, excluding surplus arising out of CSR activities, may be set-off against the CSR amount to be spent by the Company in the immediate three financial years.

AUDIT

The CSR activities and the expenditure thereon shall be audited by an external auditor who may be appointed by the Committee.

REPORTING

The Committee may appoint any executive(s) to monitor the activities and report back to the Committee periodically. The executive(s) shall also ensure that the utilisation of funds on such projects and programmes are in line with the agreed CSR activities and place its detailed report periodically before the CSR Committee. The Committee shall give a detailed report of the CSR

activities to the Board of Directors every year. The Board shall disclose the details of the Policy in its report and also include in its report an annual report on CSR providing all details as specified under the Act and the Rules thereunder. The Board shall also disclose the composition of the CSR Committee, the CSR policy and the projects approved by it on the Company's website.

ACQUISITION OF CAPITAL ASSETS

The company may utilise the CSR amount to create or acquire a capital asset which shall be held by an entity as may be specified under the CSR Rules from time to time.

IMPACT ASSESSMENT

Commencing from the financial year 2020-21, in respect of each of the years where the Company has an average CSR obligation to spend Rupees ten Crores or more on its CSR activities in the three immediately preceding years or such other threshold as may be specified from time to time, it shall undertake an impact assessment by an independent agency of all its projects having an outlay of Rupees one crore or more that were completed not less than one year before undertaking the impact assessment.

The impact assessment report, where carried out, shall be placed before the Board and shall form part of its annual report on CSR.

The expenses incurred by the Company for conducting the impact assessment can be included in the CSR expenditure for that financial year to the extent of five percent of the CSR expenditure for such financial year or Rupees fifty Lakhs whichever is lesser.

The constitution and functioning of the CSR Committee for discharging its functions in any financial year shall be subject to the threshold limits applicable under CSR Rules issued by the Government from time to time.

AMENDMENT

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time. Any amendment to applicable Regulations or statutes governing this policy shall become automatically applicable to this Policy and shall have an overriding effect to the extent the same may be applicable to a particular provision in the Policy. Pursuant to such amendments or modifications, the Company Secretary shall carry out the necessary changes to this Policy, as may be required.

ANNUAL REPORT ON CSR ACTIVITIES

- The Company's objective of its CSR Policy is to promote inclusive growth and equitable development of identified areas by contributing back to society. Details given in the policy enclosed.
- The current Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of CSR Committee meetings held during the year	Number of CSR Committee meetings attended during the year
1	Mr. Rajiv Gulati *	Independent Non-executive Director	1	1
2	Mr. Rajeev Bakshi **	Independent Non-executive Director	NA	NA
3	Ms. Rama Bijapurkar	Independent Non-executive Director	1	1
4	Mr. Naresh Kumar Sethi	Non-executive Director	1	1
5	Mr. S. Thirumalai	Non-executive Director	1	1
6	Mr. Aditya Deb Gooptu	Managing Director	1	1

* Ceased to be a Director w.e.f. 26th July, 2024.

** Chairman of the Committee w.e.f. 26th July, 2024

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

https://www.vsthyd.com/mainsite/documents/corporate_social_responsibility_policylast_updated_on_24.4.2025.pdf

- Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not Applicable

- Average net profit of the company as per sub-section (5) of section 135. ₹42,207.86 Lakhs
 - Two percent of average net profit of the company as per sub-section (5) of section 135. ₹844.16 Lakhs
 - Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. Nil
 - Amount required to be set-off for the financial year, if any Nil
 - Total CSR obligation for the financial year [(b)+(c)-(d)]. ₹844.16 Lakhs
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). ₹844.16 Lakhs
 - Amount spent in Administrative Overheads. Nil
 - Amount spent on Impact Assessment, if applicable. N.A.
 - Total amount spent for the Financial Year [(a)+(b)+(c)]. ₹844.16 Lakhs
 - CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (₹ Lakhs)	Amount Unspent (₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
844.16	Nil	NA		Nil	

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (₹ Lakhs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	844.16
(ii)	Total amount spent for the Financial Year	844.16
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial year [(iii)- (iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ Lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (₹ Lakhs)	Amount spent in the Financial Year (₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in the succeeding Financial years (₹ Lakhs.)
					Amount (₹ Lakhs.)	Date of transfer	
Not Applicable							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

 Yes No

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s) if the Company has failed to spend two percent of the average net profit as per sub-section (5) of section 135.

Not Applicable

SANJAY WALI
WHOLE-TIME DIRECTOR
DIN: 10868596

RAJEEV BAKSHI
CHAIRMAN CSR COMMITTEE
DIN: 00044621

FORM No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

- Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - Name(s) of the related party and nature of relationship
 - Nature of contracts/arrangements/transactions
 - Duration of the contracts/arrangements/transactions
 - Salient terms of the contracts or arrangements or transactions including the value, if any
 - Justification for entering into such contracts or arrangements or transactions
 - Date(s) of approval by the Board
 - Amount paid as advances, if any
 - Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
- Details of material contracts or arrangement or transactions at arm's length basis: Nil
 - Name(s) of the related party and nature of relationship
 - Nature of contracts/arrangements/transactions
 - Duration of the contracts/arrangements/transactions
 - Salient terms of the contracts or arrangements or transactions including the value, if any
 - Date(s) of approval by the Board, if any
 - Amount paid as advances, if any: Please refer the note given below*

* The details of transactions between the Company and its related parties, names, nature of such contracts/arrangements/transactions and other details are set out in the Notes to the Financial Statements under Serial No.28.

On behalf of the Board

Naresh Kumar Sethi
Chairman
DIN: 08296486

Hyderabad, 25th April, 2025

ANNEXURE D

Particulars of employees pursuant to Section 134(3)(q) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereof:

Requirements of Rule 5(1)	Details																						
i) Ratio of remuneration of each Director to the median remuneration of the employees of the company for the financial year 2024-25	<table border="0"> <tr><td>Mr. Naresh Kumar Sethi</td><td>17.1:1</td></tr> <tr><td>Mr. S. Thirumalai</td><td>5.2:1</td></tr> <tr><td>Ms. Rama Bijapurkar</td><td>4.8:1</td></tr> <tr><td>Mr. Sudip Bandyopadhyay</td><td>5.2:1</td></tr> <tr><td>Mr. Rajeev Bakshi</td><td>4.2:1</td></tr> <tr><td>Mr. Rajiv Gulati</td><td>0.7:1</td></tr> <tr><td>Mr. Aditya Deb Gooptu</td><td>29.8:1</td></tr> </table>	Mr. Naresh Kumar Sethi	17.1:1	Mr. S. Thirumalai	5.2:1	Ms. Rama Bijapurkar	4.8:1	Mr. Sudip Bandyopadhyay	5.2:1	Mr. Rajeev Bakshi	4.2:1	Mr. Rajiv Gulati	0.7:1	Mr. Aditya Deb Gooptu	29.8:1								
Mr. Naresh Kumar Sethi	17.1:1																						
Mr. S. Thirumalai	5.2:1																						
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Mr. Sudip Bandyopadhyay	5.2:1																						
Mr. Rajeev Bakshi	4.2:1																						
Mr. Rajiv Gulati	0.7:1																						
Mr. Aditya Deb Gooptu	29.8:1																						
ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2024-25	<table border="0"> <tr><td colspan="2">Directors</td></tr> <tr><td>Mr. Naresh Kumar Sethi</td><td>(14.8%)</td></tr> <tr><td>Mr. S. Thirumalai</td><td>(33.6%)</td></tr> <tr><td>Ms. Rama Bijapurkar</td><td>(24.8%)</td></tr> <tr><td>Mr. Sudip Bandyopadhyay</td><td>(22.2%)</td></tr> <tr><td>Mr. Rajeev Bakshi *</td><td>N.A.</td></tr> <tr><td>Mr. Rajiv Gulati *</td><td>N.A.</td></tr> <tr><td colspan="2">Key Managerial Personnel</td></tr> <tr><td>Mr. Aditya Deb Gooptu</td><td>(31.6%)</td></tr> <tr><td>Mr. Anish Gupta</td><td>(7.2%)</td></tr> <tr><td>Mr. Phani K. Mangipudi</td><td>(7.9%)</td></tr> </table>	Directors		Mr. Naresh Kumar Sethi	(14.8%)	Mr. S. Thirumalai	(33.6%)	Ms. Rama Bijapurkar	(24.8%)	Mr. Sudip Bandyopadhyay	(22.2%)	Mr. Rajeev Bakshi *	N.A.	Mr. Rajiv Gulati *	N.A.	Key Managerial Personnel		Mr. Aditya Deb Gooptu	(31.6%)	Mr. Anish Gupta	(7.2%)	Mr. Phani K. Mangipudi	(7.9%)
Directors																							
Mr. Naresh Kumar Sethi	(14.8%)																						
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Ms. Rama Bijapurkar	(24.8%)																						
Mr. Sudip Bandyopadhyay	(22.2%)																						
Mr. Rajeev Bakshi *	N.A.																						
Mr. Rajiv Gulati *	N.A.																						
Key Managerial Personnel																							
Mr. Aditya Deb Gooptu	(31.6%)																						
Mr. Anish Gupta	(7.2%)																						
Mr. Phani K. Mangipudi	(7.9%)																						
iii) The percentage increase in the median remuneration of employees in the financial year 2024-25	1%																						
iv) The number of permanent employees on the rolls of Company as on 31 st March, 2025	696																						
v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in the salaries of employees other than the managerial personnel in the FY 2024-25 was 11.3% in comparison with 5.5% increase in managerial remuneration.																						
vi) Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid/payable during the financial year 2024-25 is as per the Remuneration Policy of the Company.																						

* Mr. Rajiv Gulati ceased to be an Independent Director w.e.f. 26th July, 2024. Mr. Rajeev Bakshi was appointed as an Independent Director w.e.f. 1st July, 2024. As their appointment was not for the full previous year, comparative details are not being provided.

Note: Remuneration excludes provision for / contributions to Gratuity, Leave Encashment and Share based payment expenses.

ANNEXURE E

Secretarial Audit Report

For the Financial year ended 31st March, 2025

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members
VST Industries Limited
Azamabad, Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VST Industries Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2025 (herein after called as Audit Period)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2025 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of

- Foreign Direct Investment (FDI)

The Company during the financial year ended 31st March, 2025 had issued Bonus Equity Shares in the proportion of viz., 10 [Ten] new fully paid-up equity shares of ₹10/- (Rupees Ten) each for every 1 [One] existing fully paid-up equity share of ₹10/- (Rupees Ten). The shares have been allotted to all the existing shareholders including the Non-Resident Foreign Promoter Body Corporate as on the record date of the Company. Reserve Bank of India (RBI) had advised the Company to seek post-facto approval from the Central Government for the allotment of bonus shares to Non-Resident Foreign Promoter Body Corporates. The Company had subsequently made a submission to the Department for Promotion of Industry and Internal Trade (DPIIT) seeking a confirmation that for the said Bonus issue no approval of the Central Government would be required.

The DPIIT had released a Press Note 2 dt. 7th April, 2025 giving clarification that a Company engaged in prohibited sector for FDI is permitted to issue bonus shares to its pre-existing non-resident shareholder(s), provided that the shareholding pattern of the pre-existing non-resident shareholder(s) does not change pursuant to the issuance of bonus shares.

- Overseas Direct Investment (**not applicable during the Audit period**); and

- c) External Commercial Borrowings (**not applicable during the Audit period**)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable for the Audit Period**
 - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - The Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021; **Not Applicable for the Audit Period**
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable for the Audit Period**
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **Not Applicable for the Audit Period**
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable for the Audit Period**
 - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test- check basis, the Company has complied with the following laws applicable specifically to the Company:
- Tobacco Board Act, 1975 and Rules made thereunder; and
 - Cigarette and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and Rules made thereunder.
- We have also examined compliance with the applicable clauses of the following:
- Secretarial Standards with respect to meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
 - Listing Agreements entered into with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- We further report that -
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors including a women Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- 2% of the average net profits of the three preceding financial years is ₹844.16 Lakhs. The Company has spent ₹844.16 Lakhs towards CSR Expenditure for

the financial year 2024-2025. Out of ₹844.16 Lakhs CSR Expenditure, ₹141.86 Lakhs was spent on ongoing projects and ₹702.30 Lakhs on other than ongoing projects.

- The Company completed Postal Ballot on 15th December, 2024 for re designation of the Chairman as Executive and Whole-time director, the resolution was not passed with requisite majority.

for **Tumuluru & Company**
Company Secretaries

B V Saravana Kumar
Partner
ACS No. 26944
C. P. No. 11727

Place: Hyderabad Peer Review Cert. No.: 1159/2021
Date: 25th April, 2025 UDIN: A026944G000182506

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

ANNEXURE F

To,
The Members
VST Industries Limited
Azamabad, Hyderabad.

Our report of even date is to be read along with this letter.

- Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for **Tumuluru & Company**
Company Secretaries

B V Saravana Kumar
Partner
ACS No. 26944
C. P. No. 11727

Peer Review Cert No.1159/2021
UDIN: A026944G000182506

Place: Hyderabad
Date: 25th April, 2025

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) 2014 and forming part of the Directors' Report for the year ended 31st March, 2025.

A. CONSERVATION OF ENERGY

- 18% energy saved in Utilities (Like DRF, Airwash and Compressor) by doing closed loop, Layout optimisation and suction balance in the system.
- 2.5% energy saved in lighting. By installing all LED Light fittings with occupancy sensors and solar lighting in Gardens and pathways.
- Conducted energy conservation awareness programme for 245 employees.

B. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption

- New high speed Packer
Benefit -Innovative fresh seal pack style, improved quality and productivity

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Year	Details of technology imported	Whether absorbed
2021-22	Quantum Neo	Yes
2022-23	New high speed Maker	Yes
2023-24	New high speed Packers	Yes
2024-25	New high speed Packers	Yes

- iv. Expenditure incurred on Research and Development

	₹ Lakhs
On capital account	69.41
On revenue account	624.93
	694.34
As a % of Gross Turnover	0.38

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

	₹ Lakhs
Total foreign exchange used *	
Raw Materials	1461.67
Spare Parts	104.66
Capital Goods	649.23
Travel, Advertisement, etc.	340.90
Dividends Paid	6703.97
Total	9260.43

* Net of withholding taxes, if any

Total foreign exchange earned

Tobacco	40297.09
Cut tobacco	109.28
Total - CIF	40406.37
Tobacco	39756.11
Cut tobacco	109.28
Total - FOB	39865.39

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L29150TG1930PLC000576
2. Name of the Listed Entity	VST Industries Limited
3. Year of incorporation	10 th November 1930
4. Registered office address	1-7-1063/1065, Azamabad, Hyderabad - 500 020, Telangana, India*
5. Corporate address	1-7-1063/1065, Azamabad, Hyderabad - 500 020, Telangana, India*
6. E-mail	investors@vstind.com
7. Telephone	040-27688000
8. Website	www.vsthyd.com
9. Financial year for which reporting is being done	FY 2024-25
10. Name of the Stock Exchange(s) where shares are listed	BSE/NSE
11. Paid-up Capital	₹1,69,86,11,200
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Phani K Mangipudi is Company Secretary & Vice President - Legal & Secretarial Telephone: +91 040 2768 8000, E-mail: phanimangipudi@vstind.com
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	We do not have any subsidiary company/ companies, hence disclosures under this report are made on a standalone basis.
14. Name of assurance provider	Not Applicable
15. Type of assurance obtained	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing of Cigarettes containing tobacco	Manufacturing & marketing cigarettes	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Cigarettes containing tobacco	12003	73.80%
2	Unmanufactured tobacco	46202	26.20%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	13	14
International	0	0	0

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	26 States, 6 Union Territories
International (No. of Countries)	8

b. What is the contribution of exports as a percentage of the total turnover of the entity?

22.37%

c. A brief on types of customers

Our core customer base comprises adult and new-age consumers with an open mindset, receptive to exploring new brands introduced by us. Our strong brand portfolio addresses the diverse preferences of adult smokers across socio-economic segments through our New Age Brands (NABs) and Growth Heritage Brands (GHBs).

IV. Employees

20. Details as at the end of Financial Year (FY 2024-25):

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	343	333	97	10	3
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total Employees (D+E)	343	333	97	10	3
WORKERS						
4.	Permanent (F)	353	353	100	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total workers (F+G)	353	353	100	0	0

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D+E)	0	0	0	0	0
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	6	1	17
Key Management Personnel	6	0	0

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2024-25 (Turnover rate in current FY)			FY 2023-24 (Turnover rate in previous FY)			FY 2022-23 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	33%	40%	34%	21%	0%	21%	12.78%	11.76%	12.74%
Permanent Workers	10%	0%	10%	3%	0%	3%	8.53%	0%	8.53%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
			None	

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes
(ii) Turnover (in ₹): ₹18,09,43,40,563
(iii) Net worth (in ₹): ₹13,22,68,93,458

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	None	0	0	None
Investors (other than shareholders)	Yes	0	0	None	0	0	None
Shareholders	Yes*	67	0	None	49	0	0
Employees and workers	Yes	0	0	None	0	0	None
Customers	Yes	0	0	None	0	0	None
Value Chain Partners	Yes	0	0	None	0	0	None
Other (please specify)	Yes	0	0	None	0	0	None

* Shareholder complaints are received either through dedicated email provided by VST or routed to us through SEBI regulators as governed by the statute. These complaints are reviewed by a committee headed by an independent director, i.e., stakeholders relationship committee.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy	Risk	1. Energy management reduces costs and risk of scarcity associated with energy. 2. Effective energy management reduces GHG emissions. 3. Energy management helps to meet statutory compliance.	We measure the facility's energy consumption and identify opportunities to reduce energy consumption. We are also developing an energy management strategy. We educate our stakeholders, i.e., employees, workers, and others, on the importance of energy management and provide them guidance on managing the consumption.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Emissions	Risk	<ol style="list-style-type: none"> Greenhouse gas (GHG) emissions is a vital component of a larger sustainability plan to mitigate the impact of climate change. GHG emissions impose regulatory risk. 	<p>We measure emissions on an annual basis and track the same to identify opportunities for reduction.</p> <p>We are also increasing the contribution of renewables at our own premises, substituting with cleaner fuels, and promoting sustainable agricultural practice to reduce our scope 3 emissions.</p>	Negative
3	Water	Risk	<ol style="list-style-type: none"> Growing tobacco is a very water-intensive process. Hence any scarcity of water is likely to impact the business. 	<ol style="list-style-type: none"> We are supporting various initiatives towards water management & harvesting. Our manufacturing unit at Toopran has implemented Zero Liquid Discharge (ZLD). We monitor and measure water withdrawal, consumption and discharged on periodical basis to identify opportunities for reduction. We have also introduced a Water Stewardship Policy and undertaken a water risk assessment study. Our facility at Toopran has obtained the AWS(Alliance for Water Stewardship) Gold certification. 	Negative
4	Health & Safety	Risk	Effective H&S performance assists in attracting and retaining quality talent.	We have an effective health and safety practice deployed in accordance with our policies on health and safety measures. We monitor and measure the effectiveness of our safety practices including, conducting hazard identification and risk assessment across the value chain.	Positive
5	Responsible Sourcing	Opportunity	<ol style="list-style-type: none"> Eliminates sustainability risks in the supply chain. Ensure the customers that the products are sourced from responsible managed resources and responsible suppliers. 	<p>We have processes in place for integrating sustainability aspects in leaf sourcing.</p> <p>For the non-leaf suppliers, we assess performance on quality, delivery and price. We have developed a sustainable supply chain framework and going forward we will integrate sustainability aspects in all sourcing process.</p>	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Waste Management	Risk	<ol style="list-style-type: none"> Management of tobacco product waste (TPW) at the consumer end. Waste management infrastructure has an important role in delivering sustainable development. 	Hazardous waste is being disposed of through PCB approved recycling vendor. We monitor hazardous waste in our manufacturing units and the wastes are within permissible limits as laid down by the regulators.	Negative
7	Farmer Livelihood	Opportunity	<ol style="list-style-type: none"> Assisting farmers to address the challenges related to agricultural practices. Increasing their earnings by improving farm productivity Supporting farmers to thrive in a marketplace. 	<ol style="list-style-type: none"> enhancing farm productivity through a range of initiatives, including raising awareness about soil quality management, seed quality, and the mechanisation of field operations. ensuring that levels of pesticide residues and Tobacco Specific Nitrosamines (TSNAs) comply with international standards. prevent any human rights abuses and guarantee sustainable and equitable working conditions. upgrade barn structures, which serves to discourage deforestation activities. substituting traditional chemicals with biochemicals. adopting drip irrigation and the use of micro-sprinklers. 	Positive
8	Circular Economy	Opportunity	<p>Achieve global climate and sustainable development commitments.</p> <ol style="list-style-type: none"> Resource efficiency Protect human health and biodiversity. 	We collect back plastic from end users across 26 States, 6 Union Territories in India as a part of EPR (Extended Producer Responsibility) plan through authorised waste handlers	Positive
9	Employment	Opportunity	<ol style="list-style-type: none"> Poverty reduction Enhanced productivities Boost companies' social performance as an attractive employer 	<ol style="list-style-type: none"> Employees are provided with skill enhancement training. We also undertake various feedback from employees on our HR practices and understand their needs on a regular basis. 	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10	Labour Management Relations	Risk	<ol style="list-style-type: none"> Essential for the success of businesses' operations-increased productivity and morale. Essential for company's social performance as an attractive employer. Better working relations with the union at the premises ensure better brand image. 	<p>We make contributions to defined contribution schemes such as labour welfare funds which are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the workers. As a company, we ensure our relationship with our workers unions is cordial. We recognise the needs of the workers and address their concerns proactively through long-term solutions, post interactions and discussions with the Union. We also undertake various feedback mechanisms on ESG aspects.</p>	Negative
11	Human rights	Risk	<ol style="list-style-type: none"> Potential to negatively impact companies ESG performance. Violation of Human Rights leads to Regulatory, legal, and legislative challenges. 	<p>We mitigate the challenges of human rights and monitor issues related to child labour, forced labour and sexual harassment. We also maintain a harmonious working environment with the Union at the factory and undertake feedback exercise on a continuous basis. We proactively recognise the needs of the workforce and address their concerns through long-term solutions post interactions and discussions with the Union.</p>	Negative
12	Business ethics	Risk	<ol style="list-style-type: none"> Highly opinionated business segment in terms of ethics. Regulatory and legal challenges associated with the nature of business we are in. 	<p>We have ensured a strong ethical business culture by upholding our Code of Conduct and Ethics Policy and Guidelines on Recruitment, and have undertaken measures for effective risk management, including responsible marketing and promotion of products.</p>	Negative
13	Innovation	Opportunity	<ol style="list-style-type: none"> Development of new products. Access to new geographies. 	<p>We continue to invest in R&D for development of new products to match customer preferences.</p>	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
14	Consumer welfare	Risk	<ol style="list-style-type: none"> Our abilities to prevent counterfeit products. Our ability to provide consumers with manufactured products that are aligned with societal expectation. Access to the new geographies 	<ol style="list-style-type: none"> To prevent counterfeit products or illegal trade we are partnering with the industry to identify inter-governmental efforts and public-private alliances in adopting appropriate measures like sensible taxation. Launching new products to meet consumer expectations through new/ innovative brands. 	Negative
15	Community initiatives	Opportunity	<ol style="list-style-type: none"> Build strong relationships with the communities where we operate. Promote economic growth and improve the standard of living in the areas of CSR interventions. 	<p>Our CSR focus areas have been designed to cater to the needs of the community that we operate in. Below are our four focus areas:</p> <ul style="list-style-type: none"> Rural Development Health & Sanitation Education & Sports Environment & Sustainability 	Positive
16	Climate resilience	Opportunity	<ol style="list-style-type: none"> Disruption in tobacco raw material procurement. Reduced risk of climate change. Building operational resilience. 	<p>We are undertaking various steps to facilitate financing of agricultural equipment which is environmentally friendly and economically affordable. We have also started to monitor the impact of climate change on our business processes through a comprehensive climate risk assessment process. This process involves identifying potential physical and transitional risks from climate change, evaluating their potential impact on our operations, and integrating these insights into our long-term planning to ensure business resilience.</p>	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In-case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
17	Sustainable material	Opportunity	<ol style="list-style-type: none"> Opportunity to mitigate the challenges associated with climate change. Promote circular economy. Reduced Environmental Implications. 		Positive
18	Training and education	Opportunity	<ol style="list-style-type: none"> Reduced turnover. Reduced external hiring costs Additionally, more engaged and committed workforce Increased productivity High ROI 	1. We provide training to our workforce based on the needs assessment that forms a part of their performance evaluation.	Positive
19	Regulatory compliance	Risk	<ol style="list-style-type: none"> Increase the costs of running a business. Reduce the attractiveness of an investment. 	Responsibilities, accountabilities, and reporting lines are systemically defined in all departments and conform to meet all regulatory compliance with applicable regulations. There are audit procedures to assess compliance preparedness.	Negative
20	Diverse and inclusive work environment	Opportunity	<ol style="list-style-type: none"> Enhance performance by fostering a diverse environment that brings together individuals with varied knowledge, perspectives, and viewpoints. Boost innovation and problem-solving abilities, improve talent attraction and retention, increase employee engagement, and drive higher efficiency. 	<ol style="list-style-type: none"> The company fosters a diverse workforce by increasing representation of women and using employee feedback to enhance development programmes. It focuses on health and safety, emphasises mental health wellbeing, and promotes inclusion for all employees. We practice non-discrimination. 	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes. The policies are approved by our Board of Directors. Implementation of policy decisions is carried out by the management.								
c. Web Link of the Policies, if available	Our internal policies are available on the intranet. Other policies are available on our website, www.vsthyd.com .								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.			ISO 45001:2018			ISO 14001:2015, Indian Green Building Council (IGBC) 'Gold Rating', Adopting Alliance for Water Stewardship (AWS) Certification for Sustainable manufacturing in cut tobacco			ISO 17025:2017
5. Specific commitments, goals and targets set by the entity with defined timelines, if any						6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.			
P2	30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation by 2030			Voluntary		10% (on track)			
P2	30% of crop protection agents used by contracted farmers to be biofertiliser/biochemicals based by 2030			Voluntary		10% (on track)			
P2	20% improvement in soil organic matter by 2030 through green manuring crops for better water holding capacity			Voluntary		5% of the contracted farmers use green manures to improve soil organic content. The soil will be tested 2-3 years later to measure improvement in soil organic content.			
P2	Farm Mechanisation: Implement mechanisation of field preparation and removal of stubbles for 100% of area under tobacco by 2030. Also, explore and implement mechanisation of other farm operations (harvesting & plantation) for at least 20% of tobacco area by 2030.			Voluntary		Field preparation has achieved 100% mechanisation, while 80% of farmers adopted mechanised stubble removal in FY 2024			
P2	100% Contracted farmers to be provided with CPA (Crop Protection Agent) boxes for safe storage			Voluntary		70% (on track)			

P3	100% Contracted farmers to be trained on use of agrochemicals and safe disposal	Voluntary	70% (on track)
P3	Zero accident in own operations	Voluntary	Zero
P4	Promote an inclusive work environment by: • Being an equal opportunity employer and provide equal opportunity to all employees based on merit and ability • Provide inclusiveness training to management staff to promote a work environment free from discrimination, sexual harassment and undue biases in compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/ minority group	Voluntary	Complied with (On Track)
P4	Continue to invest in employee engagement and conduct the employee engagement survey at regular intervals to track for any course correction, track relevant KPIs for the workforce	Voluntary	Complied with (On Track)
P5	Child labour/forced labour: "We have zero tolerance towards child labour or forced labour. We shall continue to have adequate measures in place to identify and mitigate such risks within the leaf supply chain"	Voluntary	Complied with (On Track)
P5	Minimum wage for farm workers: "We shall continue to ensure minimum legal wage is provided to farm workers"	Voluntary	Complied with (On Track)
P6	80% Contracted farmers to be GMS (farm level data recording tool) compliant	Voluntary	100% (Achieved)
P6	50% renewable energy in overall energy mix (provided favourable regulatory scenario exists) by 2030 (Baseline 2019-20)	Voluntary	In FY24-25, we have reached to 30% of green power mix in overall plant consumption
P6	Aim to operate 100% of fleet (owned and third party) on electric vehicles by 2030 (Baseline 2019- 20)	Voluntary	No EV passenger Fleet. Feasibility study of EV buses in progress; 14 forklifts are battery operated; 1 EV charging stations for 4 wheelers; 3 EV charging stations for 2 wheelers; (On Track)
P6	Achieve carbon neutrality for our own operations by 2030 (scope 1+2 emissions)	Voluntary	Offset measures are planned for subsequent years
P6	Rainwater Harvesting Potential equivalent to over 3 times the Net Water Consumption from own operations (Baseline 2019-20)	Voluntary	In Azamabad, the rainwater harvesting potential is more than 3times and in Toopran more than 4times than the site net water consumption
P6	95.6% utilisation of tobacco at Primary manufacturing	Voluntary	97% (Achieved)
P6	100% of packaging to be reusable, recyclable, or biodegradable by 2030 (Baseline 2019-20)	Voluntary	100% (Achieved)
P6	Achieve plastic neutrality through sustainable management of waste equivalent to the amount of plastic utilised in Packaging (Baseline 2019-20)	Voluntary	100% (Achieved)
P7	Continue to comply with applicable regulatory requirements	Voluntary	Complied with (On track)

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

As we reflect on another impactful year, I am honoured to present the ESG Report of VST Industries for FY 2024-25. This year has been a pivotal one in advancing our sustainable, ethical, and responsible business practices, reinforcing our role as a leader in corporate responsibility. We are progressing in a landscape that demands action on sustainability, and I am proud of our efforts to consistently integrate Environmental, Social, and Governance (ESG) principles into our business strategy. This report showcases the tremendous work done across our value chain, where our comprehensive ESG framework serves as the foundation for managing risks, identifying opportunities, and tracking our progress. Through our 2030 sustainability goals, we remain steadfast in our commitment to transparency, accountability, and continuous improvement. Our progress is evident in many areas. From expanding our solar energy capacity—now accounting for 30% of our electricity consumption—to achieving Gold certification for water stewardship at our Toopran facility, we continue to lead with purpose. We have also taken a significant step forward in material innovation by transitioning fully to biodegradable BOPP in our packaging. These are not just environmental milestones—they represent our philosophy of doing well by doing good.

Our contributions towards sustainable agriculture have been equally commendable. We are proud to announce that 100% of our contract farmers are now a part of our Grower Management System (GMS) compliant systems aligned with Sustainable Tobacco Programme. During the reporting period we have significantly invested on improving their livelihood by taking noticeable steps to enhance their yield. All farmers have mechanised their field preparation activities, while 80% of farmers adopted modern practices for stubble removal. Approximately 10% of farmers for Talmari & Oriental crops are now having access to drip irrigation facilities and use biofertilisers as Crop Protection Agents (CPA). Also, more than 70% of farmers are now having access to CPA boxes for safe storage of hazardous chemical containers and are trained for its safe disposal.

At the heart of it all, this journey is about people. It is their passion and resilience that fuel our purpose. We foster a work environment that is both inclusive and safe. Committed towards zero incidents, we uphold the highest standards of safety management system. We promote a work environment where every employee feels valued and receive equal opportunity in career growth and development.

Responsibility is a core value that drives our business ethos, and we are dedicated to setting a benchmark in corporate social responsibility by actively contributing to community development and improving infrastructure. As part of this dedication, we have broadened our community engagement efforts through a range of initiatives focused on healthcare and sanitation, rural development, education, and environmental sustainability. In FY 2024-25, we launched several significant projects, including the introduction of electric vehicles (EVs) for food transportation, menstrual hygiene programmes and mobile dispensaries, all aimed at improving the quality of life for underserved communities.

These initiatives have positively impacted 1 Million lives, reflecting our ongoing commitment to making a positive difference in the communities we serve.

Our journey thus far has been both fulfilling and rewarding, and we are more committed than ever to shaping a future that is sustainable, innovative, and resilient. I extend my deepest thanks to all our stakeholders for their continued support and engagement. Together, we will continue to drive positive change and create a lasting legacy for future generations.

Thank you for being part of this incredible journey.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).

1. Mr. Rajeev Bakshi (Independent Non-executive Director; DIN: 00044621) as the Chairman
2. Ms. Rama Bijapurkar (Independent Non-executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi (Non-executive Director; DIN: 08296486)
4. Mr. S. Thirumalai (Non-executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

Implementation of Business Responsibility policy(ies).

Mr. Phani K Mangipudi Company Secretary & Vice President - Legal & Secretarial

Telephone: +91 040 2768 8000

E-mail: phanimangipudi@vstind.com

9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.

Yes, the Board level Corporate Social Responsibility Committee are responsible for decision-making on CSR activities and overseeing Business Responsibility policy(ies). The following are the Members of CSR committee of the Board.

1. Mr. Rajeev Bakshi (Independent Non-executive Director; DIN: 00044621) as the Chairman
2. Ms. Rama Bijapurkar (Independent Non-executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi (Non-executive Director; DIN: 08296486)
4. Mr. S. Thirumalai (Non-executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Committee of the Board									Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Committee of the Board									Quarterly								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
No								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Familiarisation was provided on various topics related to regulatory changes comprising NGRBC principles, economic development, and other various market scenarios.	100%
Key Managerial Personnel	1		100%
Employees other than BoD and KMPs	9	ESG awareness programmes by implementation partner.	100%
Workers	14	EHS trainings	100%

2. Details of fines/penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment					
Punishment			Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

We uphold a strong commitment to ethical business practices and integrity across all levels of operation. While a separate anti-corruption or anti-bribery policy is not in place, these principles are comprehensively embedded within the Company's Code of Conduct and Ethics Policy and Guidelines on recruitment. This policy serves as a foundational document that defines key ethical standards, enables the prevention and detection of misconduct, and sets clear expectations for employees and directors regarding responsible conduct.

Web-link of the policy: <https://www.vsthyd.com/mainsite/documents/code-of-conduct-ethics-policy-and-guidelines-on-recruitment.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Directors	0	0
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2024-25 (Current Financial Year)		FY 2023-24 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	0	0	0
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	0	0	0

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

There has been no fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Number of days of accounts payables	46	43

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	0%	0%
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0%	0%
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	100%	100%
	b. Number of dealers/distributors to whom sales are made	982	970
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	23.9%	22%
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)	0%	0%
	b. Sales (Sales related parties/Total Sales)	0%	0%
	c. Loans & advances (Loans & advances given to related parties /Total loans & advances)	0%	0%
	d. Investments (Investments in related parties/Total Investments made)	0%	0%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	% Age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	We are committed to fostering strong and mutually advantageous relationships with partners along the value chain. By collaborating closely with suppliers, we identify opportunities for improvement and also provide guidance to retailers and wholesalers on adhering to COTPA regulations related to packaging, labelling, advertising, and sales. A longstanding and vital component of our business growth is the deep-rooted partnership with the tobacco farming community. Our dedication to the sustainable livelihoods of farmers is evident in the promotion of good agricultural practices. These practices not only enhance crop yield but also bring environmental benefits. To support this, we have deployed field technicians who provide training and advice on various agricultural methods, such as soil, water, and nutrient management, cropping techniques, integrated pest management, and environmentally friendly curing processes.	100% of our leaf suppliers

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. We have a Related Party Transactions (RPT) Policy and have also formulated a policy for determining the Material RPT and the details of such policies for dealing with RPT are disseminated on our website at https://www.vsthyd.com/mainsite/documents/policy_for_determination_of_materialitylast_updated_on_14-7-2023.pdf. There were no materially significant related party transactions between our company and the Directors, Promoters, Key Managerial Personnel, and other designated people which may have a potential conflict with the interest at large. We have obtained prior approval for all the related party transactions from the Audit Committee of the Board. The Code of Conduct and Ethics Policy and Guidelines for recruitment reinforces our commitment to ethical conduct and integrity, outlining expectations for transparency, responsible decision-making, and the avoidance of actual or apparent conflicts of interest in personal and professional relationships by Directors and employees.

In addition, the Company ensures strong oversight at the Board level through its Independent Directors. Their roles, responsibilities, and conduct expectations are clearly articulated in the Terms and Conditions of Appointment of Independent Directors, which emphasise independence, objectivity, and acting in the best interests of the Company and its stakeholders.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year (FY 2024-25)	Previous Financial Year (FY 2023-24)	Details of improvements in Environmental and social impacts
R&D	0%	39%	Not Applicable
Capex	5.51%	7%	Energy efficiency projects such as implementation of Auto controlled Air wash unit, LED lights, dust removal fan with bag filter, water coolers, centralised DRF for Dust recovery system, CFC conveying System and PU flooring

2. a. Does the entity have procedures in place for sustainable sourcing?

We have implemented robust procedures for the sustainable sourcing of tobacco leaves and stems, ensuring a responsible supply chain that meets both environmental and social standards. By forming long-term contracts with farmers, we require adherence to labour laws outlined in the Agriculture Labour Practices (ALP) code and the Good Agricultural Practices (GAP) set forth in the farmer handbook. Our field technicians are instrumental in educating farmers about these requirements and providing guidance on effective implementation. To monitor and collect data on farmer progress, field technicians use the GMS application, which helps track compliance across key areas like seedbed management, transplanting, and crop protection.

Our commitment to sustainability in the tobacco supply chain is evident through several key practices:

Toxicity and Pollution Control: By securing early purchases from farms and promoting natural de-raking conditions for tobacco leaves, we minimise the presence of tobacco-specific nitrosamines (TSNAs).

Pesticide Usage: The provision of Crop Protection Agents (CPAs) approved by the Central Insecticides Board ensures that farmers use only recommended pesticides in prescribed doses, with tobacco leaves undergoing CPA residue analysis to maintain safety thresholds.

Soil Nutrient Management: We encourage practices such as crop rotation, utilising leftover crop residues to boost soil organic carbon, and applying farmyard manures to improve soil health, contributing to long-term sustainable farming.

Curing Processes: The adoption of sun curing by most farmers, and the efficient use of fuel in fire curing by others, reflects your efforts to minimise environmental impact while improving curing efficiency.

Non-tobacco Related Material (NTRM) Removal: Through vigilant monitoring during the bailing process and the use of NTRM sorters in factories, we ensure the purity and quality of the tobacco bales.

Health and Safety Measures: The distribution of Personal Protective Equipment (PPE) kits and the provision of water for sanitation purposes safeguard against Green Tobacco Sickness (GTS) among farmers.

Human Rights Protection: Implementing the ALP code allows for regular monitoring and review of the tobacco supply chain to prevent discrimination, child labour, forced labour, and to ensure the payment of minimum wages and safe working conditions.

These practices underline our dedication to promoting sustainable and ethical practices throughout the supply chain, ensuring the well-being of farmers and the environment, and maintaining high standards of quality and safety in our products.

Sustainable Supply chain framework: To further strengthen our efforts, we have established a Sustainable Supply Chain Framework with associated Standard Operating Procedures (SOPs) for raw material suppliers. This framework includes mechanisms for identifying critical suppliers based on set criteria and evaluating them for ESG risks, ensuring that all suppliers align with our sustainability goals.

b. If yes, what percentage of inputs were sourced sustainably?

28.90% of our input was sourced sustainably during the reporting period.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Yes, we have the processes in place to safely reclaim products for reusing, recycling, and disposing at the end of life particularly related to e-waste, plastics and hazardous waste. We have partnered with SPCB approved vendors who are authorised recyclers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable to the company. We have collaborated with SPCB-approved recyclers to implement the EPR plan and ensure compliance with waste collection and disposal guidelines.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
No, we have not conducted any Life Cycle Assessments for any of our products during the reporting period.					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
	Nil	Nil

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic Waste (including packaging)	0	0	172 MT	0	0	208 MT
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Cigarettes	100%

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	333	333	100	333	100	0	0	0	0	0	0
Female	10	10	100	10	100	10	100	0	0	0	0
Total	343	343	100	343	100	10	100	0	0	0	0
Other than Permanent employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0

- b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	353	353	100	353	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	353	353	100	353	100	0	0	0	0	0	0
Other than Permanent employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format -

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.16%	0.16%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2024-25 Current Financial Year			FY 2023-24 Current Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	N	100	100	N
ESI	0	0	Y	0	0	Y
NPS	38.8	0	Y	45.7	0	Y

3. Accessibility of workplaces

Yes, our premises have been designed to support inclusiveness and accessibility for individuals with disabilities. This includes features such as wheelchair-accessible pathways, well-constructed ramps, and easy access points, ensuring comfortable and safe movement across the site. These efforts reflect our commitment to creating a work environment that is inclusive and accessible to all.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

We are committed to fostering an inclusive and respectful work environment that provides equal opportunities for all individuals. While a formal Equal Opportunity Policy in line with the Rights of Persons with Disabilities Act, 2016 is not currently in place, our hiring practices are guided by merit and alignment with our core values. We do not discriminate on the basis of age, colour, being differently abled, religion, caste, or sexual orientation during the recruitment process. All employees are treated with dignity and respect, with career development and advancement opportunities based on performance, capability, and potential, in line with our business needs. To support accessibility, most of our establishments are equipped with wheelchair-friendly facilities and ramp structures to ensure ease of movement for the differently abled.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	100	100
Total	100	100	100	100

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	We have implemented a structured mechanism to handle grievances from both permanent and non-permanent staff. This system is pivotal in nurturing trust and fostering a positive work culture by encouraging feedback aimed at improving the workplace.
Other than Permanent Workers	
Permanent Employees	Moreover, we undertake employee satisfaction surveys every 3 years, focused on six critical aspects: cultivating a positive work atmosphere, establishing trust in leadership, improving teamwork and communication, ensuring supportive management, engaging employees in meaningful tasks, and creating opportunities for professional development.
Other than Permanent Employees	We also interact with our employees through Town Halls on a quarterly basis and have established a whistleblower policy and a POSH policy. We are highly supportive of our employees in addressing their issues and concerns, empowering managers to largely address the challenges employees may face.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

	FY 2024-25			FY 2023-24		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	343	0	0	383	0	0
Male	333	0	0	369	0	0
Female	10	0	0	14	0	0
Total Permanent Workers	353	353	100	389	389	100
Male	353	353	100	389	389	100
Female	0	0	0	0	0	0

8. Details of training given to employees and workers:

Category	FY 2024-25 Current Financial Year					FY 2023-24 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No.(B)	% (B/ A)	No.(C)	% (C/ A)		No.(E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	333	35	10.51	279	83.78	369	269	73	42	11.4
Female	10	4	40	1	10	14	12	86	14	100
Others	0	0	0	0	0.00	0	0	0	0	0
Total	343	39	11.37	280	81.63	383	281	73	56	15
Workers										
Male	353	332	94	113	32.01	389	337	86.6	389	100
Female	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0
Total	353	332	94	113	32.01	389	337	86.6	389	100

9. Details of performance and career development reviews of employees and worker:

Category	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	333	333	100	369	369	100
Female	10	10	100	14	14	100
Total	343	343	100	383	383	100
Workers						
Male	353	353	100	389	389	100
Female	0	0	0	0	0	0.00
Total	353	353	100	389	389	100

10. Health and safety management system:

- a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?
Yes. We have implemented ISO 45001:2018 occupational health and safety management system at our manufacturing unit located at Toopran.
- b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?
We undertake Hazard Identification and Risk Assessment (HIRA) on an annual basis and Job Safety Analysis for individual activities on a routine basis to identify work related hazards. We have developed control measures which are designed to mitigate the identified work-related hazards and record the same in the risk register.
- c) Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)
Yes. We have processes for workers to report work-related hazards and to remove themselves from such risks. We encourage our workers to remove themselves from work in unsafe conditions and create awareness amongst other workers on the mechanisms to report near missed cases while bringing to the attention of the management on any unsafe conditions for investigation. We duly undertake subsequent implementation of corrective and preventive actions.
- d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No).
Yes. The employees and workers have access to first aid through the health care center available within the premises.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2024-25 Current Financial Year		FY 2023-24 Previous Financial Year	
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	0	0	0	0
	Workers	0	0	0	0
Total recordable work-related injuries	Employees	0	0	0	0
	Workers	0	0	0	0
Number of fatalities	Employees	0	0	0	0
	Workers	0	0	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0	0	0
	Workers	0	0	0	0

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We ensure a safe and healthy workplace by:

- Implementing a robust emergency response plan in consideration of fire or explosion, electrical failures, chemical and fuel leakage; and conducting mock drills on quarterly basis
- Implementing safety guidelines to mitigate safety risks identified through job safety analysis
- Conducting an internal safety audit as per IS 14489 on a semi-annual basis and external safety audit on a biannual basis
- Quarterly reviewing safety performance by the Board and top management
- Providing continuous training to employees and workers
- Undertaking periodic medical survey and medical checkups
- Inducing a safety culture by motivating and encouraging employees to provide suggestions to improve safety performance.
- Conducting Safety Day competitions for employees and giving rewards and recognition.

Launch of Annual Safety Training Plan, introduced a Safety AR&VR Learning and development module and training is being conducted to workmen and employees

13. Number of Complaints on the following made by employees and workers:

	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	None	0	0	None
Health & Safety	0	0	None	0	0	None

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of

- (A) Employees - Yes
- (B) Workers - Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We engage with vendors who demonstrate a consistent track record of 100% compliance. Furthermore, all contract agreements with our value chain partners explicitly incorporate provisions related to applicable statutory requirements, including the payment and deduction of statutory dues. The Company ensures that all relevant compliance clauses are clearly defined, validated, and duly honoured by both parties throughout the duration of the engagement.

3. Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	24%
Working Conditions	24%

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

We carry out environmental and social assessments for our tobacco farmers, with a strong focus on safeguarding their health and safety and enhancing their working conditions. One key concern in the tobacco supply chain is the risk of Green Tobacco Sickness (GTS). To mitigate this, we prioritise continuous farmer education and supervision, particularly emphasising the use of Personal Protective Equipment (PPE) during harvesting and curing. In FY 2024-25, we provided PPE kits to 50% of our farmers. Looking ahead, we aim to evaluate farmers under our sustainable supply chain assessment framework.

We also ensure farmers are trained in the safe disposal of Crop Protection Agents (CPA). Our field technicians play a critical role in monitoring compliance among contracted farmers, assisting with crop registration, offering expert guidance on nursery and plantation management, overseeing baling operations, and supporting efficient procurement. Using mobile applications for data entry, field technicians ensure accurate records in our Grower Management System (GMS), enabling effective monitoring and improved crop outcomes.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We are committed to nurturing strong relations with our stakeholders. This is driven by a structured plan involving identification of stakeholder groups, assessing their importance and influence on our growth and success. We understand that our operations impact a wide array of stakeholders – encompassing employees, suppliers, farmers, partners, shareholders, and the communities we operate in. Consequently, we pledge to incorporate the insights and viewpoints of our stakeholders into our decision-making processes. The following are the principles based on which we prioritise stakeholders:



2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors & Shareholders	No	<ul style="list-style-type: none"> ➤ Emails ➤ Newspaper ➤ Advertisement ➤ Website ➤ Notice Board 	<ul style="list-style-type: none"> ➤ Quarterly ➤ Annually 	<ul style="list-style-type: none"> ➤ Our quarterly and annual earnings, ➤ plan for the next financial year ➤ New market developments ➤ Regulatory procedures
Customers	No	Product labelling	Ongoing activities	Information as per COTPA guidelines
Farmers	Yes	<ul style="list-style-type: none"> ➤ Advertisement, ➤ Notice, ➤ Communications during procurement 	Ongoing	<ul style="list-style-type: none"> ➤ Procurement ➤ Quality assessment ➤ Grievance redressal ➤ Contract and Payment terms
Communities/ NGOs	Yes	<ul style="list-style-type: none"> ➤ Community Meetings ➤ Focused group discussion ➤ Grievance redressal 	Annually and on need basis	<ul style="list-style-type: none"> ➤ Grievances ➤ Feedback ➤ Program improvement sessions ➤ Capacity building
Employee	No	<ul style="list-style-type: none"> ➤ Employee forums ➤ Leadership forums ➤ Employee surveys ➤ Workplace platform 	<ul style="list-style-type: none"> ➤ Annually ➤ Need basis ➤ Ongoing 	<ul style="list-style-type: none"> ➤ Learning and development ➤ Well-being ➤ Grievance redressal ➤ Growth opportunities
Wholesalers	No	<ul style="list-style-type: none"> ➤ Emails Meetings 	On going	Product quality and availability
Suppliers	No	<ul style="list-style-type: none"> ➤ Vendor meetings ➤ Capacity building 	<ul style="list-style-type: none"> ➤ Annual ➤ Need-basis 	<ul style="list-style-type: none"> ➤ Quality ➤ Local procurement
Government and Regulators	No	<ul style="list-style-type: none"> ➤ Policy intervention ➤ Advocacy 	Need basis	<ul style="list-style-type: none"> ➤ Taxation ➤ Promotions ➤ Best practices

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

We have established a Corporate ESG Committee consisting of the Managing Director (MD) & Chief Executive Officer (CEO), and ESG Lead (Corporate Sustainability). This committee is tasked with several key responsibilities, including the planning and development of our ESG (Environmental, Social, and Governance) strategy, conducting comprehensive reviews of overall performance, and monitoring the operational direction to ensure alignment with our ESG goals. The committee also engages in Townhall discussions, providing a platform for open communication with employees at all levels. This new method of discussion allows for greater transparency.

Furthermore, the Corporate ESG Committee is responsible for providing regular feedback to the CSR (Corporate Social Responsibility) committee, ensuring continuous improvement and integration of ESG considerations into our business practices.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, we believe that sustainable development requires not only addressing material challenges related to corporate operations and strategy, but also identifying and prioritising the most important challenges based on stakeholder concerns. We engage in a continuous process of evaluating material topics that are an integral part of our inclusive business strategy. This process involves identifying the common issues across the business, consulting with internal and external stakeholders and prioritising the material topics. During FY 2024-25 the environmental and social topics were reviewed following the process given below:

- o Identification: We identified an initial list of material topics through learning from our industry peers, referring to the sector specific material topics recommended by key global and national ESG standards and frameworks.
- o Stakeholder consultations: We invited key internal and external stakeholders to participate in a structured consultation process and recorded their response on the impact and influence of each material topic.
- o Prioritisation: Post senior management review, followed by recommendations of ESG Council, the Board of Directors reviewed and approved the final list of material topics for the organisation.
- o Result: As a result of stakeholder consultation for material topics, existing policies were modified and new policies were framed, wherever required. Existing policies and SOPs were also relooked at to include the conclusions and observations arising from stakeholder engagement process. evaluation of the working of its policies.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

Our efforts to support vulnerable and marginalised stakeholders' centres on agricultural and horticultural development, complemented by water management and harvesting techniques. By offering training in advanced farming methods, we aim to boost farmers' productivity and sustainability. Additionally, we are also engaged in several initiatives intended to enhance living conditions within tobacco-growing communities. In pursuit to enhance social equity, our CSR programmes are focused on rural development, health and sanitation, education and environment and sustainability. Some of the CSR activities include installing household toilets and implementing solar street lighting, upliftment of women farmer self-help groups and farmer training in modern farming techniques. These activities are crafted to elevate the standard of living for farmers and their families by providing essential sanitation facilities and dependable, eco-friendly lighting solutions.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	Current FY (2024-25)			Previous FY (2023-24)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. employees/ workers covered (D)	%(D/C)
Employees						
Permanent	343	343	100	383	383	100
Other than permanent	0	0	0	0	0	0
Total Employees	343	343	100	383	383	100
Workers						
Permanent	353	353	100	389	389	100
Other than permanent	0	0	0	0	0	0
Total Workers	353	353	100	389	389	100

2. Details of minimum wages paid to employees and workers, in the following format:

Category	Total (A)	Current FY (2024-25)				Total (D)	Previous FY (2023-24)			
		Equal to Minimum Wage		More than Minimum Wage			Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B /A)	No.(C)	% (C /A)		No.(E)	% (E/D)	No.(F)	% (F/D)
Employees										
Permanent	343	0	0	343	100%	383	0	0	383	100%
Male	333	0	0	333	100%	369	0	0	369	100%
Female	10	0	0	10	100%	14	0	0	14	100%
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent	353	0	0	353	100%	389	0	0	389	100%
Male	353	0	0	353	100%	389	0	0	389	100%
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

3. Details of remuneration/salary/wages

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (in INR)	Number	Median remuneration/ salary/ wages of respective category (in INR)
Board of Directors (BoD)	5	51,80,000	1	47,80,000
Key Managerial Personnel	2	1,29,37,831	0	0
Employees other than BoD and KMP	330	10,38,856	10	11,85,890
Workers	353	9,55,872	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Gross wages paid to females as % of total wages	0.10%	0.09%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Audit Committee supervises the review of concerns raised by employees through the Whistleblower mechanism. This mechanism empowers employees to report issues related to human rights violations, such as harassment, victimisation, bullying, and discrimination, ensuring a comprehensive investigation and effective grievance resolution.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We have established a whistleblower mechanism that enables individuals to confidentially report human rights violations directly to management without fear of retaliation, using a designated email or contact details. In special cases, employees and directors also have the option to escalate concerns directly to the Chairperson of the Audit Committee.

To uphold ethical practices and ensure compliance with human rights standards outlined in the ALP Code within our tobacco supply chain, we have deployed field technicians to regularly monitor farm holdings for any violations. Identified human rights concerns are recorded through the GMS application, allowing us to take appropriate corrective actions based on the severity of the issue.

6. Number of Complaints on the following made by employees and workers:

	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	None	0	0	None
Discrimination at workplace	0	0	None	0	0	None
Child Labor	0	0	None	0	0	None
Forced Labor/ Involuntary Labour	0	0	None	0	0	None
Wages	0	0	None	1	1	None
Other human rights related issues	0	0	None	0	0	None

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees/ workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Our Whistleblower system allows individuals to safely report cases of discrimination and harassment to management without fear of retaliation or unjust treatment, using the provided email or contact details.

All complaints are handled with strict confidentiality, and identities are not disclosed except as required by law or regulatory authorities. Any attempt to victimise, intimidate, or retaliate against a complainant, witness, or anyone cooperating in an investigation is subject to strict disciplinary action. Our policies ensure a fair and transparent redressal process to uphold a safe and respectful workplace.' Case in point is one such complaint from the employee in 2021, which was managed with utmost sensitivity and confidentiality.

9. Do human rights requirements form part of your business agreements and contracts?

Yes, human rights requirements are incorporated into business agreements and contracts with farmers through the Agriculture Labor Practices (ALP) Code. By implementing the ALP Code, we actively monitor and assess the tobacco supply chain to prevent discrimination, including child labour and forced labour, ensure the payment of minimum wages, and uphold safe working conditions.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others - please specify	100%

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

Nil

Leadership Indicators

1. Details of a business process being modified/introduced because of addressing human rights grievances/complaints.

There have been no significant changes in business processes during the reporting period.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Yes, human right due diligence is undertaken across the tobacco supply chain in accordance with the Agriculture Labor Practices (ALP) Code.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

We promote an inclusive workplace for a diverse workforce from different cultures and strive towards providing an inclusive infrastructure that takes into consideration the demographics of our workforce.

We promote an inclusive workplace for a diverse workforce from different cultures and strive towards providing an inclusive infrastructure that takes into consideration the demographics of our workforce.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	24%
Discrimination at workplace	24%
Child Labor	24%
Forced Labor/Involuntary Labour	24%
Wages	24%
Others- please specify	24%

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Based on the assessment done, there were no cases identified in the reporting period.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (GJ)	5,201 GJ	5,357 GJ
Total fuel consumption (B) (GJ)	0	0
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumed from renewable sources (A+B+C)	5,201 GJ	5,357 GJ
From non-renewable sources		
Total electricity consumption (D) (GJ)	11,495.91 GJ	15,784 GJ
Total fuel consumption (E) (GJ)	15,069 GJ	13,895 GJ
Energy consumption through other sources (F) (GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F)	26,565.35 GJ	29,679 GJ
Total energy consumed (A+B+C+D+E+F)	35,843 GJ	35,036 GJ
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations)	0.0000019 GJ/INR	0.0000019 GJ/INR
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/ Revenue from operations adjusted for PPP)	0.000041 GJ/per INR adjusted to PPP	0.000043 GJ/per INR adjusted to PPP
Energy intensity in terms of physical output	6.83 GJ/Million Cigarettes*	5.53 GJ/Million Cigarettes
Energy intensity (optional) - the relevant metric may be selected by the entity		

Note: The revenue from operations has been restated for FY 2025 and adjusted for PPP, based on the PPP conversion factor published for the year 2025 by IMF (for India) which is 20.66.

*The production at our Primary Manufacturing Unit in Azamabad was discontinued in August 2024, however we remained operational till December 2024, for the purpose of shifting of plant machinery. This has resulted in an increase in our intensity figures across environmental parameters.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	23,326	27,784 KL
(iii) Third party water	10,755	11,745
(iv) Seawater/desalinated water	0	0
(v) Others (Rainwater harvesting)	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	34,081	39,529KL
Total volume of water consumption (in kilolitres)	34,081*	39,529KL*
Water intensity per rupee of turnover (Total Water consumed/Revenue from operations) (kL/Rs)	0.0000018 KL/INR	0.0000021 KL/INR
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP)	0.00004 KL/INR adjusted to PPP	0.00005 KL/INR adjusted to PPP
Water intensity in terms of physical output	6.49 KL/Million Cigarettes*	6.24 KL/Million Cigarettes
Water intensity (optional) - the relevant metric may be selected by the entity		-

Note: The revenue from operations has been restated for FY 2025 and adjusted for PPP, based on the PPP conversion factor published for the year 2025 by IMF (for India) which is 20.66

* The values of water consumption has been extrapolated for FY 2024 and FY 2025 based on the headcount of the sales office and the estimated consumption is 45 litres per head per working day for offices (as per CGWA guideline)

*The production at our Primary Manufacturing Unit in Azamabad was discontinued in August 2024, however we remained operational till December 2024, for the purpose of shifting of plant machinery. This has resulted in an increase in our intensity figures across environmental parameters

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

4. Provide the following details related to water discharged:

In line with our commitment to environmental sustainability and water stewardship, our manufacturing facility in Toopran has attained zero liquid discharge status. Consequently, there is no water discharge applicable to VST.

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
No treatment	0	0
With treatment - please specify level of treatment	0	0
(ii) To Groundwater	0	0
No treatment	0	0
With treatment - please specify level of treatment	0	0
(iii) To Seawater	0	0
No treatment	0	0
With treatment - please specify level of treatment	0	0

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
(iv) Sent to third parties	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0
(v) Others	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, our manufacturing unit in Toopran has implemented a mechanism for Zero Liquid Discharge. The wastewater treated from the effluent treatment plant is utilised for landscaping purposes.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
NOx	Tonnes	17.65	23.73
Sox	Tonnes	14.58	20.56
Particulate Matter (PM)	Tonnes	3.74	4.68
Persistent organic pollutants (POP)	Tonnes	0	0
Volatile organic compounds (VOC)	Tonnes	0	0
Hazardous air pollutants (HAP)	Tonnes	0	0
Others- please specify	Tonnes	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	984.743 tCO ₂ e	910 tCO ₂ e
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2,322 tCO ₂ e	3,139 tCO ₂ e
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations)	tCO ₂ e/INR	0.00000018	0.00000022

Parameter	Unit	FY 2025 (Current Financial Year)	FY 2024 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations adjusted for PPP)	tCO ₂ e/per INR of turnover adjusted to PPP	0.000003776	0.000004936
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO ₂ e/Million Cigarettes	0.66 tCO ₂ eq/Million Cigarettes*	0.64 tCO ₂ eq//Million Cigarettes
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: The revenue from operations has been restated for FY 2025 and adjusted for PPP, based on the PPP conversion factor published for the year 2025 by IMF (for India) which is 20.66

*The production at our Primary Manufacturing Unit in Azamabad was discontinued in August 2024, however we remained operational till December 2024, for the purpose of shifting of plant machinery. This has resulted in an increase in our intensity figures across environmental parameters

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, we have undertaken projects on GHG reduction. The projects are mentioned below:

1. Implementation of DRF, AHU & Compressor Closed loop System: This initiative has led to energy savings of ~19,410kWH/month, a 6.9% reduction in compressor loading and an annual avoidance of approx 249 tons of CO₂ emissions.
2. Installation of LED and Solar lights: We have installed 10KW of solar-powered street and parking lights, significantly reducing grid dependency and lowering carbon emissions. Additionally, the efficiency of our solar plant has increased by 5% compared to FY23-24, driven by best maintenance practices. Installation of 1.18 MW solar plant resulting in 30% of the power from renewable sources.
3. Increased solar power generation: As part of our solar power generation expansion, we have reduced energy consumption in utilities by 6.5% through optimal layout design at the Toopran plant, further contributing to our GHG reduction efforts.
4. Identified sustainability project for conversion of fuel PNG from LPG for our Canteen cooking operations in Toopran unit: This resulted in reduction of 65tons of CO₂ emission annually, and improved burner efficiency contributing to better heat utilisation.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	31.59 MT	28.74 MT
E-waste (B)	0	0
Bio-medical waste (C)	0.059 MT	0.194 MT
Construction and demolition waste (D)	1 MT	0
Battery waste (E)	0	0

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G) Used oil	0.86 MT	0.525 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	0	0
Total (A+B + C + D + E + F + G + H)	33.51 MT**	29.46 MT
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.0000000018 MT/INR	0.0000000016 MT/INR
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	0.000000038 MT/INR of turnover adjusted to PPP	0.000000036 MT/INR of turnover adjusted to PPP
Waste intensity in terms of physical output	0.0063 MT/Million Cigarettes*	0.004 MT/Million Cigarettes
Waste intensity (optional) - the relevant metric may be selected by the entity		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	32.45 MT	29.26 MT
(ii) Re-used	1MT	0
(iii) Other recovery operations	0	0
Total	33.45 MT	29.26 MT
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0.059 MT	0.194 MT
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	0.059 MT	0.194 MT

Note: The revenue from operations has been restated for FY 2025 and adjusted for PPP, based on the PPP conversion factor published for the year 2025 by IMF (for India) which is 20.66

*The production at our Primary Manufacturing Unit in Azamabad was discontinued in August 2024, however we remained operational till December 2024, for the purpose of shifting of plant machinery. This has resulted in an increase in our intensity figures across environmental parameters.

** During the reporting year, 1 metric tonne of Construction and Demolition (C&D) waste was generated due to the discontinuation of operations at Azamabad. This waste was repurposed and reused to create shaded resting zones and seating areas.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Our environmental management strategies focus on preserving natural resources and implementing effective waste management practices. We consistently oversee the management of hazardous waste in our production facilities, ensuring adherence to regulatory standards by maintaining waste levels within the approved limits. We invest dedicated efforts in segregating, monitoring and safely disposing of the waste generated at our facilities,

with the concept of 3 R (Reuse, Reduce and Recycle) embedded across the value chain. We also duly categorise waste into hazardous and non-hazardous components, with hazardous waste forming 2.6% of the total waste generated. The non-hazardous waste includes plastic waste and biomedical waste. Hazardous waste is disposed through authorised third-party recyclers in alignment with relevant waste management guidelines provided by regulatory bodies like the Central/State Pollution Control Board (SPCB). Bio-medical waste is incinerated at a third-party incinerating facility. We do not consume hazardous chemicals in our process.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public Domain (Yes/No)	Relevant Web Link
Not applicable. VST is not required to conduct EIA as we fall under orange category					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, we adhere to all applicable environmental laws, regulations, and guidelines in India, including the Water (Prevention and Control of Pollution) Act, the Air (Prevention and Control of Pollution) Act, and various provisions under the Environment Protection Act and its associated rules. By complying with state pollution control board protocols and integrating technological advancements into our production processes, we strive to minimise pollution. Additionally, we have obtained the required Consent to Establish and Consent to Operate under the Water Act, Air Act, and EPA, ensuring timely renewal of our operational permits.

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

For each facility/plant located in areas of water stress, provide the following information:

- (i) Name of the area:
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

This is not applicable for VST

Parameter	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(I) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (In kiloliters)	0	0
Total volume of water consumption (In kiloliters)	0	0
Water intensity per rupee of turnover (Water consumed/turnover)	0	0
Water intensity (optional) – the relevant metric may be selected by the entity	0	0
Water discharge by destination and level of treatment (in kiloliters)	0	0
(i) Into Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) Into Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) Into Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
*Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2,856.92	3,410
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ /equivalent/INR lakh	0.015	0.018
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO ₂ /Million cigarettes	0.544	0.538

*Category 9 – Downstream Emissions – The Company has only considered downstream emissions from transportation within India. Emissions from export of goods has not been considered for FY24-25

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of initiative
1	Fuel substitution	Identified sustainability project for conversion of fuel PNG from LPG for our Canteen cooking operations in Toopran unit.	This resulted in reduction of 65tons of CO ₂ emission annually, and improved burner efficiency contributing to better heat utilisation.
2	Renewable energy	Installation of 1.18MW solar power plant.	30% of our power consumption is met from Solar power project.
3	Optimising water usage	1. Installed low flow water fixtures at high water use areas. 2. Installed Sensor based water taps to reduce the water consumption. 3. Effective monitoring of water consumption. 4. Periodical maintenance of water infrastructure. 5. Direct Utilisation of Rainwater. 6. Usage of collected rainwater from the pond.	Improved resource efficiency and reduced the plant water usage by 5% compared to last year. Additionally, we have reduced the water consumption for civil construction in Toopran plant by 60%.
4	Technology Upgradation	1. Implementation of DRF/AHU & compressors Closed loop System. 2. Installation of LED lights. 3. Increase in solar power generation of 3%. 4. Solar street lights and Garden lighting.	• Implementation of DRF/AHU has led to energy savings of ~19,410kWH/month, a 6.9% reduction in compressor loading and an annual avoidance of approx 249 tons of CO ₂ emissions.
5	Optimising tobacco utilisation	Experimented with Blend & Process parameters.	2% improvement in cut tobacco blend fill power, Reduced Cigarette Density by 2points and saved blend cost by 90Lacs/Annum.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

We are committed to establishing and maintaining a robust Business Continuity Management System (BCMS) to ensure the resilience of our operations. Our comprehensive BCMS is designed to identify potential threats and implement effective mitigation strategies. It is seamlessly integrated into our operational and technological frameworks, enabling the swift recovery of business functions following disruptions. This minimises the impact on our operations, customers, and stakeholders while safeguarding our brand and reputation.

Our objective is to develop, implement, test, and sustain Business Continuity Plans for critical functions, ensuring their continued operation despite acceptable levels of disruption. We are actively working to enhance awareness of business continuity among employees and relevant stakeholders through training and consultations. Additionally, we are dedicated to regularly evaluating the effectiveness of our BCMS to drive continuous improvement and embed a strong culture of business continuity within the organisation.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

To ensure responsible tobacco sourcing, we enforce strict audit processes outlined in the Sustainable Tobacco Programme across our supply chain. Our agreements with farmers are designed to meet these standards, with compliance monitored by field technicians using the GMS application to track adherence to contractual obligations and audit requirements.

Outlined below are the key environmental risks associated with our tobacco value chain and the measures we implement to mitigate them:

I. Waste Management

Tobacco cultivation involves extensive use of agrochemicals, and improper disposal of their containers poses environmental risks. Our contracts mandate responsible disposal practices, requiring farmers to triple-rinse empty containers, drain the rinse water into the spray tank, puncture the containers to prevent reuse, and dispose of them according to manufacturer guidelines and national regulations. Currently, 70% of our contracted farmers have received training on agrochemical usage and safe disposal. Moving forward, we plan to promote the use of bio-fertilisers and facilitate the distribution of CPA storage and waste collection boxes to contracted farmers.

II. Water Management

Some farmers in our supply chain rely on irrigation for tobacco cultivation. To enhance water efficiency, we are expanding access to micro-sprinklers and drip irrigation systems while improving soil water retention through green manuring. As of FY 2024-25, 80% of our nurseries have been equipped with micro-sprinklers to optimise irrigation.

III. Climate Change

Flue curing, the predominant global method for drying tobacco leaves, contributes significantly to deforestation due to firewood consumption. However, most farmers in our supply chain practice sun curing, eliminating the risk to biodiversity. In FY 2024-25, 100% of the tobacco leaf we procured was cured without contributing to deforestation in primary or protected forests. For the small number of farmers who still use flue curing, we are reducing environmental impact by promoting the use of agricultural by-products—such as tobacco stalks, maize husks, sawdust, sunflower heads, groundnut shells, and cotton stalks—as sustainable firewood alternatives. Additionally, we plan to further encourage the adoption of bio-fertilisers among our farmers.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

24% of our value chain partners, including material suppliers and contract farmers, undergo continuous assessment based on environmental criteria.

8. Number of Green Credits that have been generated or procured:

- By the company: Nil
- By their top 10 value chain partners (in terms of value of purchases and sales, respectively) - Nil

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

4

- List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	All India Management Association	National
2.	Telangana and Andhra Pradesh Chambers of Commerce and Industry	State
3.	Confederation of Indian Industry	National
4.	Tobacco Institute of India	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

We have not engaged in any anti-competitive conduct.

Name of authority	Brief of the case	Corrective action taken
	Not Applicable	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/ Quarterly/Others - please specify)	Web Link, if available
1.	We pursue a Policy of interaction with the relevant regulatory authorities on issues pertaining to our Industry	We work with industry level associations which are governed by values of trust and commitment in the interest of all relevant stakeholders	Information under this head forms part of the Report for the Board Of Directors & Management Discussion Analysis for the Year ending 31 st March 2025.	Annually	www.vsthyd.com

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

There is no applicability for the Company to carry out Social Impact Assessments (SIA) of projects in compliance with laws such as the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

We actively engage with the community through ongoing dialogue and design targeted interventions to address their concerns. Additionally, we conduct annual needs assessment studies to identify the key societal needs of our target groups. Based on these insights, we prioritise requirements and allocate funds for various social initiatives in alignment with our CSR policy.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY 2024-25*	FY 2023-24*
Directly sourced from MSMEs	0.63%	1.7%
Directly from within India	92%	97%

*Procurement spent percentage is based on non-leaf suppliers

5. Job creation in smaller towns - Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ on contract basis) in the following locations, as % of total wage cost

Location	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Rural	18%	22%
Semi-urban	17%	14%
Urban	34%	27%
Metropolitan	31%	37%

(Place to be categorised as per RBI Classification System - rural/ semi-urban/ urban/ metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
Not Applicable			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups?

No

(b) From which marginalised/vulnerable groups do you procure?

None

(c) What percentage of total procurement (by value) does it constitute?

0%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

During the reporting period, we have not collaborated with any entity to derive or share benefits from our owned or acquired intellectual properties.

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Brief of the Case
Not Applicable		

6. Details of beneficiaries of CSR Projects

S. No.	CSR Project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1	Health and sanitation	29,400	60%
2	Rural Development	15,413	70%
3	Education and sports	7,340	50%
4	Environment & sustainability	1,02,200	98%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have established a strong consumer grievance management system to ensure efficient complaint resolution. Consumers can lodge their complaints via a toll-free number, which is clearly displayed on product labels and on our website. Upon receiving a complaint, a grievance redressal executive reviews it to assess its nature before directing it to the appropriate department for prompt resolution.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

	FY 2024-25			FY 2023-24		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	None	0	0	None
Advertising	0	0	None	0	0	None
Cyber-security	0	0	None	0	0	None
Delivery of essential services	0	0	None	0	0	None
Restrictive Trade practices	0	0	None	0	0	None
Unfair Trade Practices	0	0	None	0	0	None
Others	0	0	None	0	0	None

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

We have a robust framework and policy in place to address cybersecurity and data privacy risks. We recognise that the loss, misuse, or unauthorised disclosure of sensitive information—whether to external parties, competitors, or trading partners—could significantly impact our business operations and lead to legal and financial consequences. To mitigate these risks, we have implemented well-defined policies and procedures that undergo regular reviews. Additionally, we have established strong IT controls, including data backup mechanisms, a disaster recovery center, and authorisation verification protocols to safeguard our systems.

Weblink: <https://eportal.vstind.com/DataFiles/IT%20POLICY.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

No cases were raised during the reporting year and hence no corrective actions were taken.

7. Provide the following information relating to data breaches:

- Number of instances of data breaches along-with impact
None
- Percentage of data breaches involving personally identifiable information of customers
0%
- Impact, if any, of the data breaches
None

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

We ensure that our product packaging and labelling are in accordance with the Cigarettes and other Tobacco Products (prohibition of advertisement and regulation of trade and commerce, production, supply and distribution) Act, 2003 (COTPA). The labelling on the products carries information on the product's characteristics including health impacts, traceability of product batch.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Our product labelling strictly complies with COTPA regulations and includes essential details such as product characteristics and health warnings. Product packaging and Point of Sale Materials (POSM) effectively communicate risks associated with consuming tobacco products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Since tobacco and cigarette products are non-essential for consumers, there is no regulatory requirement to communicate risks related to service disruptions or discontinuation.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

We do not display product information over and above applicable acts and regulations. However, we ensure that our product packaging and labelling fully comply with the regulations set forth in the COTPA (Cigarettes and Other Tobacco Products Act).

We have not carried out any survey relating to consumer satisfaction with our major products.

Independent Auditor's Report

To the Members of VST Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VST Industries Limited (the "Company"), its VST ESOP Trust ("Trust") which comprise the balance sheet as at 31st March, 2025, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2025, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Revenue Recognition

Refer Note 1 and 18 - Material Accounting Policies and Notes to the financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control over goods is transferred to a customer as per the terms of the contract. This is usually evidenced by a transfer of all of the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: <ul style="list-style-type: none"> Evaluated the appropriateness of the Company's revenue recognition accounting policies and compliance with the applicable accounting standards. Tested the design, implementation and operating effectiveness of the Company's key controls including IT controls over measurement and recognition of revenue in accordance with customer contracts. Performed substantive testing (including period end cut-off testing) on selected samples of revenue transactions using monetary unit sampling method, recorded during the year by testing the underlying documents, which includes sales contract and shipping documents/customer acceptance to test evidence for transfer of control. Other audit procedures specifically designed to address risk of management override of controls including journal entry testing. Assessed the adequacy of the Company's disclosures in the financial statements.
Revenue is measured at contracted (transaction) price after deduction of any trade discount, trade incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Services Tax etc.	
We considered revenue recognition as a key audit matter because:	
Revenue is a key performance indicator of the Company. We have considered that there is a presumed fraud risk related to revenue being overstated by recognition before control has been transferred to the customer, as there could be pressure to meet the expectation of investors/other stakeholders.	

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report which includes statutory reports such as Management discussion and analysis, Business responsibility and sustainability report, Corporate governance and Board's report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors'/Board of Trustees' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company/Board of Trustees of the Trust are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of Company/Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making Judgments and estimates that are reasonable and prudent; and design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors/Board of Trustees are responsible for assessing the ability of the Company/Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors/Board of Trustees either intends to liquidate the Company/Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Directors/Board of Trustees are also responsible for overseeing the financial reporting process of Company/Trust.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional Scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors on 1st April, 2025 taken on record by the Board of Directors, none

of the directors is disqualified as on 31st March, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

- f) The opinion relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on the reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31st March, 2025 on its financial position in its financial statements - Refer Note 6, 17 and 25 to the financial statements.
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- As stated in Schedule B of Statement of Changes in Equity to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f) Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions

recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the remuneration paid/payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/

payable to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Balkishan Kabra

Partner

Place: Hyderabad

Membership No.: 221202

Date: 25th April, 2025 ICAI UDIN: 25221202BMOCFZ3509

Annexure A to the Independent Auditor's Report on the Financial Statements of VST Industries Limited for the year ended 31st March, 2025

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (ii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) (refer note 2A) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in other parties, in respect of which the requisite information is as below. The Company has not made any investments in companies, firms or limited liability partnership.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to any other parties as below:

Particulars	Aggregate amount during the year (₹ in Lakhs)	Balance outstanding as at balance sheet date (₹ in Lakhs)
Loan to employees	Nil	3.28

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, *prima facie*, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it. Accordingly, clause 3(vi) of the Order is not applicable.

- (vii) (a) The Company does not have liability in respect of Service tax, Sales tax and Value added tax during the year since effective 1st July, 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, amounts deducted/accrued in the books of account in respect of the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Duty of Excise, Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Duty of Excise, Cess or other statutory dues were in arrears as at 31st March, 2025 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Entry Tax, Service Tax or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Goods and Services Tax Act, 2017	Goods and Services Tax	101.76 (5.09)*	Financial Year 2019-20	High Court of Allahabad
The Goods and Services Tax Act, 2017	Goods and Services Tax	230.94 (11.56)*	Financial Year 2018-19	Joint Commissioner of State Tax, Chhattisgarh
Central Excise Act, 1944	Service Tax credit ineligibility under Cenvat Credit Rules, 2002	201.19	Oct 2004 to Mar 2008 Oct 2011 to Sep 2012 Oct 2014 to July 2015	Customs Excise, Service Tax Appellate Tribunal
UP Tax on entry of Goods into Local Areas Act, 2007	Entry Tax	848.24 (275.00)*	Jan 2007 to Mar 2011	Supreme Court of India
The Jharkhand Entry Tax on Consumption or Use of Goods Act, 2011	Entry Tax	87.15	Aug 2006 to Mar 2007	High Court of Jharkhand
The Assam Entry Tax Act, 2008	Entry Tax	151.08	Oct 2006 to Mar 2007	The Gauhati High Court

*Represents amount paid under protest/pre-deposit. Above amount are disclosed as per assessment/demand order and includes interest/penalty wherever specified in the order.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, Clause 3(ix)(a) the Order is not applicable to the Company.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or Government or government authority.

- (c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans during the year and there are no unutilised term loans as at the beginning of the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

- (d) The Company has not raised any funds on short-term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31st March, 2025. Accordingly, clause 3(ix)(e) is not applicable.

- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) and also Company has not raised any loans during the year ended 31st March, 2025. Accordingly, clause 3(ix)(f) is not applicable.

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which caused us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Balkishan Kabra

Partner

Place: Hyderabad

Membership No.: 221202

Date: 25th April, 2025 ICAI UDIN: 25221202BMOCFZ3509

Annexure B to the Independent Auditor's Report on the Financial Statements of VST Industries Limited for the year ended 31st March, 2025

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of VST Industries Limited ("the Company") as of 31st March, 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that

were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Balkishan Kabra

Partner

Place: Hyderabad

Membership No.: 221202

Date: 25th April, 2025 ICAI UDIN: 25221202BMOCFZ3509

Balance Sheet

As at 31st March, 2025

	Note	(₹ in Lakhs)	
		As at 31 st March, 2025	As at 31 st March, 2024
I ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	2A	30683.80	26819.80
(b) Capital Work-in-Progress	2B	132.34	4695.92
(c) Intangible Assets	2C	5.12	8.07
(d) Financial Assets			
(i) Investments	3	19945.80	20011.47
(ii) Loans	4	3.16	20014.92
(e) Deferred Tax Assets (Net)	6	1813.39	1504.01
(f) Other Non-Current Assets	7	198.48	145.33
Total Non-Current Assets		52782.09	53188.05
2 Current Assets			
(a) Inventories	8	48458.19	45499.08
(b) Financial Assets			
(i) Investments	9	33244.60	24701.72
(ii) Trade Receivables	10	6406.06	4639.52
(iii) Cash and Cash Equivalents	11	633.88	2439.13
(iv) Other Bank Balances	12	1120.71	1076.41
(v) Loans	4	0.12	1.62
(vi) Other Financial Assets	5	268.06	281.15
(c) Other Current Assets	7	3812.64	5308.81
		93944.26	83947.44
(d) Asset Held for Sale	2A	34873.45	34873.45
Total Current Assets		128817.71	118820.89
TOTAL ASSETS		181599.80	172008.94
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	13	16986.11	1544.19
(b) Other Equity		115282.83	123697.18
Total Equity		132268.94	125241.37
2 Liabilities			
Non-Current Liabilities			
(a) Provisions	15	2344.59	2164.24
Total Non-Current Liabilities		2344.59	2164.24
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	14		
- Total outstanding dues of micro enterprises and small enterprises		385.20	1233.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises		12326.41	10596.75
(ii) Other Financial Liabilities	16	4967.65	4821.50
(b) Other Current Liabilities	17	27769.48	25953.88
(c) Current Tax Liabilities (Net)	6	1537.53	1998.18
Total Current Liabilities		46986.27	44603.33
TOTAL EQUITY AND LIABILITIES		181599.80	172008.94

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.
For **B S R & Associates LLP**
Firm Registration No.: 116231W/W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No. 221202

Hyderabad, 25th April, 2025

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

SANJAY WALI Whole-Time Director
DIN: 10868596

ANISH GUPTA Chief Financial Officer
PHANI K. MANGIPUDI Company Secretary

Hyderabad, 25th April, 2025

Statement of Profit and Loss

For the year ended 31st March, 2025

	Note	(₹ in Lakhs)	
		For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
I Revenue from operations	18	180943.40	183750.02
II Other Income	19	3480.36	7959.96
III Total Income (I + II)		184423.76	191709.98
IV Expenses			
Cost of Materials Consumed	20	78633.47	78415.64
Changes in Inventories of Finished Goods and Work-in-Progress	21	1042.90	(2931.59)
Excise Duty		41167.22	41702.59
Employee Benefits Expense	22	13831.87	12996.12
Depreciation and Amortisation Expense		4449.35	3811.04
Other Expenses	23	18386.86	18247.05
Total Expenses		157511.67	152240.85
V Profit before exceptional items and tax (III - IV)		26912.09	39469.13
VI Exceptional Items	33	10048.81	-
VII Profit before tax (V + VI)		36960.90	39469.13
VIII Tax expense:			
1) Current tax	6	8259.48	9014.75
2) Deferred tax	6	(338.07)	297.86
		7921.41	9312.61
IX Profit for the year (VII - VIII)		29039.49	30156.52
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
- Remeasurements of the defined benefit plans (net)		54.52	123.36
- Change in Fair Value of Equity instruments		92.64	(0.82)
(ii) Income tax relating to items that will not be reclassified to profit or loss	6	(45.70)	(14.26)
B (i) Items that will be reclassified to profit or loss:			
- Change in Fair Value of effective portion of Cash flow hedges		(13.09)	(5.26)
(ii) Income tax relating to items that will be reclassified to profit or loss	6	3.29	1.33
X Other Comprehensive Income [A+B]		91.66	104.35
XI Total Comprehensive Income for the year (IX + X)		29131.15	30260.87
XII Earnings per equity share (Face Value ₹ 10 each):			
1) Basic (in ₹)	24	17.10	17.75
2) Diluted (in ₹)	24	17.10	17.75

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.
For **B S R & Associates LLP**
Firm Registration No.: 116231W/W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No. 221202

Hyderabad, 25th April, 2025

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

SANJAY WALI Whole-Time Director
DIN: 10868596

ANISH GUPTA Chief Financial Officer
PHANI K. MANGIPUDI Company Secretary

Hyderabad, 25th April, 2025

Statement of Changes in Equity

For the year ended 31st March, 2025

A EQUITY SHARE CAPITAL

	(₹ in Lakhs)			
	Balance at the beginning of the reporting year	Changes in equity share capital due to prior period errors	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31 st March, 2024	1544.19	-	-	1544.19
For the year ended 31 st March, 2025	1544.19	-	15441.92*	16986.11

*refer note 13

B OTHER EQUITY

	Reserve and Surplus					Other Comprehensive Income (OCI)		Total
	Capital Redemption Reserve	General Reserve	Retained Earnings	Share-Based Payment Reserve	Treasury Shares	Equity Instruments	Cash Flow Hedge	
Balance as at 31st March, 2023	1000.25	37552.15	79355.76	242.58	(1881.49)	144.51	11.83	116425.59
Profit for the year			30156.52					30156.52
Recognition of share-based payments to employees				87.77				87.77
Other Comprehensive Income (net of tax)			92.31			15.97	(3.93)	104.35
Dividend on								
Ordinary Shares - Final (₹ 13.64/- per share)*			(23077.05)					(23077.05)
Transfer to General Reserve		3000.00	(3000.00)					-
Balance as at 31st March, 2024	1000.25	40552.15	83527.54	330.35	(1881.49)	160.48	7.90	123697.18
Profit for the year			29039.49					29039.49
Bonus Shares Issued	(1000.25)	(14441.67)						(15441.92)
Exercise/ lapse of stock option			174.38	(185.71)	957.09			945.76
Recognition of share-based payments to employees				27.71				27.71
Other Comprehensive Income (net of tax)			40.80			60.66	(9.80)	91.66
Dividend on								
Ordinary Shares - Final (₹ 13.64/- per share)*			(23077.05)					(23077.05)
Transfer to General Reserve		3000.00	(3000.00)					-
Balance as at 31st March, 2025	-	29110.48	86705.16	172.35	(924.40)	221.14	(1.90)	115282.83

An amount of ₹ 10/- per ordinary share (2024- ₹ 13.64/- adjusted for bonus shares issued) amounting to total of ₹ 16986.11 Lakhs (2024 - ₹ 23162.88 Lakhs) is recommended to be paid as dividend by the Board of Directors of the Company, subject to approval of the Shareholders at their Annual General Meeting and has not been recognised as a liability in these financial statements.

*net of dividend paid to VST ESOP Trust

Statement of Changes in Equity

For the year ended 31st March, 2025

B OTHER EQUITY (contd.)

Nature and purpose of reserves

- Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of cumulative redeemable preference shares.
- General Reserve: The Company has transferred a portion of the net profit of the Company to General Reserve and the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Net actuarial gain/loss arising on account of remeasurement of defined employee benefit plans are recognised in other comprehensive income and are adjusted to retained earnings.
- Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.
- Cash Flow Hedge: This Reserve represents the cumulative effective portion of change in fair value of derivatives that are designated as Cash Flow Hedge. It will be reclassified to statement of profit or loss in accordance with the Company's accounting policy.
- Share-Based Payment Reserve: This Reserve is created as required by Ind AS 102 "Share-Based Payments" on the employee stock option scheme operated by the Company for its employees.
- Treasury Shares: This represents the equity shares of the Company purchased and held by the VST ESOP Trust ("ESOP Trust") under its employees stock option scheme, to be issued and allotted to its employees at the time of exercise of the option.

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Changes in Equity referred to in our report of even date. On behalf of the Board,

For **B S R & Associates LLP**

Firm Registration No.: 116231W/W - 100024

Chartered Accountants

BALKISHAN KABRA

Partner

Membership No. 221202

Hyderabad, 25th April, 2025

NARESH KUMAR SETHI

DIN: 08296486

SANJAY WALI

DIN: 10868596

ANISH GUPTA

PHANI K. MANGIPUDI

Hyderabad, 25th April, 2025

Chairman

Whole-Time Director

Chief Financial Officer

Company Secretary

Statement of Cash Flows

For the year ended 31st March, 2025

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
A Cash Flow from Operating Activities		
Profit Before Tax	36960.90	39469.13
Adjustments:		
Depreciation and Amortisation Expense	4449.35	3811.04
Gain on sale of Property, Plant and Equipment (Net)	(10229.93)	(267.28)
Liabilities no Longer Required Written Back	-	(3357.36)
Share-Based Payment Expense	497.78	181.48
Unrealised (Gain)/Loss on Exchange (Net)	162.40	(35.82)
Interest Income	(1298.91)	(1296.92)
Dividend Income	(6.60)	(6.78)
Net gain arising on Investments measured at FVTPL	(1910.37)	(2781.05)
Operating Profit before Working Capital Changes	28624.62	35716.44
Movement in Working Capital:		
Inventories	(2959.11)	(10566.30)
Trade Receivables	(1893.71)	(309.85)
Advances and Other Assets	1479.78	(1185.06)
Trade Payables	880.17	2151.44
Other Liabilities and Provisions	1949.06	(16.31)
Cash generated from Operations	28080.81	25790.36
Income Taxes Paid (Net)	(8733.85)	(9088.54)
Net cash generated from Operating Activities	19346.96	16701.82
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment, Intangibles, etc	(4102.65)	(9434.04)
Sale of Property, Plant and Equipment	10248.62	267.76
Purchase of Current Investments	(290280.48)	(274652.27)
Sale/ Redemption of Current Investments	283647.98	290295.11
Dividend Income from Non-Current Investments	6.60	6.78
Interest realised	1457.22	1448.47
Loans Realised	1.79	0.25
Net cash from Investing Activities	979.08	7932.06
C Cash Flow from Financing Activities		
Dividend paid on equity shares	(23077.05)	(23077.05)
Proceeds from issue of Treasury Shares by VST ESOP Trust	945.76	-
Net cash used in Financing Activities	(22131.29)	(23077.05)
Net change in cash and cash equivalents	(1805.25)	1556.83
Opening cash and cash equivalents	2439.13	882.30
Closing cash and cash equivalents	633.88	2439.13

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Cash Flows referred to in our report of even date.
For **B S R & Associates LLP**
Firm Registration No.: 116231W/W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No. 221202

Hyderabad, 25th April, 2025

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

SANJAY WALI Whole-Time Director
DIN: 10868596

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 25th April, 2025

Notes to the Financial Statements

1. ACCOUNTING POLICIES

COMPANY INFORMATION

VST Industries Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at 1-7-1063/1065, Azamabad, Hyderabad - 500020. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is engaged *inter-alia* in manufacture and trading of Cigarettes, Tobacco and Tobacco products.

The financial statements were authorised for issue by the Company's Board of Directors on 25th April, 2025.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amendment from time to time.

The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on accrual and going concern basis. The material Accounting Policies as disclosed below are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013 as amended from time to time. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows has been prepared under indirect method.

BASIS OF MEASUREMENT

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, except for certain financial instruments and defined benefit plans which are measured at fair value, as explained in the accounting policies. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 116 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses for the year. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates.

Notes to the Financial Statements

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Following is the information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment and intangible assets

As described in the material accounting policies, the Company reviews the estimated useful lives of property, plant and equipment, and intangible assets at the end of each reporting period.

(b) Recognition of deferred tax assets - Refer Note 6

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the carry-forward period are reduced.

(c) Measurement and likelihood of occurrence of provisions and contingencies - Refer Note 25

As described in the material accounting policies, the Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management accrues a liability for its best estimate of it. Such accruals are by

nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(d) Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where market observable inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share-based payments are disclosed in the concerned notes to the financial statements.

(e) Measurement of defined benefit obligations - Refer Note 30

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income.

Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or construction cost, net of accumulated depreciation and accumulated impairment losses, if any. Upon adoption of Ind AS, the Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st April, 2016.

Notes to the Financial Statements

Cost is inclusive of freight, installation costs, duties and taxes, interest on specific borrowings utilised for financing the assets and other incidental expenses.

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

All upgradations/enhancements are charged off as revenue expenditure unless they bring similar significant future economic benefits.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on retirement or disposal of property, plant and equipment is determined as difference between the sale proceed and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

DEPRECIATION

Depreciation is provided on the straight-line method at the rates based on estimated useful life of assets as prescribed under Part C of Schedule II to the Companies Act, 2013 with the exception of the following:

Building	-	20 Years
Plant & Equipment	-	5 - 20 Years
Motor Vehicles	-	4 Years.

Freehold land is not depreciated.

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

INTANGIBLE ASSETS

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

Computer Software (including license fee and cost of implementation/system integration services) is capitalised where ever it is expected to provide future enduring economic benefits. Cost of upgradation/enhancements is charged off as revenue expenditure unless they bring similar significant benefits.

The useful lives of intangible assets are assessed as either finite or infinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 4 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, where appropriate.

The assessment of infinite life is reviewed annually to determine whether the infinite life continues, if not, it is impaired or changed prospectively basis such revised estimates.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

Impairment loss, if any, is provided to the extent, the carrying amount of non-financial assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the net present value of estimated future cash flows expected to

Notes to the Financial Statements

arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss of an asset is recognised in the Statement of Profit and Loss.

DERIVATIVES AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives/hedging instruments that qualify as fair value hedges together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedge' in Equity. The gains/losses relating to the ineffective portion is recognised in the statement of profit and loss. Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to statement of profit and loss when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

FOREIGN CURRENCIES

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates on the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the exchange rate prevailing on reporting date are recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

FINANCIAL INSTRUMENTS

I. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the Statement of Profit and Loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset. Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables

Trade receivables are recognised initially at transaction price and subsequently remeasured considering provision made for doubtful receivables as per expected credit loss method over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

Debt Instruments

Debt instruments are initially measured at amortised cost, or FVTPL or FVOCI till derecognition, on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

- (a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payment of principal

and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

- (b) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the 'equity' to 'other income' in the Statement of Profit and Loss.
- (c) Measured at fair value through profit or loss: A financial asset not classified as either at amortised cost or FVOCI, is classified as FVTPL.

Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'Other Income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI is recognised in OCI. Amounts recognised in

Notes to the Financial Statements

OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investment in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

Expected credit losses are recognised for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition.

The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables are measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in the Statement of Profit and Loss.

II. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost

unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the EIR method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting Financial Instrument

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost includes all costs of purchases net of input tax credit availed, conversion costs and other attributable expenses incurred in bringing the inventories to their present location and condition and includes, where applicable, appropriate overhead cost based on normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Notes to the Financial Statements

ASSETS HELD FOR SALE

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell (ii) the asset is available for immediate sale in its present condition (iii) the asset is being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.

Non-current assets held for sale are not depreciated or amortised.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect their present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more

uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

REVENUE RECOGNITION

Revenue from sale of goods is recognised when control over goods is transferred to a customer as per the terms of the contract.

This is usually evidenced by a transfer of all the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping. Revenue is measured at the contracted (transaction) price received or receivable (includes Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods) after deduction of any trade discount, incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Service tax, etc.

Income from export incentives such as duty drawback is recognised on accrual basis.

Other Income

Interest income is recognised using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

EXPENDITURE

Expenses are accounted on accrual basis.

EMPLOYEE BENEFITS

All employee benefits such as salaries and performance incentives, payable wholly within twelve months of rendering the service are classified as short-term employee benefits expense. These are charged to statement of profit and loss on an undiscounted, accrual basis during the period of service rendered by the employees.

Notes to the Financial Statements

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Provident fund contribution in respect of certain employees, who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised from the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the government administered fund and charged as an expense to the Statement of Profit and Loss.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

Defined Benefit Plans

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

Other Long-Term Employee Benefits

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are funded.

Termination Benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

- when the Company can no longer withdraw the offer of those benefits; or
- when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based Payments

Employees of the Company receive remuneration in the form of share-based payments in consideration for the services rendered.

For equity-settled share-based payment, fair value of the option/equity instruments at the grant date is determined by an independent valuer using Black Scholes Model and this is recognised in the Statement of Profit and Loss as 'Employee benefit expense' on a systematic basis over the vesting period of the option, based on the Company's estimate of option/equity instruments that will eventually vest with corresponding increase in Other Equity.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period date including up to the settlement date, with changes in fair value recognised in employee benefits expense.

In case of forfeiture/lapse of stock options, which are not vested, amortised portion is reversed by credit to employee benefit expense.

Notes to the Financial Statements

Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for purchasing shares from the market and distributing them to employees under the Employee Stock Option Scheme. The Company treats EBT as its extension and the shares held by EBT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from Other Equity. No gain or loss is recognised in Statement of Profit and Loss on purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between carrying amount and the consideration, if reissued or sold, is recognised in 'Other Equity'. Share options exercised during the reporting period are settled with treasury shares.

INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/recoverable on the taxable income/ loss for the year using applicable tax rates as at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax assets/liability is recognised based on the expected manner of realisation or settlement

of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxing authority.

EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity Shares.

DIVIDEND DISTRIBUTION

Dividend paid (including income tax thereon, if any) is recognised in the period in which the interim

Notes to the Financial Statements

dividends are approved by the Board of Directors and in respect of final dividend when approved by shareholders.

LEASES

Leases which are short-term that have a lease term of 12 months and low value leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

RECENT AMENDMENTS

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2025, MCA has notified Ind AS - 117 Insurance Contracts and amendments to Ind AS 116 - Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. 1st April, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Notes to the Financial Statements

	Gross Block				Accumulated Depreciation & Amortisation				Net Block	
	Balance as at 31.03.2023	Additions	Disposals/Reclassification	Balance as at 31.03.2024	For the year	Adjustment on Disposals/Reclassification	Balance as at 31.03.2024	Balance as at 31.03.2025	Balance as at 31.03.2024	Balance as at 31.03.2025
2A. PROPERTY PLANT AND EQUIPMENT										
Land	37153.72	-	34873.44 ¹	2280.28	-	-	-	-	2278.57	2280.28
Buildings on Freehold	5879.21	147.39	167.62 ¹	5858.98	348.68	167.61 ¹	2295.25	334.20	2619.36	4065.94
Land	-	-	-	2114.18	-	-	-	10.09	-	3563.73
Plant & Equipment	38346.66	6121.94	1092.56	43376.04	3135.63	1092.28	23309.40	3857.53	26852.37	23442.23
Electrical Installation & Equipment	1353.42	124.13	-	1477.55	197.11	-	917.91	140.43	1058.34	462.04
Furniture & Fixtures	408.11	27.26	1.63	433.74	45.05	1.50	256.05	47.03	279.87	282.38
Motor Vehicles	114.57	-	114.57	-	8.83	-	111.85	1.26	113.11	1.46
Office Equipment	892.76	67.93	2.03	958.66	72.79	1.96	789.56	65.95	855.19	151.18
Total Property, Plant and Equipment	84148.45	6488.65	36137.28	54499.82	8329.10	366.88	27680.02	4446.40	31778.24	30683.80
2B. CAPITAL WORK-IN-PROGRESS										
Computer Software, etc.	26.10	-	-	26.10	2.95	-	18.03	2.95	20.98	5.12
Total Intangible assets	26.10	-	-	26.10	2.95	-	18.03	2.95	20.98	5.12

¹During the previous year ended 31st March, 2024, the Company had initiated shifting of its manufacturing operations from Azamabad Industrial Area to its own existing manufacturing facility at Toopran, Telangana to derive operational synergies through consolidation. Consequently, the Company had initiated the process to monetise the Azamabad property including land & buildings therein. This transaction is expected to be completed in financial year 2025-26. Accordingly, this continues to be classified as "Asset Held for Sale".

Note:

- The amortisation expense of Intangible assets have been included under "Depreciation and amortisation expense" in the Statement of Profit and Loss.
- The Company continue to hold appropriate documents including registered sale deed/transfer deed/conveyance deed with respect to immovable properties (Land & Buildings) shown above.

3(a). Capital work-in-progress movement during the year:

	As at 31 st March, 2025	As at 31 st March, 2024
Opening Balance	4695.92	25.17
Add: Additions during the year (net)	3765.52	11159.40
Less: Capitalised during the year	8329.10	6488.65
Closing Balance	132.34	4695.92

3(b). Capital work-in-progress ageing schedule:

	2024-25			2023-24			Total
	Less than 1 year	1-2 Years	More than 2-3 years	Less than 1 year	1-2 Years	More than 2-3 years	
Projects in progress	132.34	-	-	4695.92	-	-	4695.92
Projects temporarily suspended	-	-	-	-	-	-	-
	132.34	-	-	4695.92	-	-	4695.92

The Company does not have any Capital work-in-progress which is past its expected completion date or where cost has exceeded the original plan.

Notes to the Financial Statements

3. NON-CURRENT INVESTMENTS

	(₹ in Lakhs)	
	As at 31 st March, 2025	As at 31 st March, 2024
Investment in Government/Trust Securities		
(at amortised cost)		
UNQUOTED		
National Savings Certificate cost ₹ 500 (2024 - ₹ 500)		
Lodged with Government Authority		
QUOTED		
Government Securities (Maturity in year 2026 to 2028)	19561.23	19719.54
(Interest Coupon Rate ranging from 6.75% - 8.35%)		
	19561.23	19719.54
Investment in Mutual Funds		
(at fair value through other comprehensive income)		
QUOTED		
HDFC - Top 100 Fund - Regular Plan- Dividend Option		
50,000 units of ₹ 10 each	27.21	28.70
	27.21	28.70
Investment in Equity instruments		
(at fair value through other comprehensive income)		
QUOTED		
Duncan Industries Limited		
184 Equity Shares of ₹ 10 each fully paid up	0.02	0.02
Godfrey Phillips India Limited		
1000 Equity Shares of ₹ 2 each fully paid up	67.69	30.88
Golden Tobacco Limited		
50 Equity Shares of ₹ 10 each fully paid up	0.02	0.02
HDFC Bank Limited		
15,080 Equity Shares of ₹ 1 each fully paid up	275.69	218.37
	343.42	249.29
UNQUOTED		
Andhra Pradesh Gas Power Corporation Limited		
1,39,360 shares of ₹ 10 each fully paid up	13.94	13.94
Twin Towers Premises Co-operative Society Limited*		
10 Shares of ₹ 50 each fully paid up		
(Cost ₹ 500 , 2024 - ₹ 500)		
Tobacco Institute of India - (Limited by Guarantee Maximum*		
Contribution ₹ 10.00 Lakhs)		
CREF Finance Limited*		
50,00,000 Equity Shares of ₹ 10 each fully paid up		
ITC Agrotech Finance and Investments Limited*		
23,82,500 Equity Shares of ₹ 10 each fully paid up		
	13.94	13.94
Total of Non-Current Investments	19945.80	20011.47
Aggregate amount of Quoted Investments - Market Value	19916.48	19598.70
Aggregate amount of Unquoted Investments	13.94	13.94

*Fair value of these investments is negligible

Notes to the Financial Statements

4. LOANS

	(₹ in Lakhs)			
	As at 31 st March, 2025		As at 31 st March, 2024	
	Current	Non-Current	Current	Non-Current
Loans to Employees				
Secured, considered good	0.12	3.16	1.62	3.45
TOTAL	0.12	3.16	1.62	3.45

5. OTHER FINANCIAL ASSETS

	(₹ in Lakhs)			
	As at 31 st March, 2025		As at 31 st March, 2024	
	Current	Non-Current	Current	Non-Current
Other financial assets				
Interest accrued on Loans, Deposits, Investments, etc.	270.60	-	270.60	-
Other receivables				
- On account of Foreign Currency Forward Contracts	(2.54)	-	10.55	-
TOTAL	268.06	-	281.15	-

6. INCOME TAXES

	(₹ in Lakhs)	
	As at 31 st March, 2025	As at 31 st March, 2024
A. Income tax expense recognised in Statement of Profit and Loss		
Current tax		
Current tax for the year	8450.40	9225.45
Adjustments/(credits) related to previous years - (net)	(190.92)	(210.70)
Total Current tax expense (a)	8259.48	9014.75
Deferred tax		
Origination and reversal of temporary differences	(338.07)	297.86
Total Deferred tax expense (b)	(338.07)	297.86
TOTAL (a + b)	7921.41	9312.61
B. Income tax expense recognised in Other Comprehensive Income		
Current tax		
On item that will not be reclassified to Statement of Profit and Loss		
- Related to remeasurement of defined benefit plans (net)	13.72	31.05
Total Current tax expense (a)	13.72	31.05
Deferred tax		
On item that will not be reclassified to Statement of Profit and Loss		
- Related to change in fair value of equity instruments	31.98	(16.79)

Notes to the Financial Statements

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
On item that will be reclassified to Statement of Profit and Loss		
- Related to change in fair value of effective portion of cash flow hedges	(3.29)	(1.33)
Total Deferred tax expense (b)	28.69	(18.12)
TOTAL (a + b)	42.41	12.93
Reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in Statement of Profit and Loss is as under:		
Profit before tax	36960.90	39469.13
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	9302.32	9933.59
Adjustment:		
Effect of expenses not deductible for tax purposes	212.46	208.56
Effect of different tax rate on certain items	(1511.77)	(1022.67)
Others*	(81.60)	193.13
Income tax expense recognised in Statement of Profit and Loss	7921.41	9312.61
*Others include adjustments/(credits) related to previous years - (net)		
C. Current Tax Liabilities (net of advance tax)#	1537.53	1998.18

#The Company has reviewed all its pending income tax disputes relating to tax treatment of certain expenses claimed as deductions, and computation of, or eligibility of certain tax incentives or allowances. It believes that it has a valid basis for appeals and intends to defend all such pending disputes vigorously. However, pending disposal of such disputes, as a matter of prudence, it has recognised these liabilities in the books and is included above.

D. Significant components of Deferred Tax Assets/(Liabilities)

2024-25

(₹ in Lakhs)

	Opening balance	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing Balance
Deferred tax assets/(liabilities) in relation to:				
- Employees' separation and retirement	622.03	11.19	-	633.22
- Central and State Taxes, etc.	1346.85	(9.05)	-	1337.80
- Fiscal allowances on Property, Plant and Equipment, etc.	10.05	(66.02)	-	(55.97)
- Financial Instruments measured at Amortised cost	50.89	18.11	-	69.00
- Cash flow hedges	(2.65)	-	3.29	0.64
- Unrealised gain on Equity instruments measured at FVOCI	8.55	-	(31.98)	(23.43)
- Unrealised gain on financial assets measured at FVTPL	(568.25)	374.15	-	(194.10)
- Other temporary differences	36.54	9.69	-	46.23
Deferred Tax Assets - Net	1504.01	338.07	(28.69)	1813.39

Notes to the Financial Statements

2023-24

(₹ in Lakhs)

	Opening balance	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing Balance
Deferred tax assets/(liabilities) in relation to:				
- Employees' separation and retirement	594.95	27.08	-	622.03
- Central and State Taxes, etc.	2449.61	(1102.76)	-	1346.85
- Fiscal allowances on Property, Plant and Equipment, etc.	5.20	4.85	-	10.05
- Financial Instruments measured at Amortised cost	32.62	18.27	-	50.89
- Cash flow hedges	(3.98)	-	1.33	(2.65)
- Unrealised loss on Equity instruments measured at FVOCI	(8.24)	-	16.79	8.55
- Unrealised gain on financial assets measured at FVTPL	(1576.64)	1008.39	-	(568.25)
- Other temporary differences	290.23	(253.69)	-	36.54
Deferred Tax Assets - Net	1783.75	(297.86)	18.12	1504.01

7. OTHER ASSETS

(₹ in Lakhs)

	As at 31 st March, 2025		As at 31 st March, 2024	
	Current	Non-Current	Current	Non-Current
Capital Advances	-	107.86	-	71.10
Advances other than capital advances				
Security Deposits				
- With Statutory Authorities	-	-	-	0.35
- Commercial deposits	-	90.62	-	73.88
Advances recoverable in cash or kind for value to be received	609.96	-	232.60	-
GST credits/refundable	2721.02	-	4549.53	-
Balance with Statutory/Government Authorities	16.65	-	44.22	-
Other Advances - Prepaid Expenses	460.54	-	476.98	-
Other Receivables*	4.47	-	5.48	-
TOTAL	3812.64	198.48	5308.81	145.33

*Includes export incentive receivables.

8. INVENTORIES

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
(At lower of cost and net realisable value)		
Raw Materials including packing materials	41072.18	35871.12
Work-in-Progress	973.03	927.58
Finished Goods	6091.30	8081.93
Stores and Spares	321.68	618.45
TOTAL	48458.19	45499.08
The cost of inventories recognised as an expense (net) on account of write-down of inventory to net realisable value.	9.36	188.79

Notes to the Financial Statements

9. CURRENT INVESTMENTS

(₹ in Lakhs)

	Face Value ₹ (Fully Paid)	As at 31 st March, 2025		As at 31 st March, 2024	
		No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Quoted - at fair value through profit or loss					
Investment in Mutual Funds*					
Liquid Funds					
Aditya Birla Sun Life Mutual Fund	100	3,66,411	1,534.26	-	-
Axis Mutual Fund	1000	1,26,227	3,639.87	18,659	500.75
HDFC Mutual Fund	1000	50,227	2,558.31	22,704	1,076.99
ICICI Prudential Mutual Fund	100	5,38,421	2,066.97	2,24,247	801.47
Kotak Mahindra Mutual Fund	1000	39,285	2,058.28	27,819	1,357.29
Nippon India Mutual Fund	1000	58,216	3,694.93	18,219	1,076.56
SBI Mutual Fund	1000	99,685	4,043.19	66,315	2,506.24
Money Market Funds					
Aditya Birla Sun Life Mutual Fund	100	-	-	1,77,830	606.03
HDFC Mutual Fund	1000	-	-	34,467	1,826.76
ICICI Prudential Mutual Fund	100	3,22,339	1,214.15	7,65,839	2,674.53
Kotak Mahindra Mutual Fund	1000	63,619	2,828.11	-	-
Nippon India Mutual Fund	1000	24,943	1,028.15	63,650	2,432.28
SBI Mutual Fund	10	-	-	29,91,982	1,210.00
Ultra Short Term Funds					
Aditya Birla Sun Life Mutual Fund	100	3,75,982	2,055.31	-	-
Low Duration Funds					
Aditya Birla Sun Life Mutual Fund	100	-	-	1,87,339	1,234.83
HDFC Mutual Fund	10	33,53,438	2,054.65	21,75,018	1,232.88
ICICI Prudential Mutual Fund	100	3,80,607	2,053.84	-	-
Floating Rate Funds					
Nippon India Mutual Fund	10	-	-	14,38,831	614.65
Target Maturity Index Funds					
Aditya Birla Sun Life Mutual Fund	10	1,98,70,345	2,414.58	2,97,25,079	3,335.99
Kotak Mahindra Mutual Fund	10	-	-	1,99,41,369	2,214.47
Total of Current Investments			33,244.60		24,701.72
Aggregate amount of quoted Investments - Market Value			33,244.60		24,701.72

*All these investments have been made under "Direct Plan- Growth Option".

Notes to the Financial Statements

10. TRADE RECEIVABLES

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
Unsecured, considered good (Refer Note 29)	6406.06	4639.52
TOTAL	6406.06	4639.52

Ageing Details

2024-25

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - considered good	6249.13	156.93	-	-	-	-	6406.06
Undisputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed - credit impaired	-	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	6249.13	156.93	-	-	-	-	6406.06

2023-24

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - considered good	4083.57	482.85	73.10	-	-	-	4639.52
Undisputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed - credit impaired	-	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	4083.57	482.85	73.10	-	-	-	4639.52

Notes to the Financial Statements

11. CASH AND CASH EQUIVALENTS

	(₹ in Lakhs)	
	As at 31 st March, 2025	As at 31 st March, 2024
Balances with Banks		
- On Current Accounts	633.12	2438.88
Cash including cheques on-hand	0.76	0.25
TOTAL	633.88	2439.13

12. OTHER BANK BALANCES

	(₹ in Lakhs)	
	As at 31 st March, 2025	As at 31 st March, 2024
Earmarked Balances		
- On Unclaimed Ordinary Dividend Account	1120.71	1076.41
TOTAL	1120.71	1076.41

13. EQUITY SHARE CAPITAL

	(₹ in Lakhs)			
	As at 31 st March, 2025		As at 31 st March, 2024	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Ordinary Shares of ₹ 10 each [#]	17,00,00,000	17,000.00	5,00,00,000	5,000.00
Cumulative Redeemable Preference Shares of ₹ 100 each [#]	-	-	50,00,000	5,000.00
		17,000.00		10,000.00

[#]Pursuant to the approval of the shareholders of the Company on 29th August, 2024, Cumulative Redeemable Preference Share Capital has been reclassified to Ordinary Shares and in addition increased the Ordinary Share Capital. Cumulatively resulting in increase of authorised Ordinary Share Capital by ₹ 12000 Lakhs.

	(₹ in Lakhs)			
	As at 31 st March, 2025		As at 31 st March, 2024	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Issued and Subscribed				
Ordinary Shares of ₹ 10 each fully paid up*	16,98,61,120	16,986.11	1,54,41,920	1,544.19

*Pursuant to the approval of the shareholders of the Company on 29th August, 2024 for issue of bonus shares, the Company allotted 15,44,19,200 as fully paid up ordinary shares in the ratio of 10 fully paid up ordinary shares of ₹ 10 each for every 1 existing fully paid ordinary shares of ₹10 each by utilising ₹ 15441.92 Lakhs from Capital Redemption Reserve and General Reserve.

	(₹ in Lakhs)			
	As at 31 st March, 2025		As at 31 st March, 2024	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	1,54,41,920	1,544.19	1,54,41,920	1,544.19
Add: Issue of Bonus shares	15,44,19,200	15,441.92	-	-
As at end of the year	16,98,61,120	16,986.11	1,54,41,920	1,544.19

There was no movement in number of Ordinary Shares during preceding five years.

Notes to the Financial Statements

Details of shareholders holding more than 5% of Ordinary Shares:

Name of the Shareholder	No. of Shares	% holding	No. of Shares	% holding
Bright Star Investments Private Limited	4,40,78,298	25.95	40,07,118	25.95
The Raleigh Investment Company Limited	3,98,24,620	23.45	36,20,420	23.45
Tobacco Manufacturers (India) Limited	1,40,68,362	8.28	12,78,942	8.28
SBI Mutual Funds Trustee Company Private Limited				
A/c SBI Small Cap Fund	50,88,950	3.00	11,30,686	7.32

RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO ORDINARY SHARES

The Company has only one class of Ordinary Shares outstanding, having a par value of ₹ 10 each, that rank *pari passu* in all respects including voting rights and entitlement to dividend.

Details of Promoter shareholders of Ordinary Shares:

Name of the Shareholder	No. of Shares	% holding	% change during the period	No. of Shares	% holding	% change during the period
The Raleigh Investment Company Limited	3,98,24,620	23.45	-	36,20,420	23.45	-
Tobacco Manufacturers (India) Limited	1,40,68,362	8.28	-	12,78,942	8.28	-
Rothmans International Enterprises Limited	7,31,940	0.43	-	66,540	0.43	-
TOTAL	5,46,24,922	32.16	-	49,65,902	32.16	-

14. TRADE PAYABLES

	(₹ in Lakhs)	
	As at 31 st March, 2025	As at 31 st March, 2024
Payables for Goods and Services		
Total outstanding dues of micro enterprises and small enterprises	385.20	1233.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	12326.41	10596.75
TOTAL	12711.61	11829.77
DUE TO MICRO ENTERPRISES AND SMALL ENTERPRISES (MSME)		
a) Principal amount remaining unpaid	385.20	1233.02
b) Interest due remaining unpaid	-	-
c) Interest paid, in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made beyond the appointed day during the year		
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid	-	-
f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Notes to the Financial Statements

Ageing Details

2024-25

(₹ in Lakhs)

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	385.20	-	-	-	-	385.20
Others	8477.46	21.72	-	-	-	8499.18
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	379.97	17.20	3.95	1023.85	1424.97
	8862.66	401.69	17.20	3.95	1023.85	10309.35
Accrued Expenses						2402.26
						12711.61

2023-24

(₹ in Lakhs)

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1233.02	-	-	-	-	1233.02
Others	7177.24	39.53	-	-	-	7216.77
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	17.20	3.95	68.20	955.65	1045.00
	8410.26	56.73	3.95	68.20	955.65	9494.79
Accrued Expenses						2334.98
						11829.77

15. PROVISIONS

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
Non-Current		
Provision for Employee Benefits		
- Retirement and Other benefits (Refer Note 30)	2344.59	2164.24
TOTAL	2344.59	2164.24

Notes to the Financial Statements

16. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
Current		
Accrued Payroll	2852.12	2511.10
Unpaid/Unclaimed Dividends	1120.71	1076.41
Security Deposits	1.80	2.30
Other Liabilities		
- Others (including payable for property, plant and equipment, etc.)	993.02	1231.69
TOTAL	4967.65	4821.50

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

17. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	As at 31 st March, 2025	As at 31 st March, 2024
Advances from Customers	2971.93	958.78
Statutory Liabilities including tax related matters	24797.55	24995.10
TOTAL	27769.48	25953.88

- (i) The Company has ongoing indirect tax and legal matters comprising of numerous cases/ proceedings under various Central and State Acts pending before various judicial forums.
- (ii) The Company has reviewed all its pending litigations and proceedings and believes that it has valid basis for appeals and intends to defend all such pending disputes vigorously. However, pending disposal of such disputes, as a matter of prudence, it has adequately recognised a liability in the books wherever required and is reflected above under 'Statutory Liabilities' - ₹ 5246.93 Lakhs (2024: ₹ 5282.91 Lakhs).
- (iii) Contingent liabilities where applicable are disclosed under note 25(a) of the financial statements.

Notes to the Financial Statements

18. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Particulars in respect of sales		
Cigarettes*	133291.77	139185.94
Unmanufactured Tobacco	47222.32	44237.16
Cut Tobacco	109.28	-
	180623.37	183423.10
Other Operating Income#	320.03	326.92
TOTAL	180943.40	183750.02

*Net of trade promotions - ₹ 1046.51 Lakhs (2024 - ₹ 206.80 Lakhs).

#Includes ₹ 263.99 Lakhs (2024 - ₹ 285.98 Lakhs) towards sale of process wastes.

19. OTHER INCOME

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Interest Income on:		
Financial assets carried at amortised cost (net)	1293.42	1291.97
Loans and Deposits, etc.	5.49	4.95
Dividend Income from:		
Equity Instruments measured at FVOCI	6.60	6.78
Other net gains and (losses) from:		
sale of property, plant and equipment, etc.	63.12	267.28
financial assets measured at FVTPL	1895.85	2767.32
Gain on foreign exchange (Net)	5.97	134.11
Liabilities no longer required written back	-	3357.36
Other non-operating Income	209.91	130.19
TOTAL	3480.36	7959.96

20. COST OF MATERIALS CONSUMED

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Raw Materials Consumed*		
Opening Stock	35871.12	30200.58
Purchases	83834.53	84086.18
	119705.65	114286.76
Less: Closing Stock	41072.18	35871.12
TOTAL	78633.47	78415.64

The above includes cost of unmanufactured tobacco and cut tobacco sold - Value ₹ 40627.86 Lakhs (2024 - ₹ 38676.70 Lakhs).

*Includes Packing Material

Notes to the Financial Statements

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
(a) (Increase)/Decrease in Finished Goods		
Opening Stock	8081.93	3735.15
Closing Stock	6091.30	8081.93
	1990.63	(4346.78)
(b) Increase/(Decrease) in Excise Duties on Finished Goods	(902.28)	1849.15
(c) (Increase)/Decrease in Work-in-Progress		
Opening Stock	927.58	493.62
Closing Stock	973.03	927.58
	(45.45)	(433.96)
TOTAL	1042.90	(2931.59)

22. EMPLOYEE BENEFITS EXPENSES

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Salaries and wages	11487.31	11378.64
Contribution to Provident and other funds	649.80	732.42
Share-based payment to employees (refer note 31)	497.78	181.48
Staff welfare expenses	1196.98	703.58
TOTAL	13831.87	12996.12

23. OTHER EXPENSES

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Insurance	386.68	391.03
Consumption of Stores and Spares	1320.57	1179.97
Power and Fuel	825.37	697.37
Rent	555.10	464.24
Repairs and Maintenance	775.39	404.61
Rates and Taxes	106.24	84.22
Distribution Expenses	427.81	333.42
Advertisement/Sales Promotion Expenses	4616.17	4255.63
Outward Freight	2481.43	2073.14
Consultancy and Professional Fees	1091.64	1397.42
Travelling and Conveyance Expenses	1500.70	1650.16
Contract Manufacturing Charges	692.72	573.44

Notes to the Financial Statements

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Miscellaneous	2329.49	3398.77
Payment to Auditors (see note (a) below)	62.59	55.15
Corporate Social Responsibility (see note (b) below)	844.16	828.68
Non-executive Directors' Sitting Fees, Remuneration & Commission	370.80	459.80
TOTAL	18386.86	18247.05
(a) Payment to Auditors		
Audit fees	45.00	40.00
Fees for audit related services, Limited Reviews, etc.	8.00	8.00
Fees for certification	4.42	1.50
Reimbursement of expenses	5.17	5.65
	62.59	55.15
(b) Corporate Social Responsibility (CSR)		
As per Section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of its average net profit for the immediately preceding three years on CSR activities. The funds were primarily allocated to a corpus and utilised through the year on activities which are specified in Schedule VII of the Companies Act, 2013:		
(i) Gross amount required to be spent by the Company during the year	844.16	828.68
(ii) Amount approved by the Board to be spent during the year	844.16	828.68
(iii) Amount spent during the year on:		
(1) On Construction/Acquisition of any asset	-	-
(2) For purposes other than (1) above (Revenue account)	844.16	828.68
	844.16	828.68
(iv) (Shortfall)/Excess at the end of the year	-	-
(v) Total of previous years shortfall	-	-
(vi) Details of related party transactions	NA	NA
(vii) Reason for shortfall	NA	NA
(viii) Nature of CSR activities	Promotion of education, health & sanitation, eradicating hunger & malnutrition, women empowerment, animal welfare & environmental sustainability	
(ix) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year	NA	NA

Notes to the Financial Statements

24. EARNINGS PER SHARE

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Earnings per Share is computed as under:		
a) Profit for the year (₹ in Lakhs)	29039.49	30156.52
b) Weighted average number of Ordinary Shares*	16,98,61,120	16,98,61,120
c) Basic Earnings Per Share (Face Value per Share - ₹ 10) ₹	17.10	17.75
d) Diluted Earnings Per Share (Face Value per Share - ₹ 10) ₹	17.10	17.75

*Pursuant to issue of bonus share during the current year ended 31st March, 2025, previous year figures have been restated for the purpose of computation of Earnings Per Share (EPS).

25. CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

(a) Contingent Liabilities

- (i) Claims against the Company not acknowledged as debts ₹ 906.60 Lakhs (2024 - ₹ 628.20 Lakhs)
These Comprise -
Excise duty, GST, service tax and customs duty matters ₹ 402.35 Lakhs (2024 - ₹ 123.95 Lakhs)
Other matters including employees/ex-employees, etc. ₹ 504.25 Lakhs (2023 - ₹ 504.25 Lakhs)
- (ii) In addition to the above, the Company is subject to certain other litigations, in the ordinary course of business and the industry in which it operates in, which are pending.
- (iii) It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash outflows and estimate of financial effect, if any, in respect of the above as its determinable only on occurrence of uncertain future events/ receipt of judgements pending at various forums.

The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

(b) Commitments

Estimated amount of contracts remaining to be executed on Capital Account, net of advances (not provided for) - ₹ 1196.99 Lakhs (2024 - ₹ 1915.18 Lakhs)

(c) Disclosure under Section 186(4) of the Companies Act, 2013

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013, as applicable are provided in Notes 3 and 9.

26. FUTURE LEASE OBLIGATIONS

The Company has entered into various short-term and low value operating lease agreements and the amounts paid under such agreements have been charged to the statement of profit and loss as Rent under Note 23. All these agreements are cancellable in nature.

Notes to the Financial Statements

27. SEGMENT REPORTING

The Chief Operating Decision-Maker (CODM) has been identified as Management Committee which evaluates the Company's performance and allocates resources at an overall level considering the business and industry it operates in. Accordingly, the Company's business activity primarily falls within a single operating segment viz. Tobacco and related products. Therefore, the disclosures as per Ind AS 108 - Operating Segments' is not applicable.

No customer individually accounted for more than 10% of the revenues.

Geographical segments considered for disclosure mainly consists of sales within India and sales outside India, information in respect thereof is as under:

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
a) Sales within India	140217.00	155829.71
b) Sales outside India	40406.37	27593.39
	180623.37	183423.10

The entire activity pertaining to sales outside India is carried out from India, hence all segment assets are considered entirely to be in India.

28. RELATED PARTIES AND TRANSACTIONS WITH THEM DURING THE YEAR

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
(a) Promoter entity and entity having shareholding of 20% or more		
(i) Promoter entities		
British American Tobacco Group		
• The Raleigh Investment Company Limited		
• Tobacco Manufacturers (India) Limited		
• Rothmans International Enterprises Limited		
Dividend Paid	7448.85	7448.85
(ii) Entities having shareholding of 20% or more including Person Acting in Concert (PAC)		
Bright Star Investments Private Limited		
Derive Trading and Resorts Private Limited		
Damani Estates & Finance Private Limited		
Gulmohar Private Beneficiary Trust		
Karnikar Private Beneficiary Trust		
Bottle Palm Private Beneficiary Trust		
Royal Palm Private Beneficiary Trust		

Notes to the Financial Statements

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Mountain Glory Private Beneficiary Trust		
Derive Investments		
Radhakishan Shivkishan Damani		
Gopikishan Shivkishan Damani		
Dividend Paid	8056.36	7621.93
(b) Remuneration to Non-executive Directors and Key Managerial Personnel		
(i) Non-executive Directors		
Mr. Naresh Kumar Sethi		
Mr. S Thirumalai		
Ms. Rama Bijapurkar		
Mr. Sudeep Bandyopadhyay		
Mr. Rajeev Bakshi (w.e.f. 1 st July, 2024)		
Mr. Rajeev Gulati (upto 25 th July, 2024)		
Dividend Paid	0.04	0.04
Remuneration & Commission	289.00	376.00
Sitting fees	81.80	83.80
(ii) Executive Directors		
Mr. Aditya Deb Gooptu, Managing Director (resigned and last working day is 25 th April, 2025)		
Remuneration:		
- Short-term benefits	279.40	418.01
- Other remuneration	17.97	16.88
- Share-based payment	126.47	52.12
(iii) Other Key Managerial Personnel		
Mr. Anish Gupta, Chief Financial Officer		
Mr. Phani K Mangipudi, Company Secretary		
Remuneration:		
- Short-term benefits	243.41	265.37
- other remuneration	15.35	14.36
- Share-based payment	79.50	29.80
Dividend Paid [#]	-	
[#] Amount is negligible		
(c) Employee Trusts		
VST Provident Fund		
VST Gratuity Fund		
VST Management staff Gratuity Fund		
VST Pension Fund		
VST Company Workmen Superannuation Fund		

Notes to the Financial Statements

	(₹ in Lakhs)	
	For the year ended 31 st March, 2025	For the year ended 31 st March, 2024
Contributions towards employees' benefit plans	330.71	353.35
Outstanding at the end of the year		
- Payables	75.16	56.82
- Receivables	-	2.01

Note: Liability for Gratuity, Leave encashment and Group Health Premiums are provided either on actuarial valuation basis by an independent valuer or separately for the Company as a whole. Accordingly, amounts pertaining to key managerial personnel are not included above.

Terms and Conditions of transactions with related parties

All Related Party Transactions entered during the year were in the ordinary course of the business and at arm's length basis.

Remuneration to directors and key managerial personnel is determined by the Nomination and Remuneration Committee of the Board having regard to individual performance and market trends.

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

A CAPITAL MANAGEMENT

The Company's financial strategy aims to provide adequate capital to its business for growth on a going concern basis thereby creating sustainable stakeholder value. The Company funds its operations mainly through internal accruals.

B CATEGORIES OF FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY

The fair value of the financial assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair value are consistent with those used for the earlier period.

Financial assets and liabilities are measured at fair value as at Balance Sheet date as under:

- The fair value of investment in government securities and quoted investment in equity shares are based on the current bid price of respective investments as at the Balance Sheet date.
- The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in their published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund as well as the price at which issuers will redeem such units for the investors.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates as at end of reporting period, interest yield curves, volatility, etc., as applicable.

Notes to the Financial Statements

- Cash and cash equivalents (except for investments in units of mutual fund), other bank balances, trade receivables, trade payables and other current financial assets and liabilities (except derivative financial instruments), have fair value that approximates to their carrying amount due to their short-term nature.

Fair value of the financial instruments have been classified into various fair value hierarchies respective three levels as under:

Level 1 - Quoted prices for identical assets or liabilities in an active market.

Level 2 - Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing model based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the counterparty.

The following table shows the carrying amount and fair value of financial assets and liabilities, including their levels in the fair value hierarchy:

Particulars	Note	Fair Value Hierarchy (Level)	(₹ in Lakhs)			
			As at 31 st March, 2025		As at 31 st March, 2024	
			Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS						
Measured at Fair value through OCI						
i) Equity Instruments incl. equity schemes of Mutual Funds	3	Level 1	370.63	370.63	277.99	277.99
ii) Equity Instruments	3	Level 3	13.94	13.94	13.94	13.94
Sub-total			384.57	384.57	291.93	291.93
Measured at Fair value through Profit and Loss						
i) Investment in Mutual Funds	9	Level 1	33244.60	33244.60	24701.72	24701.72
Sub-total			33244.60	33244.60	24701.72	24701.72
Derivatives measured at fair value						
i) Foreign exchange forward contracts	5	Level 2	(2.54)	(2.54)	10.55	10.55
Sub-total			(2.54)	(2.54)	10.55	10.55
Measured at amortised cost						
i) Investments in Government Securities	3	Level 1	19561.23	19545.85	19719.54	19320.71
ii) Loans	4	-	3.28	3.28	5.07	5.07
iii) Other Financial Assets	5	-	270.60	270.60	270.60	270.60
iv) Trade receivables	10	-	6406.06	6406.06	4639.52	4639.52
v) Cash and cash equivalents	11	-	633.88	633.88	2439.13	2439.13
vi) Other bank balances	12	-	1120.71	1120.71	1076.41	1076.41
Sub-total			27995.76	27980.38	28150.27	27751.44
Total financial assets			61622.39	61607.01	53154.47	52755.64

Notes to the Financial Statements

Particulars	Note	Fair Value Hierarchy (Level)	As at 31 st March, 2025		As at 31 st March, 2024	
			Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL LIABILITIES						
Measured at amortised cost						
i) Trade Payables	14	-	12711.61	12711.61	11829.77	11829.77
ii) Other financial liabilities	16	-	4967.65	4967.65	4821.50	4821.50
Total financial liabilities			17679.26	17679.26	16651.27	16651.27

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during current financial year

C. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management framework anchored in its policies and procedures and internal financial controls aim to ensure that the Company's business activities that are exposed to a variety of financial risks namely liquidity risk, market risks, credit risk and foreign currency risk are identified at an early stage and managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring any unacceptable losses. In doing this, Management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2025 and 31st March, 2024.

On the reporting date, the Company's Current assets (excluding Asset held for sale) aggregate to ₹ 93944.26 Lakhs (2024 - ₹ 83947.44 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 34999.19 Lakhs (2024 - ₹ 28217.26 Lakhs) against an aggregate Non-Current liabilities of ₹ 2344.59 Lakhs (2024 - ₹ 2164.24 Lakhs) and Current liabilities of ₹ 46986.27 Lakhs (2024 - ₹ 44603.33 Lakhs) and also there are no difference in value as per contracts and its carrying value as at the Balance Sheet date and are due within a year. Further, the Company's total equity stood at ₹ 132268.94 Lakhs (2024 - ₹ 125241.37 Lakhs). Accordingly, liquidity risk or the risk that the Company may not be able to settle its dues as they become due does not exist. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Market Risk

The Company does not trade in equity instruments; it continues to hold certain investments in equity for long-term value accretion which are measured at fair value through Other Comprehensive Income. The value of investment in such equity instruments as at 31st March, 2025 is ₹ 384.57 Lakhs (2024 - ₹ 291.93 Lakhs).

The Company's investments are predominantly held in fixed deposits and debt schemes of mutual funds. The decision-making is centralised and administered under a set of approved policies and procedures guided by the principles of safety, liquidity and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

Notes to the Financial Statements

Fixed deposits are held with highly rated banks and companies and have a short to medium tenure and accordingly, are not subject to interest rate volatility. Investment in debt schemes of mutual funds are susceptible to market price risk that arise mainly from change in interest rate from time to time which may impact the return and value of such investments. However, given the relatively short tenure of the underlying portfolio of such mutual fund schemes in which the Company has invested, such price risk is not significant. Investment in Government Securities are primarily fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

As the Company is debt-free and its liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company's customer base is large and diverse and credit is extended in business interest in accordance with well laid out guidelines issued centrally. Exceptions, if any, are approved by appropriate authority after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. Our historic experience of collecting receivables is high and accordingly, the credit risk is low. Hence, all trade receivables together are considered to be a single class of financial assets.

The value of Trade Receivables as at 31st March, 2025 is ₹ 6406.06 Lakhs (2024 - ₹ 4639.52 Lakhs)

Further, the Company maintains exposure in cash and cash equivalents, term deposits with banks, government securities, debt schemes of mutual funds and derivative instruments with financial institution. The Company has set counter-parties limits based on multiple factors including credentials, financial capacity, credit rating, etc.

The Company's credit period generally ranges from 0-180 days.

The Company's maximum exposure to credit risk as at 31st March, 2025 and 31st March, 2024 is the carrying value of each class of financial assets.

Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and Pound Sterling) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, arising out of such transactions, are also subject to reinstatement risk.

The Company has an established risk management policy to hedge the volatility arising from exchange rate fluctuation in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecasted transaction and market conditions. As the counterparty for such transactions are Scheduled banks, the risk of their non-performance is considered to be insignificant.

The use of these foreign exchange forward contracts are intended to reduce the risk or cost to the Company and are not intended for trading or speculation purpose.

The information on such Derivative Instruments is as follows:

Notes to the Financial Statements

Forward exchange contracts designated under Hedge Accounting that were outstanding on respective reporting dates:

Currency Pair	Currency	As at 31 st March, 2025		As at 31 st March, 2024	
		Buy	Sell	Buy	Sell
USD/INR	INR	-	3019.83	-	4214.55

The aforesaid hedges have a maturity of less than 1 year as on respective reporting dates.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

Currency Pair	Currency	As at 31 st March, 2025		As at 31 st March, 2024	
		Assets	Liabilities	Assets	Liabilities
USD/INR	INR	6275.83	411.64	4386.93	122.27
EUR/INR	INR	-	207.64	-	1161.36
GBP/INR	INR	-	130.27	-	0.99
CHF/INR	INR	-	-	-	0.80

Hedges of foreign currency risk and derivative financial instrument

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in "Other Equity" under Other Comprehensive Income: Cash Flow Hedge to the extent considered highly effective and are reclassified into the Statement of Profit and Loss upon occurrence of the hedged transactions. Gain or loss on derivative instruments that are either not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective are recognised in the Statement of Profit and Loss.

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

Particulars	2025	2024
At the beginning of the year	7.90	11.83
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(27.01)	3.00
Add: Changes in the fair value of effective portion of outstanding cash flow hedges as at year end	(2.55)	10.55
Less: Amounts transferred to the statement of profit and loss on occurrence of transaction during the year	(23.05)	18.81
(Less)/Add: Deferred tax	(3.29)	1.33
At the end of the year	(1.90)	7.90

Notes to the Financial Statements

Foreign Currency Sensitivity

A 1% strengthening of the INR against key currencies to which the Company is exposed (net of hedges) would have led to the profit before tax for the year ended 31st March, 2025 to be lower by ₹ 55.26 Lakhs (2024 - ₹ 31.02 Lakhs) and total equity (pre-tax) as at 31st March, 2025 would change by ₹ 55.26 Lakhs (2024 - ₹ 31.02 Lakhs).

A 1% weakening of the INR against these currencies would have led to an equal but opposite effect.

General Risk Assessment

(i) The Company, to the extent possible, has considered the risks that may result from the uncertainties and its impact on the carrying amounts of trade receivables, investments, financial instruments and effectiveness of its hedges. Based on the Company's analysis of the current indicators of the future economic condition on its business and the estimates used in its financial statements, the Company does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its business.

(ii) Code on Social Security 2020 - update

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on 13th November, 2020. The Company will evaluate the subject rules once they are notified and recognise the consequent impact, if any, in its financial statements in the period in which, the Code and related rules becomes effective.

(iii) Satisfaction of Charges

The Company has no outstanding borrowing amount since year 2005 and accordingly appropriate form for satisfaction of charges was filed on time before Registrar of Companies, Hyderabad and the Company has been continuously pursuing with the authorities to reflect the same on their website.

30. EMPLOYEE BENEFIT PLANS

Employee Retirement Benefit Plans of the Company include Provident fund, Retirement Allowances, Gratuity, Pension and Leave Encashment. These plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines within the applicable statutory framework, for allocation of assets to different classes with the objective of maintaining the right balance between risks and long-term returns. Further, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Description of Plans

(i) Provident Fund:

Eligible employees of the Company receive benefits under the Provident Fund which are defined contribution/benefit plans wherein both the Company and the employees make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India/Company's own Trust. The Company's own trust plan envisages guarantee of interest at the rate notified by the Provident Fund authority. The Company's contributions along with interest shortfall, if any, are charged to the statement of profit and loss in the year they are incurred. Expenditure for the year amounted to ₹ 358.26 Lakhs (2024 - ₹ 356.74 Lakhs).

Notes to the Financial Statements

Major Category of Plan Assets as a % of the Total Plan Assets of the Company's Own Provident Fund Trust:

	2025	2024
Central Government Securities (%)	7.5	7.8
State Government Securities (%)	55.8	51.4
High Quality Corporate Bonds (%)	33.9	34.6
Equity Instruments (%)	2.7	5.7
Cash and cash equivalent (%)	0.1	0.5

(ii) Retirement Allowance

The Company has an unfunded defined benefit retirement allowance scheme for its employees in the workmen category. Liability with regard to such scheme is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and charged to the statement of profit and loss in the period determined - ₹ 361.22 Lakhs; (2024-₹ 386.87 Lakhs). Consequently, Liability recognised in the Balance sheet as at 31st March, 2025 ₹ 2514.43 Lakhs; (2024-₹ 2471.53 Lakhs) including ₹ 203.03 Lakhs (2024 - ₹ 318.22 Lakhs) payable within 12 months shown under 'Accrued Payroll'.

(iii) Gratuity

In accordance with 'the Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity Plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to " Group Gratuity Scheme" of Life Insurance Corporation of India.

(iv) Pension Fund

The Company has a defined contribution pension scheme to provide pension to the eligible employees . The Company makes monthly contributions equal to a specified percentage of the covered employees' salary to a notified pension scheme under National Pension Scheme of the Government of India. The Company's contributions are charged to the statement of profit and loss in the period they are incurred -₹ 101.82 Lakhs (2024 - ₹ 113.26 Lakhs).

In addition to the above, the Company has a funded defined benefit pension scheme for its employees in the workmen category. Liability with regard to such defined benefit plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined. This plan is administered by the Company's own Trust which has subscribed to "Group Pension Scheme" of Life Insurance Corporation of India.

(v) Leave Encashment

The Company has a leave encashment scheme whereunder, leaves are both accumulating and non-accumulating in nature. The expected cost of accumulating leaves expected to be paid/availed as a result of the unused entitlement that has accumulated as at the balance sheet date is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined . The Scheme is fully funded by way of subscription to the "Leave Encashment' of Life Insurance Corporation of India. Compensation, if any, for non-accumulating leaves is charged to the statement of profit and loss in the period in which the absences occurs.

Notes to the Financial Statements

(₹ in Lakhs)

Particulars	As at 31 st March, 2025		As at 31 st March, 2024	
	Gratuity	Pension	Gratuity	Pension
A Components of Employer Expense				
Recognised in the Statement of Profit and Loss				
i) Current Service Cost	189.50	3.85	259.86	5.37
ii) Past Service Cost	-	-	-	-
iii) Net Interest Cost	(3.23)	(0.40)	(4.15)	(0.49)
iv) Total expense recognised in the Statement of Profit and Loss	186.27	3.45	255.71	4.88
Remeasurements recognised in Other Comprehensive Income				
v) Return on plan assets (excluding amounts included in Net interest cost)	(14.71)	(0.04)	(6.18)	(0.17)
vi) Effect of changes in demographic assumptions	-	-	-	-
vii) Effect of changes in financial assumptions	236.47	1.52	-	-
viii) Changes in asset ceiling (excluding interest income)	-	-	-	-
ix) Effect of experience adjustments	(276.39)	(1.37)	(113.60)	(3.41)
x) Total remeasurements included in Other Comprehensive Income	(54.63)	0.11	(119.78)	(3.58)
xi) Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (iv+x)	131.64	3.56	135.93	1.30
The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 22. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.				
B Net Asset/(Liability) recognised in Balance Sheet				
i) Present value of Defined Benefit Obligation	3806.64	102.55	4162.93	91.89
ii) Fair Value of Plan Assets	3775.00	101.00	4152.00	93.90
iii) Status [Surplus/(Deficit)]	(31.64)	(1.55)	(10.93)	2.01
C Changes in Defined Benefit Obligation (DBO)				
i) Present value of DBO at the beginning of the year	4162.93	91.89	4231.93	84.29
ii) Current Service Cost	189.50	3.85	259.86	5.37
iii) Past Service Cost	-	-	-	-
iv) Interest Cost	273.56	6.66	288.55	6.09
v) Remeasurement (gains)/ losses:				
Effect of changes in demographic assumptions	-	-	-	-
Effect of changes in financial assumptions	236.47	1.52	-	-
Changes in asset ceiling (excluding interest income)	-	-	-	-
Effect of experience adjustments	(276.39)	(1.37)	(113.60)	(3.41)
vi) Curtailment Cost/(Credits)	-	-	-	-
vii) Settlement Cost/(Credits)	-	-	-	-
viii) Benefits paid	(779.43)	-	(503.81)	(0.45)
ix) Present value of DBO at the end of the year	3806.64	102.55	4162.93	91.89

Notes to the Financial Statements

(₹ in Lakhs)

Particulars	As at 31 st March, 2025		As at 31 st March, 2024	
	Gratuity	Pension	Gratuity	Pension
D Change in Fair Value of Assets				
i) Plan Assets at the beginning of the year	4152.00	93.90	4221.57	87.60
ii) Interest Income	276.79	7.06	292.70	6.58
iii) Remeasurement gains/ (losses) on plan assets	14.71	0.04	6.18	0.17
iv) Actual Company Contributions	110.93	-	135.36	-
v) Benefits paid	(779.43)	-	(503.81)	(0.45)
vi) Plan Assets at the end of the year	3775.00	101.00	4152.00	93.90
E Estimate of Employers' Expected Contribution for the next year	62.25	37.28	35.05	16.50
F Actuarial Assumptions				
i) Discount Rate (%)	7.00	7.00	7.25	7.25
ii) Expected Return on Plan Assets (%)	7.25	7.25	7.25	7.25

The estimates of future salary increases between 6% - 9%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

G Investment details of the Plan assets

In the absence of detailed information regarding plan assets which are funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets is not disclosed.

H Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

I Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

Notes to the Financial Statements

(₹ in Lakhs)

	DBO as at 31 st March, 2025	DBO as at 31 st March, 2024
1. Discount Rate + 100 basis points	3653.52	4013.31
2. Discount Rate - 100 basis points	4206.70	4530.96
3. Salary Increase Rate + 1%	4159.70	4490.89
4. Salary Increase Rate - 1%	3686.40	4041.62
Maturity Analysis of the Benefit Payments		
Year 1	334.96	279.58
Year 2	639.33	895.68
Year 3	458.18	675.12
Year 4	358.93	487.85
Year 5	504.37	381.18
Next 5 Years	1682.01	1835.89

31. EMPLOYEE SHARE BASED PAYMENT

(a) Information in respect of Options granted under the Company's Employee Stock Option Scheme ('Scheme')

S. No		VST Employees Stock Option Scheme - 2020
1	Date of Shareholders' approval	5 th February, 2021
2	Total number of Options approved under the Scheme	Options equivalent to 84,70,000 [#] Ordinary Shares of ₹ 10.00 each.
3	Vesting Schedule	The vesting period for conversion of Options is as follows: On completion of 12 months from the date of grant of the Options: 30% vests On completion of 24 months from the date of grant of the Options: 30% vests On completion of 36 months from the date of grant of the Options: 40% vests
4	Pricing Formulae	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Remuneration Committee (NRC). Currently, NRC has envisaged grant of share option to eligible employees at 'market price' as defined from time to time under the Securities and Exchange Board of India (Share-Based Employee Benefits) Regulations, 2014.
5	Maximum term of Options granted	4 years from the date of vesting
6	Source of Shares	Secondary Market
7	Variation in terms of Options	None
8	Method used for accounting of share-based payment plans	The employee compensation cost has been calculated at fair value using Black Schole's option pricing model after applying the following key assumptions on a weighted average basis.
	Date of Grant	26th April, 2022 27th April, 2021
	No. of options granted [#]	385660 [#] 346500 [#]
	Exercise Price per option - ₹	290.73 [#] 301.70 [#]
	Expected volatility	25.54% - 26.67% 28.33% - 29.07%
	Risk-free interest rate	5.73% - 6.16% 4.70% - 5.16%
	Weighted average fair value per option - ₹	54.49 [#] 60.59 [#]

Notes to the Financial Statements

S. No	VST Employees Stock Option Scheme - 2020
	Expected volatility: Volatility was calculated using standard deviation of daily change in historic stock price.
	Expected option life: The expected option life for each tranche shall be different depending on its vesting period and contractual term. Accordingly, the expected option life is calculated as (Year of Vesting + Contractual Option Term)/2
	Risk-free interest rate: Zero coupon sovereign bond yields were utilised with maturity equal to expected term of the option.

#Adjusted for issue of bonus shares in the ratio of 10:1

*This includes 3,83,460 options granted to key managerial personnel.

S.No.	Movement in options granted Particulars	VST Employees Stock Option Scheme - 2020			
		No. of options	Range of fair value per option ₹	Weighted average fair value per option ₹	Weighted average remaining contractual life (years)
2024-25					
	Outstanding at the beginning of the year	57220	555.11 - 716.81	629.27	3.73
	Granted during the year	-	-	-	-
	Cancelled during the year	2672	640.17	-	-
	Expired during the year	-	-	-	-
	Exercised during the year	27024	555.11 - 716.81	-	-
	Outstanding at the end of the year*	302764	50.46 - 65.16	57.53	2.97
	Vested and exercisable at the end of the year*	192588	50.46 - 65.16	57.16	2.27
2023-24					
	Outstanding at the beginning of the year	57220	555.11 - 716.81	629.27	4.73
	Granted during the year	-	-	-	-
	Cancelled during the year	-	-	-	-
	Expired during the year	-	-	-	-
	Exercised during the year	-	-	-	-
	Outstanding at the end of the year	57220	555.11 - 716.81	629.27	3.73
	Vested and exercisable at the end of the year	24816	555.11 - 667.70	601.98	2.76

*Adjusted for issue of bonus shares in the ratio of 10:1

For the year ended 31st March, 2025, the Company has accounted expense of ₹ 27.71 Lakhs (2024- ₹ 87.77 Lakhs) as employee benefit expenses (see note 22) on the aforesaid employee stock option plan. The balance in share-based payment reserve account is ₹ 172.35 Lakhs as of 31st March, 2025 (2024 - ₹ 330.35 Lakhs).

(b) Information in respect of Options granted under the Company's Employee Phantom Stock Option Scheme ('Plan')

The Phantom stock option plan creates an opportunity to link the employee reward to Company's share price performance. Under this plan, the Company grants phantom stock option to select employees. Cash pay-out equivalent to the appreciation in the value of shares will be made when exercised after vesting period.

The fair value of the Phantom Option scheme was determined using the Black-Scholes model based on the following inputs:

Notes to the Financial Statements

Grant date	17 th October, 2023	26 th April, 2024
No. of phantom options granted*	714450	316800
Cancelled/lapsed during the year	147400	63140
Exercise price - ₹	313.45	339.27
Maximum terms of option granted	4 years from the date of vesting	4 years from the date of vesting
Outstanding at the end of the year	567050	253660
Vested and exercisable at the end of the year	178662	Nil

The above numbers are adjusted for issue of bonus shares in the ratio of 10:1

*This includes 3,17,240 options granted to key managerial personnel

For the year ended 31st March, 2025, the Company has accounted expense of ₹ 470.07 Lakhs (2024- ₹ 93.71 Lakhs) as employee benefit expenses (see note 22) on the aforesaid employee phantom stock option plan. The balance is accrued under financial liability is ₹ 563.78 Lakhs as of 31st March, 2025 (2024 - ₹ 93.71 Lakhs).

32. RATIOS

S.No.	Particulars	Numerator	Denominator	31 st March, 2025	31 st March, 2024	
1	Current Ratio (in times)	Current Assets*	Current Liabilities	2.0	1.9	
2	Debt-Equity Ratio (in times)	Not Applicable				
3	Debt Service Coverage Ratio (in times)	Not Applicable				
4	Return on Equity (%)	Profit for the year	Average Equity	22.6	24.8	
5	Inventory Turnover Ratio (in times)	Cost of materials consumed	Average Inventory	1.7	1.9	
6	Trade Receivables Turnover Ratio (in times)	Sales (on credit)	Average Trade Receivables	8.6	9.9	
7	Trade Payables Turnover Ratio (in times)	Purchases	Average Trade Payables	6.8	7.8	
8	Net capital Turnover Ratio (in times)	Sales	Working Capital*	3.8	4.7	
			(Total Current Assets less Total Current Liabilities)			
9	Net Profit Ratio (%)	Profit for the year	Sales	16.1	16.4	
10	Return on Capital employed (%)	Profit before tax	Capital Employed	28.3	31.9	
			(Net worth less Deferred tax Assets)			
11	Return on Investments (%)	Income from Investments	Time Weighted Average Investments	7.0	7.0	

*For computation of ratio, Asset held for sale has been excluded from Current Assets.

Notes to the Financial Statements

33. EXCEPTIONAL ITEMS

During the current year ended 31st March, 2025, exceptional item comprise an amount ₹ 10048.81 Lakhs (net of tax ₹ 8688.29 Lakhs) on account of net gain realised on sale of one of its immovable property being land along with structures situated at Hyderabad, Telangana.

This is the Balance Sheet referred to in our report of even date.
For **B S R & Associates LLP**

Firm Registration No.: 116231W/W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No. 221202

Hyderabad, 25th April, 2025

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

SANJAY WALI Whole-Time Director
DIN: 10868596

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 25th April, 2025

Operating Results

Operating Results 2016 - 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue From Operation - Cigarette	178731	198325	110788	94382	113034	127173	134662	134169	139186	133292
Less: Excise Duty	117984	133891	41106	8510	13107	36191	38250	38007	41703	41167
Net Revenue From Operation - Cigarette	60747	64434	69682	85872	99927	90982	96412	96162	97483	92125
Revenue From Opeartion - Others	27568	27805	25076	24029	24008	20116	21404	33082	44564	47651
Total Revenue From Operation - Net	88315	92239	94758	109901	123935	111098	117816	129244	142047	139776
Operating Profit	20638	21082	25483	31177	37289	37551	38154	35249	31509	23432
Other Income (Net)	2020	2008	2462	3890	4736	4179	4667	7640	7960	3480
Profit Before Tax &										
Exceptional Item	22658	23090	27945	35067	42025	41730	42821	42889	39469	26912
Exceptional Item	-	-	-	-	-	-	-	-	-	10049
Profit Before Tax	22658	23090	27945	35067	42025	41730	42821	42889	39469	36961
Profit After Tax &										
Exceptional Item	15311	15153	18189	22684	30409	31079	32023	32698	30157	29039
Other Comphrensive Income After Tax	--	(129)	62	(63)	(418)	162	(72)	53	104	92
Total Comprehensive Income	15311	15024	18251	22621	29991	31241	31951	32751	30261	29131

Equity, Liabilities and Assets 2016 - 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Share Capital	1544	1544	1544	1544	1544	1544	1544	1544	1544	16986 [#]
Other Equity	35499	52353	56665	64859	77165	92500	105886	116426	123697	115283
Shareholder's Funds	37043	53897	58209	66403	78709	94044	107430	117970	125241	115283
Property, Plant And Equipment, Intangible Assets And Capital Work-In-Progress (Net)	21468	22083	22930	21371	19975	20601	20542	59049	31524	30821
Other Assets (Net Of Liabilities*)	15575	31814	35279	45032	58734	73443	86888	58921	93717	101448
Net Assets Employed	37043	53897	58209	66403	78709	94044	107430	117970	125241	132269

[#] Company allotted Bonus shares in the ratio 10:1 - ₹ 15442 Lakhs

Performance 2016 - 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Earnings Per Share (₹) [#]	9.0	8.9	10.7	13.4	17.9	18.3	18.9	19.3	17.8	12.0 [§]
Dividend Per Share (₹) [#]	6.4	6.8	7.0	8.6	9.4	10.4	12.7	13.6	13.6	10.0
Dividend [^]	10809	11581	11967	14670	15905	17604	21619	23163	23163	16986
Return On Capital Employed (%)	64.8	44.8	50.1	55.4	55.3	45.6	40.7	36.9	31.9	28.3

[#] Adjusted for issue of Bonus shares in 2025 to facilitate like to like comparison

[§] After considering exceptional item - ₹ 17.1

* Borrowings - Nil

[^] Excludes Income Tax on Dividend, if any



VST INDUSTRIES LIMITED