



VST Industries Limited

July 6, 2026

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 : Business Responsibility & Sustainability Report (BRSR)

Please find enclosed a copy of the Business Responsibility & Sustainability Report (BRSR) forming part of the Annual Report 2026.

Please take the same on record.

Yours faithfully,
For VST INDUSTRIES LIMITED

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

Encl : As above.

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 2025-26
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	84.8%
2	Unmanufactured tobacco	46202	15.2%

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?

11%

- c. A brief on types of customers

Our customer base comprises adult smokers across diverse socio-economic segments in India. We have structured our product portfolio into two distinct categories: New Age Brands (NABs), which cater to evolving consumer preferences, and Growth Heritage Brands (GHBs), which address established demand segments. This segmentation enables a balanced approach to market responsiveness and portfolio management.

IV. Employees

20. Details as at the end of Financial Year (FY 2025-26):

- 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)	359	349	97	10	3
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total Employees (D+E)	359	349	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	8	1	12.50
Senior Management Personnel	7	0	0

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

	FY 2025-26 (Turnover rate in current FY)			FY 2024-25 (Turnover rate in previous FY)			FY 2023-24 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23%	30%	23%	33%	40%	34%	21%	0%	21%
Permanent Workers	7%	0%	7%	10%	0%	10%	3%	0%	3%

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 ₹):** ₹ 20,41,95,39,036
- (iii) **Net worth (in ₹):** ₹ 14,45,67,20,765

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 2025-26 (Current Financial Year)			FY 2024-25 (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*	19	0	None	67	0	None
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	<ul style="list-style-type: none"> Energy management reduces operational costs and mitigates the risk of supply scarcity. Effective energy management supports our GHG reduction commitments. It helps us remain compliant with evolving statutory requirements. 	<ul style="list-style-type: none"> We track energy consumption at the facility level and use this data to identify efficiency opportunities. We are developing a structured energy management strategy that progressively increases the share of renewables in our energy mix. Our employees, workers, and contractors receive regular guidance on responsible energy use. 	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	<ul style="list-style-type: none"> Greenhouse gas (GHG) emissions are central to our climate response, with direct environmental consequences Tightening carbon policy frameworks across our operating regions create growing regulatory exposure 	<ul style="list-style-type: none"> We measure and track emissions annually to identify and pursue reduction opportunities. We are progressively increasing renewable energy use at our premises and transitioning to cleaner fuels. We work with our agricultural supply chain to reduce Scope 3 emissions through sustainable farming practices. 	Negative
3 Water	Risk	<ul style="list-style-type: none"> Tobacco cultivation is water-intensive, exposing our business and supply chain to water scarcity risks. Any disruption in water availability directly affects raw material supply. 	<ul style="list-style-type: none"> We support water management and harvesting initiatives across our sourcing geographies. Our Toopran manufacturing unit operates on a Zero Liquid Discharge (ZLD) basis. We monitor water withdrawal, consumption, and discharge periodically to identify reduction opportunities. We have formalised our position through a Water Stewardship Policy and conducted a water risk assessment. Our Toopran facility holds AWS (Alliance for Water Stewardship) Gold certification. 	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)
4	Health & Safety	Risk	<ul style="list-style-type: none"> Strong Health & Safety performance is directly linked to our ability to attract and retain quality talent. It is also a reflection of our standing as a responsible employer. 	<ul style="list-style-type: none"> We have deployed health and safety practices across our operations in line with our established H&S policies. We monitor and measure the effectiveness of our safety systems on an ongoing basis, including through hazard identification and risk assessments across the value chain. 	Positive
5	Responsible Sourcing	Opportunity	<ul style="list-style-type: none"> Responsible sourcing reduces sustainability risks in our supply chain. It ensures our products are backed by responsibly managed resources and suppliers. 	<ul style="list-style-type: none"> We implement a responsible leaf tobacco sourcing framework integrating sustainability across agronomy, procurement, and supplier engagement. It prioritises soil and water stewardship, deforestation prevention, safe agrochemical use, elimination of child labour, and improved farmer livelihoods. These standards are embedded in contracts and SOPs, reinforced through field technicians, and monitored via inspections and digital traceability systems. For non-leaf suppliers, we assess performance against quality, delivery, and price standards. We have developed a sustainable supply chain framework and are progressively extending sustainability criteria across all sourcing categories. 	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	<ul style="list-style-type: none"> Management of tobacco product waste (TPW) is material to our environmental performance. Waste management infrastructure plays an important role in delivering sustainable development outcomes. 	<ul style="list-style-type: none"> Hazardous waste from our manufacturing units is disposed of exclusively through PCB-approved recycling vendors. We monitor hazardous waste generation across our facilities and ensure waste levels remain within regulatory permissible limits. 	Negative
7	Farmer Livelihood	Opportunity	<ul style="list-style-type: none"> Farmers face significant challenges related to sustainable agricultural practices that can impact the quality and availability of our raw material. Improving farm productivity directly increases farmer earnings and strengthens our supply chain. Supporting farmers to thrive in the marketplace ensures a stable and sustainable sourcing base for our business. 	<ul style="list-style-type: none"> We are strengthening our farm productivity initiatives with a focus on soil quality, seed quality, and mechanisation of field operations. We monitor pesticide residues and Tobacco Specific Nitrosamines (TSNAs) to ensure compliance with international standards. We are expanding our barn upgrade programme to discourage deforestation in our sourcing regions. We are accelerating the shift from traditional chemicals to biochemicals across our farmer network. We are increasing the adoption of drip irrigation and micro-sprinklers to improve water efficiency at farms. 	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)
8	Circular Economy	Opportunity	<ul style="list-style-type: none"> Transitioning to circular economy principles helps us meet global climate and sustainable development commitments. Efficient use of resources. Protecting human health and biodiversity. 	<ul style="list-style-type: none"> We are collecting plastic back from end users across 26 States and 6 Union Territories in India as part of our Extended Producer Responsibility (EPR) plan. We work exclusively with authorised waste handlers to ensure responsible disposal and recycling of collected material. 	Positive
9	Employment	Opportunity	<ul style="list-style-type: none"> Employment generation contributes to poverty reduction in the communities where we operate. A skilled and engaged workforce enhances overall productivity and business performance. Strong employment practices strengthen our reputation as an attractive employer. 	<ul style="list-style-type: none"> We provide skill enhancement training to our employees based on their developmental needs. We regularly seek feedback from our employees on our HR practices to better understand and address their needs. 	Positive
10	Labour Management Relations	Risk	<ul style="list-style-type: none"> Positive labour relations are essential to business continuity, productivity, and employee morale. Strong labour practices reinforce our social performance as an attractive employer. Constructive relations with our union at the workplace support a better brand image. 	<ul style="list-style-type: none"> We contribute to defined benefit schemes, including labour welfare funds, based on services rendered by workers. We maintain a cordial relationship with our workers' unions and proactively recognise and address workforce concerns through long-term solutions. We engage in regular interactions and discussions with the Union on operational and ESG aspects. We undertake structured feedback mechanisms to continuously understand and respond to workforce needs. 	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)
11	Human rights	Risk	<ul style="list-style-type: none"> Human rights issues have the potential to negatively impact our ESG performance and stakeholder trust. Violations of human rights expose us to regulatory, legal, and legislative challenges. 	<ul style="list-style-type: none"> We monitor and mitigate human rights risks across our operations, with a focus on child labour, forced labour, and sexual harassment. We maintain a harmonious working environment with the Union at our facilities and conduct feedback exercises on a continuous basis. We proactively recognise workforce concerns and address them through long-term solutions, regular interactions, and structured discussions with the Union. 	Negative
12	Business ethics	Risk	<ul style="list-style-type: none"> The tobacco sector operates under significant public and regulatory scrutiny, making ethics a material business consideration. Regulatory and legal challenges associated with our business require a strong and consistent ethical framework. 	<ul style="list-style-type: none"> We uphold a strong ethical business culture through our Code of Conduct, Ethics Policy, and Guidelines on Recruitment. We have measures in place for effective risk management, responsible marketing, and lawful promotion of our products. 	Negative
13	Innovation	Opportunity	<ul style="list-style-type: none"> Development of new products is essential to staying competitive and meeting evolving consumer preferences. Access to new geographies expands our long-term growth potential. 	<ul style="list-style-type: none"> We continue to invest in R&D for the development of new products that match evolving customer preferences across our markets. 	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	<ul style="list-style-type: none"> Preventing counterfeit and illicit products from entering the market is material to consumer protection and our brand integrity. Providing consumers with manufactured products that are aligned with societal expectations is central to responsible business conduct. Accessing new geographies requires products that meet diverse consumer needs and expectations. 	<ul style="list-style-type: none"> We partner with the industry to identify inter-governmental efforts and public-private alliances in adopting appropriate measures against counterfeit and illicit trade, including sensible taxation policies. We are launching new products to meet adult consumer expectations through innovative and new-age brands. 	Negative
15	Community initiatives	Opportunity	<ul style="list-style-type: none"> Building strong relationships with the communities where we operate supports our social licence to operate. Our CSR interventions promote economic growth and improve the standard of living in our areas of operation. 	<ul style="list-style-type: none"> Our CSR focus areas are designed to address the needs of the communities we operate in, across four areas: Rural Development, Health & Sanitation, Education & Sports, and Environment Sustainability. 	Positive
16	Climate resilience	Opportunity	<ul style="list-style-type: none"> Climate change poses a risk of disruption to tobacco raw material procurement. Proactive climate action reduces our overall exposure to climate-related risks. Building operational resilience ensures business continuity in a changing climate. 	<ul style="list-style-type: none"> We are taking steps to facilitate access to agricultural equipment that is environmentally friendly and economically affordable. A comprehensive climate risk assessment is underway, covering both physical and transitional risks and their potential impact on our operations. Findings from this assessment are being integrated into our long-term planning to strengthen business resilience. 	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	<ul style="list-style-type: none"> • Adopting sustainable materials helps mitigate challenges associated with climate change. • It supports our transition towards a circular economy model. • Reducing material-related environmental implications strengthens our overall sustainability performance. 		Positive
18	Training and education	Opportunity	<ul style="list-style-type: none"> • Investing in training reduces employee turnover and lowers external hiring costs. • A well-trained workforce is more engaged, committed, and productive. • Training delivers measurable returns for both the individual and the organisation. 	<ul style="list-style-type: none"> • We provide training to our workforce based on needs assessments that form an integral part of the performance evaluation process. • This ensures that development initiatives are targeted, relevant, and aligned with both individual and business needs. 	Positive
19	Regulatory compliance	Risk	<ul style="list-style-type: none"> • Non-compliance increases the costs of running a business. • It reduces our attractiveness as a long-term investment destination. 	<ul style="list-style-type: none"> • Responsibilities, accountabilities, and reporting lines are clearly defined across all departments to ensure conformance with applicable regulations. • Regular audit procedures are in place to assess and strengthen our compliance preparedness. 	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)
20	Diverse and inclusive work environment	Opportunity	<ul style="list-style-type: none"> A diverse environment brings together individuals with varied knowledge, perspectives, and viewpoints, enhancing overall performance. Inclusion drives innovation, improves talent attraction and retention, and increases employee engagement and efficiency. 	<ul style="list-style-type: none"> We are increasing the representation of women in our workforce and using employee feedback to enhance our development programmes. Our approach focuses on health and safety, mental health wellbeing, and promoting inclusion for all employees. We maintain a firm non-discrimination stance across all our operations. 	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	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	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	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 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 biofertilizer/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 our contracted farmers are currently using green manures to improve soil organic content, with soil testing planned over the next 2-3 years to measure improvement.
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, with 80% of our contracted farmers adopting mechanised stubble removal.
P2	100% Contracted farmers to be provided with CPA (Crop Protection Agent) boxes for safe storage	Voluntary		75% (on track)
P3	100% Contracted farmers to be trained on use of agrochemicals and safe disposal	Voluntary		75% (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, color, 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 FY 2025-26, our green power mix has reached 33% of overall plant consumption.
P6	Aim to operate 100% of fleet (owned and third party) on electric vehicles by 2030 (Baseline 2019- 20)	Voluntary		We do not currently operate an EV passenger fleet. A feasibility study of EV buses is in progress. 14 forklifts are battery operated, 1 EV charging station is operational for 4 wheelers, and 3 EV charging stations are available for 2 wheelers. This initiative is on track. (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, our rainwater harvesting potential is more than 3 times the site net water consumption, and in Toopran it is more than 4 times 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	Achieving 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 present VST's Business Responsibility and Sustainability Report for FY 2025–26, I am pleased to share the meaningful progress we have made across our environmental, social, and governance commitments this year.

On the environmental front, our energy transition has continued to gain momentum. Our green power mix has reached 33% of overall plant consumption, driven by our 1.18 MW on-grid solar plant and an additional 15 KW of solar street lighting installed across walkways and parking areas this year. Solar plant efficiency improved by 2.5% compared to FY 2024–25 through disciplined maintenance practices. Through the implementation of our DRF, AHU, and Compressor Closed Loop System, we achieved significant energy savings, reducing emissions by approximately 83 tonnes of CO₂ annually. Further, we transitioned from LPG to PNG for our canteen cooking operations at our Toopran unit. This has further contributed a reduction of 65 tonnes of CO₂ annually. We remain committed to achieving carbon neutrality by 2030, in alignment with national objectives.

Our water stewardship has continued to strengthen. Our Toopran facility maintains Zero Liquid Discharge operations enabled by its ETP systems which reuses water for gardening and landscaping on site. Across our manufacturing locations, ten rainwater harvesting pits harvested 65,626 kilolitres of rainwater during the year, and for the first time, 450 KL of harvested rainwater was utilised directly for civil construction activities at Toopran. Our Toopran facility continues to maintain a rainwater harvesting capacity more than four times its net water consumption.

In waste management, we have implemented the 5S methodology and Red Tag system across our organisation to drive waste reduction at source. Cigarette waste at our manufacturing operations reduced by 0.8% in FY 2025–26 compared to the previous year, driven by improved productivity. Our Extended Producer Responsibility programme continues to operate across 26 States and 6 Union Territories through authorised waste handlers. Our packaging transition to 100% biodegradable BOPP overwrap and fully recyclable paper and paperboard materials remains in place, reinforcing our circular economy commitments. We have also strengthened our green cover through partnerships with our vendors, complementing our ongoing sapling plantation programme.

Our agricultural supply chain has seen steady progress against our FY 2030 targets. Field preparation has achieved 100% mechanisation, and 80% of our contracted farmers have now adopted mechanised stubble removal. Drip irrigation adoption stands at 10% against our 30% target, and biochemical adoption has similarly reached 10%, with active programmes underway to accelerate both. Coverage of contracted workers trained under our Agricultural Labour Practices Code increased from 45% to 50% this year, and PPE kit coverage among our farmers improved from 50% to 60%, with a planned annual increase of 10 percentage points to reach 100% coverage within five years. Feedback from farmers confirms a reduction in Green Tobacco Sickness cases following higher PPE adoption which is a direct outcome of our farmer health and safety investments.

Our Grower Management System mobile application is being further enhanced in FY 2025-26 to strengthen digital traceability, with improvements planned across farm-level data capture, processing traceability, and integration with internal reporting systems. The platform already enables end-to-end traceability of tobacco leaf from farm to factory.

Our workforce health and safety agenda continues to advance. New machinery introduced this year incorporates Class 4 safety guarding and interlocking as standard, and our Behaviour Based Safety programme, Parivartan, continues to strengthen our safety culture. Employees and workers have access to occupational health services, counselling, and wellness programmes through our on-site health centre.

Our CSR programmes across Rural Development, Health & Sanitation, Education & Sports, and Environment & Sustainability, benefited around 1 Million lives, with a total CSR spend of ₹7.58 Crore.

The progress reflected in this report is the result of sustained effort across every function of our business. Our 2030 sustainability targets give us a clear direction, and the systems, partnerships, and practices we are building year on year bring us closer to achieving them. We will continue to report transparently on our performance and hold ourselves accountable to our stakeholders as we advance on this 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. Nellaiappan Thiruambalam (Independent Non-Executive Director; DIN: 02121182)
4. Mr. Alok Agarwal (Non-Executive Director; DIN: 08655585)
5. Mr. Naresh Kumar Sethi (Non-Executive Director; DIN: 08296486)
6. Mr. S. Thirumalai (Non-Executive Director; DIN: 00011899)
7. Mr. Piyush Srivastava (Managing Director & Chief Executive Officer; DIN: 10775803)

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

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%
Senior Managerial Personnel (SMP)	7		100%
Employees other than BoD and SMPs	1	ESG awareness programmes by implementation partner.	100%
Workers	1	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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Directors		
KMPs		
Employees	0	0
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2025-26 (Current Financial Year)		FY 2024-25 (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 have 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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Number of days of accounts payables	49	46

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 2025-26 (Current Financial Year)	FY 2024-25 (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	1062	982
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	16%	23.9%
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	<p>During FY2025-26, awareness programmes for value chain partners focused on strengthening adherence to sustainable agricultural and ethical practices across the tobacco supply chain. While a crop holiday was declared for BSC, MWSC, Kurnool Rustica, and LSB crops, the Company achieved 100% GMS coverage for DFC and SCN farmers, with field mapping activities progressing for Oriental and Talmari crops. GMS implementation from early field practices through the Farmer Livelihood Survey remains ongoing for Talmari and Oriental tobaccos, with a commitment to achieve 100% grower coverage under GMS in FY2026-27.</p> <p>Additionally, all farmers were sensitised through structured training sessions conducted by managers and field technicians on Good Agricultural Practices (GAP), adherence to the ALP Code, appropriate use of Personal Protective Equipment (PPE) and Crop Protection Agent Stewardship (CPAS), environmental conservation, and the prevention of child and forced labour/modern slavery. These initiatives reinforce responsible sourcing practices and promote sustainable livelihoods across the value chain.</p>	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 2025-26)	Previous Financial Year (FY 2024-25)	Details of improvements in Environmental and social impacts
R&D	0%	0%	Not Applicable
Capex	1.65%	5.51%	Energy efficiency initiatives were implemented through the adoption of advanced and resource-optimised technologies across operations. These include the installation of auto-controlled air wash units, LED lighting systems, dust removal fans integrated with bag filters, energy-efficient water coolers, and a centralised Dust Recovery Facility (DRF). Additionally, the deployment of a Controlled Flow Conveying System (CFC system) and Polyurethane Flooring (PU flooring) has enhanced operational efficiency while minimising energy consumption and material losses. Collectively, these measures contribute to reduced environmental footprint, improved air quality, and optimised resource utilisation, aligning with the organisation's commitment to sustainable and responsible operations.

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes. We have established procedures for the sustainable sourcing of tobacco leaf and stems, covering both environmental and social standards across our agricultural supply chain.

We form long-term contracts with farmers that require adherence to our Agricultural Labour Practices (ALP) Code and the Good Agricultural Practices (GAP) outlined in our Farmer Handbook. Our field technicians support farmers in implementing these requirements and use the Grower Management System (GMS) mobile application to monitor compliance across key areas including seedbed management, transplanting, and crop protection. During FY 2025-26, the GMS application has been further enhanced to strengthen digital traceability, with improvements underway in farm-level data capture, processing traceability, and integration with internal reporting systems, enabling end-to-end traceability of tobacco leaf from farm to factory.

Our sustainable sourcing practices cover the following areas:

Pesticide and Toxicity Management: We provide farmers with Crop Protection Agents (CPAs) approved by the Central Insecticides Board, ensuring only recommended pesticides are used in prescribed doses. Tobacco leaves undergo CPA residue analysis to maintain compliance with safety thresholds. We also promote natural de-raking conditions to minimise Tobacco Specific Nitrosamines (TSNAs), and are actively accelerating the transition from traditional chemicals to biochemicals across our farmer network.

Soil and Water Management: We educate and encourage crop rotation, use of leftover crop residues to boost soil organic carbon, and application of farmyard manures to improve soil health. We support green manuring practices among our contracted farmers to improve soil organic content, with soil testing planned to measure improvement over time. We are also actively increasing the adoption of drip irrigation and micro-sprinklers to improve water efficiency on farms.

Mechanisation: Field preparation has achieved full mechanisation, and the majority of our contracted farmers have adopted mechanised stubble removal. We continue to work towards full mechanisation across all farming operations by FY 2030.

Curing Practices: Most farmers practise sun curing, while those using fire curing are guided on efficient fuel use to minimise environmental impact.

Non-Tobacco Related Material (NTRM) Control: We monitor baling processes vigilantly and deploy NTRM sorters in our factories to ensure the purity and quality of tobacco bales.

Health and Safety: We are progressively increasing PPE kit coverage among our contracted farmers, with farmer feedback confirming a reduction in Green Tobacco Sickness (GTS) cases as adoption grows. We also provide water for sanitation purposes across farming operations.

Human Rights: The ALP Code is monitored regularly across our supply chain to prevent discrimination, child labour, and forced labour, and to ensure payment of minimum wages and safe working conditions. We are continuously expanding ALP Code training coverage among contractual workers in our supply chain.

Sustainable Supply Chain Framework: 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 defined criteria and evaluating them for ESG risks, ensuring alignment with our sustainability goals across our sourcing base.

b. If yes, what percentage of inputs were sourced sustainably?

46.07% 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 our activities. We have collaborated with SPCB-approved recyclers to implement our EPR plan and ensure full compliance with waste collection and disposal guidelines. Our waste collection plan is in line with the EPR plan submitted to the Pollution Control Boards.

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, Life cycle Assessment has not been conducted in FY 25-26, Yes we have a plan to conduct.					

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 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
	Nil	Nil

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 workers											
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 workers											
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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.14%	0.16%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2025-26 Current Financial Year			FY 2024-25 Previous 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	33.4	0	Y	38.8	0	Y

3. Accessibility of workplaces

Our facilities are designed to promote inclusiveness and accessibility for persons with disabilities. Key features include wheelchair-accessible pathways, well-designed ramps, and barrier-free entry and exit points, enabling safe and convenient movement across the premises.

While a formal accessibility assessment has not been undertaken, the Administration and Security teams conduct periodic internal reviews and implement necessary modifications to enhance ease of access and overall convenience. These efforts underscore our ongoing commitment to fostering an inclusive and accessible workplace environment.

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 established a structured mechanism to address grievances raised by both permanent and non-permanent employees. This framework plays a critical role in fostering trust and promoting a positive work environment by encouraging open feedback and continuous workplace improvement.
Other than Permanent Workers	
Permanent Employees	Employee engagement is further strengthened through quarterly Town Halls, where key policies and organisational updates are communicated. The Company has also instituted a robust Whistleblower Policy and Prevention of Sexual Harassment (POSH) Policy, reinforcing its commitment to ethical conduct and a safe workplace. We maintain a supportive approach towards addressing employee concerns, with managers empowered to proactively resolve issues at the operational level. Additionally, regular awareness sessions are conducted on POSH and the Code of Conduct, along with guidance on the whistleblower mechanism, which is also accessible through the Company's website.
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

	FY 2025-26			FY 2024-25		
	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	359	0	0	343	0	0
Male	349	0	0	333	0	0
Female	10	0	0	10	0	0
Total Permanent Workers	353	353	100	353	353	100
Male	353	353	100	353	353	100
Female	0	0	0	0	0	0

8. Details of training given to employees and workers:

Category	FY 2025-26 Current Financial Year					FY 2024-25 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	349	46	13.1	159	45.56	333	35	10.51	279	83.78
Female	10	3	30	1	10	10	4	40	1	10
Others	0	0	0	0	0	0	0	0	0	0.00
Total	359	49	13.6	160	44.57	343	39	11.37	280	81.63
Workers										
Male	353	353	100	353	100	353	332	94	113	32.01
Female	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0
Total	353	353	100	353	100	353	332	94	113	32.01

9. Details of performance and career development reviews of employees and worker:

Category	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	349	349	100	333	333	100
Female	10	10	100	10	10	100
Total	359	359	100	343	343	100
Workers						
Male	353	353	100	353	353	100
Female	0	0	0	0	0	0
Total	353	353	100	353	353	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 annual Hazard Identification and Risk Assessment (HIRA), complemented by routine Job Safety Analysis (JSA) for task-specific activities, to proactively identify work-related hazards. Appropriate mitigation measures are implemented to address identified risks, which are systematically documented and monitored through a centralised risk register, reinforcing our commitment to occupational health and safety.

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 established structured mechanisms that empower workers to report work-related hazards and withdraw from unsafe conditions without fear of reprisal. Regular awareness initiatives encourage reporting of near-miss incidents and unsafe practices, enabling timely management intervention and investigation.

All reported concerns are addressed through the implementation of corrective and preventive actions. In addition, we have instituted robust safety systems, including machine guarding inspection and reporting protocols, Lockout-Tagout (LOTO) procedures, and a formal Permit-to-Work system, reinforcing our commitment to proactive risk management and a safe working environment.

d) Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No).

Yes, employees and workers have access to first-aid and primary healthcare facilities through an on-site healthcare centre. Awareness regarding the availability of these services is regularly communicated to all personnel.

Health and safety aspects are actively monitored by the Production Manager, Medical Officer, and IR Manager to ensure timely support and effective response. The Company also provides medical insurance coverage to employees and workers, with the insurer sharing details of empanelled hospitals to facilitate access to quality healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0

Safety Incident/Number	Category*	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Number of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

*Including 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:

- **Emergency Preparedness:** A comprehensive emergency response plan is implemented covering fire, explosion, electrical failures, and chemical/fuel leakages, supported by quarterly mock drills to ensure preparedness.
- **Risk Mitigation:** Safety guidelines are established and enforced to address risks identified through Job Safety Analysis (JSA).
- **Safety Audits:** Internal safety audits are conducted semi-annually in line with IS 14489 standards, along with biennial external safety audits to ensure compliance and continuous improvement.
- **Governance Oversight:** Safety performance is reviewed on a quarterly basis by the Board and senior management, reinforcing accountability and oversight.
- **Capacity Building:** Ongoing training programmes are conducted to enhance safety awareness and competencies among employees and workers.
- **Occupational Health:** Periodic medical surveys and health check-ups are undertaken to monitor and safeguard employee well-being.
- **Safety Culture:** A proactive safety culture is fostered by encouraging employee participation through suggestions and continuous engagement initiatives.
- **Recognition & Engagement:** Safety Day programmes, including competitions and recognition initiatives, are organised to promote awareness and reward best practices in safety.

13. Number of Complaints on the following made by employees and workers:

	FY 2025-26 (Current Financial Year)			FY 2024-25 (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 honored 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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)	FY 2025-26 (Current Financial Year)	FY 2024-25 (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	46.07%
Working Conditions	46.07%

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 2025-26, we provided PPE kits to 50% of our farmers. Looking ahead, we aim to evaluate farmers under our sustainable supply chain assessment framework.

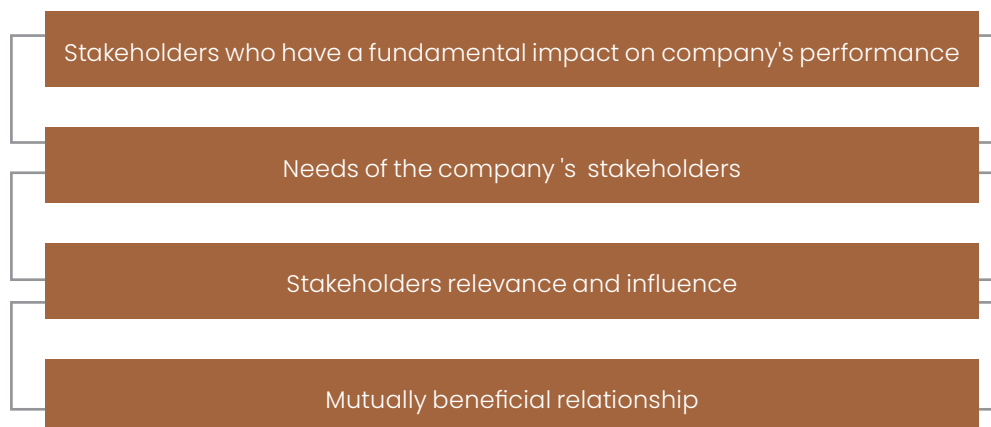
We also ensure farmers are trained in the safe disposal of Crop Protection Agents (CPA). Our field technicians play a critical role in monitoring compliance among contracted farmers, assisting with crop registration, offering expert guidance on nursery and plantation management, overseeing baling operations, 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.

Meaningful progress depends on the quality of relationships that underpin it. At VST, engagement with our stakeholders is not an obligation to be met but an opportunity to build trust, align on shared priorities, and co-create solutions that are both operationally grounded and socially relevant. We follow a structured process to identify and prioritise stakeholder groups – encompassing employees, suppliers, farmers, partners, shareholders, and the communities in which we operate – beginning with an assessment of who is affected by our operations and who influences our ability to create long-term value. Insights gained through these interactions are factored directly into our strategy and decision-making. Our stakeholder identification process is guided by four core principles:



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"> E-mails 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"> E-mails 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, chaired by the Managing Director and Chief Executive Officer, with the ESG Lead (Corporate Sustainability) as a key member. The Committee is responsible for planning and developing our ESG strategy, conducting comprehensive reviews of overall performance, and monitoring operational direction to ensure alignment with our sustainability goals. To ensure stakeholder voices are heard and considered at the highest level, the Committee engages in Townhall discussions, providing a platform for open communication with employees across all levels of the organisation. This creates a structured channel through which employee perspectives, concerns, and suggestions are captured and factored into ESG planning and decision-making. The Corporate ESG Committee provides regular feedback to the CSR Committee, ensuring that stakeholder insights are continuously integrated into our business practices and that ESG considerations remain embedded in our broader governance structure. Where consultation is delegated, findings and outcomes are escalated to the Board to ensure informed oversight on economic, environmental, and social matters.

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. Stakeholder consultation is integral to how we identify, prioritise, and manage environmental and social topics. We believe that meaningful sustainability requires addressing not just operational challenges but also the concerns and priorities of those who are affected by and influence our business. This is reflected in our materiality assessment process, which is conducted through the following structured steps:

Identification: We develop an initial list of material topics by drawing on industry peer practices and sector-specific guidance from key global and national ESG standards and frameworks.

Stakeholder Consultation: We invite key internal and external stakeholders to participate in a structured consultation process, recording their assessment of the impact and influence of each material topic on our business and on society.

Prioritisation: Findings from stakeholder consultations are reviewed by senior management and the ESG Council, following which the Board of Directors reviews and approves the final list of material topics for the organisation.

Policy Integration: As a direct outcome of this process, existing policies are reviewed and modified where required, and new policies are developed where gaps are identified. Standard Operating Procedures are also revisited to incorporate conclusions and observations emerging from the stakeholder engagement process.

This cycle of consultation, review, and integration ensures that stakeholder perspectives are not only heard but actively shape the policies and priorities that guide our operations.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

Our engagement with vulnerable and marginalised stakeholders is structured around two areas: agricultural supply chain communities and broader rural development through our CSR programmes.

Within our agricultural supply chain, we work directly with farming communities to improve livelihoods and build long-term resilience. This includes training in advanced and sustainable farming methods to improve productivity, support for water management and harvesting techniques, and upliftment of women farmer self-help groups. These initiatives are designed to address the specific vulnerabilities of smallholder and marginal farmers, including limited access to modern agricultural inputs, income instability, and exposure to occupational health risks.

Through our CSR programmes, we address the broader development needs of communities in our areas of operation. Our focus areas of Rural Development, Health & Sanitation, Education & Sports, and Environment & Sustainability are specifically designed to improve living conditions for underserved populations. Initiatives undertaken include the installation of household toilets to improve sanitation access, solar street lighting to provide reliable and sustainable lighting in rural areas, and farmer training in modern farming techniques to strengthen agricultural livelihoods.

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)	7	52,80,000	1	44,80,000
Key Managerial Personnel	2	1,85,08,745	0	0
Employees other than BoD and KMP	346	11,50,592	10	11,94,990
Workers	353	9,93,128	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Gross wages paid to females as % of total wages	0.09%	0.10%

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 2025-26 Current Financial Year			FY 2024-25 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	0	0	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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Complaints reported under Sexual Harassment 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 mechanism enables individuals to report instances of discrimination, harassment, or unethical conduct to the management through designated communication channels, without fear of retaliation or adverse consequences.

All complaints are treated with the highest level of confidentiality, and the identity of the complainant is protected, except where disclosure is mandated by law or regulatory requirements. Any form of victimisation, intimidation, or retaliation against a complainant, witness, or participant in an investigation is strictly prohibited and subject to disciplinary action.

The Company is committed to ensuring a fair, transparent, and unbiased redressal process, thereby reinforcing a safe, respectful, and ethical workplace. This is demonstrated through past instances, including a case reported in 2021, which was addressed with due 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 labor, 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.

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	46.07%
Discrimination at workplace	46.07%
Child Labor	46.07%
Forced Labor/Involuntary Labour	46.07%
Wages	46.07%
Others- please specify	46.07%

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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (GJ)	5,766	5,201
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)	5,766	5,201
From non-renewable sources		
Total electricity consumption (D) (GJ)	13,572	11,496
Total fuel consumption (E) (GJ)	15,506	15,069
Energy consumption through other sources (F) (GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F)	29,078	26,565
Total energy consumed (A+B+C+D+E+F)	34,844	31,766
Energy intensity per rupee of turnover (Total energy consumed/Revenue from operations)	0.0000017 GJ/ INR	0.0000018 GJ/ INR
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/Revenue from operations adjusted for PPP)	0.000035 GJ/per INR adjusted to PPP	0.000036 GJ/per INR adjusted to PPP
Energy intensity in terms of physical output	5.90 GJ/Million Cigarettes	6.05 GJ/Million Cigarettes
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: The Purchasing Power Parity (PPP) for the current FY 2026 is sourced from the International Monetary Fund (IMF). The PPP factor applied is 20.34 as per the 2026 update.

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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	19,777	23,326
(iii) Third party water	4,593	10,755
(iv) Seawater/desalinated water	0	0
(v) Others (Rainwater harvesting)	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	24,370	34,081
Total volume of water consumption (in kilolitres)	24,370	34,081*
Water intensity per rupee of turnover (Total Water consumed/Revenue from operations) (kL/Rs)	0.0000012 KL/INR	0.0000018 KL/INR
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/Revenue from operations adjusted for PPP)	0.000024 KL/INR adjusted to PPP	0.00004 KL/INR adjusted to PPP
Water intensity in terms of physical output	4.12 KL/Million Cigarettes*	6.49 KL/Million Cigarettes*
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: The Purchasing Power Parity (PPP) for the current FY 2026 is sourced from the International Monetary Fund (IMF). The PPP factor applied is 20.34 as per the 2026 update.

* The values of water consumption have been extrapolated for FY 2025 and FY 2026 based on the headcount of the sales office and the estimated consumption is 45 liters per head per working day for offices (as per CGWA guideline)

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 2025-26 (Current Financial Year)	FY 2024-25 (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
(iv) Sent to third parties	0	0
No treatment	0	0
With treatment – please specify level of treatment	0	0

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
(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.

At our Toopran manufacturing facility, approximately 25% of wastewater generated is treated and effectively reused for gardening and landscaping purposes. The site is equipped with Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP) systems to ensure efficient daily wastewater treatment.

Aligned with our commitment to sustainable water management, the facility has implemented a Zero Liquid Discharge (ZLD) mechanism. Treated wastewater from the ETP is fully reutilised within the premises, minimising freshwater consumption and eliminating liquid discharge, thereby contributing to resource conservation and environmental stewardship.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
NOx	Tonnes	8.37	17.65
Sox	Tonnes	6.01	14.58
Particulate Matter (PM)	Tonnes	1.91	3.74
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 2026 (Current Financial Year)	FY 2025 (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	1,009	985
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	2,677	2,322
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	0.00000017	0.00000018

Parameter	Unit	FY 2026 (Current Financial Year)	FY 2025 (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	0.0000036	0.0000037
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO ₂ e/Million Cigarettes	0.62 tCO ₂ eq/ Million Cigarettes	0.66 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 Purchasing Power Parity (PPP) for the current FY 2026 is sourced from the International Monetary Fund (IMF). The PPP factor applied is 20.34 as per the 2026 update.

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 several projects aimed at reducing GHG emissions across our manufacturing operations. The key projects are outlined below:

- DRF, AHU and Compressor Closed Loop System:** We have implemented a closed loop system across our DRF, AHU, and compressor operations, delivering energy savings of 6,510 KWH per month and an annual reduction of approximately 83 tonnes of CO₂ emissions.
- Solar Power Expansion:** Our 1.18 MW on-grid solar plant now meets 33% of our overall plant power consumption, up from 30% in the previous year. Solar plant efficiency has improved by 2.5% compared to FY 2024–25, driven by disciplined maintenance practices. We have additionally installed 15 KW of solar street lighting across walkways and parking areas, further reducing grid dependency and lowering carbon emissions.
- AHU Modernisation:** Through the modernisation of our Air Handling Unit, we have achieved a 0.9% reduction in energy consumption, contributing to our broader energy efficiency and emissions reduction objectives.
- LPG to PNG Conversion:** The transition from LPG to piped natural gas (PNG) for canteen cooking operations at our Toopran unit has resulted in an annual reduction of 65 tonnes of CO₂ emissions, while also improving burner efficiency and heat utilisation.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2026 (Current Financial Year)	FY 2025 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	83.78	31.59
E-waste (B)	0	0
Bio-medical waste (C)	0.0409	0.059
Construction and demolition waste (D)	0	1
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G) Used oil	0	0.86
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	401.64	342.09
Total (A+B + C + D + E + F + G + H)	485.46	375.6
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.00000023 MT/INR	0.00000020 MT/INR
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	0.00000047 MT/INR of turnover adjusted to PPP	0.00000042 MT/ INR of turnover adjusted to PPP
Waste intensity in terms of physical output	0.082 MT/Million Cigarettes	0.072 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	485.42	374.55
(ii) Re-used	0	1
(iii) Other recovery operations	0	0
Total	485.42	375.55
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0.0409	0.059
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	0.0409	0.059

Note: The Purchasing Power Parity (PPP) for the current FY 2026 is sourced from the International Monetary Fund (IMF). The PPP factor applied is 20.34 as per the 2026 update.

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 waste management practices are built around the principles of Reduce, Reuse, and Recycle, embedded across our value chain. Waste generated at our facilities is categorised into hazardous and non-hazardous components, with each category managed through defined disposal and treatment processes.

For hazardous waste, we maintain strict oversight across our production facilities to ensure waste levels remain within regulatory permissible limits. Hazardous waste is stored, labelled, and transported in compliance with applicable guidelines and disposed of exclusively through authorised third-party recyclers in alignment with Central and State Pollution Control Board (SPCB) requirements. Bio-medical waste is incinerated at a third-party incinerating facility. We do not consume hazardous chemicals in our manufacturing processes.

Non-hazardous waste, including plastic waste, is managed through segregation at source and directed towards appropriate recycling and reuse channels. During FY 2025-26, we implemented the 5S methodology and Red Tag system across our organisation to drive waste reduction at source and improve operational discipline around waste handling. As a result of these initiatives, we improved manufacturing productivity and cigarette waste at our facilities reduced by 0.8% compared to the previous year.

Waste segregation is ensured at the point of generation, with colour-coded systems and defined Standard Operating Procedures in place to maintain consistency across our facilities. Environmental performance, including waste generation and disposal, is monitored on an ongoing basis to identify further opportunities for reduction and efficiency improvement.

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 are compliant with 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 the Environment Protection Act and its associated rules. We hold the requisite Consent to Establish and Consent to Operate under these Acts, and ensure timely renewal of all operational permits. Compliance with State Pollution Control Board protocols is maintained across our facilities, and we continue to integrate appropriate technological measures into our production processes to minimise our environmental footprint.

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 2025-26 (Current Financial Year)	FY 2024-25 (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 2025-26 (Current Financial Year)	FY 2024-25 (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	75,104	2,856
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ /equivalent/INR Lakh	0.367	0.0157
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO ₂ /million cigarettes	12.71	0.544

* There is a significant increase in scope 3 emissions considering inclusion of more number of scope 3 categories and comprehensiveness in the accounting methodology during the financial year.

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	Conversion of fuel from LPG to PNG for canteen cooking operations at our Toopran unit.	This transition resulted in an annual reduction of 65 tonnes of CO ₂ emissions and improved burner efficiency, contributing to better heat utilisation.
2	Renewable energy	Operation of our 1.18 MW on-grid solar power plant, supplemented by 25 KW of off-grid solar lighting across our facilities. An additional 15 KW of solar street lighting was installed across walkways and parking areas during FY 2025-26.	33% of our power consumption is met by the Solar power project.
3	Optimising water usage	<ol style="list-style-type: none"> 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%.

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of initiative
4	Technology Upgradation	<ol style="list-style-type: none"> 1. Implementation of DRF, AHU, and Compressor Closed Loop System. 2. Modernisation of the Air Handling Unit, reducing energy consumption by 0.9%. 3. Installation of 15 KW additional solar streetlights at walkways and parking areas. 4. Increase in solar power mix from 30% to 33%. 	Implementation of the DRF, AHU, and Compressor Closed Loop System delivered energy savings of 6,510 KWH per month and an annual reduction of approximately 83 tonnes of CO ₂ emissions. AHU modernisation contributed a further 0.9% reduction in energy consumption. Cumulatively, technology upgradation initiatives reduced CO ₂ emissions by 145 tonnes during FY 2025-26.
5	Optimising tobacco utilisation	Experimented with Blend & Process parameters	2% improvement in cut tobacco blend fill power, Reduced Cigarette Density by 2 points 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.

Yes. We have established a Business Continuity Management System (BCMS) designed to identify potential threats and implement effective mitigation strategies across our operations. The BCMS is integrated into our operational and technological frameworks, enabling swift recovery of critical business functions in the event of disruption, while minimising impact on our customers, stakeholders, and reputation. Business Continuity Plans are developed, tested, and maintained for all critical functions to ensure continued operations under acceptable levels of disruption. We regularly evaluate the effectiveness of our BCMS and build awareness among employees through training and structured consultations to embed a strong culture of business continuity across 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 Program 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 generally 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 in agrochemical usage and safe disposal. Moving forward, we plan to promote the use of bio-fertilizers 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 2025-26, 85% 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 2025-26, most of 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-fertilizers among our farmers.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

46.07% 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:

- a) By the company: Nil
- b) 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

b. 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 2026.	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 have been no Social Impact Assessments (SIA) of projects undertaken 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 2025-26*	FY 2024-25*
Directly sourced from MSMEs	6%	0.63%
Directly from within India	94%	92%

*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 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Rural	17.2%	18%
Semi-urban	32%	17%
Urban	29%	34%
Metropolitan	11%	31%

(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	Rural Development	2,000	100
2	Health & Sanitation	69,168	60
3	Education & Sports	7,250	56
4	Environment & Sustainability	14,312	100

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 customer feedback mechanisms, including a dedicated quality assurance contact number and email ID displayed on every cigarette pack. All complaints received through these channels are promptly routed to the respective regional managers for timely resolution, ensuring accountability and continuous improvement in product quality and customer satisfaction.

2. Turnover of products/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 2025-26			FY 2024-25		
	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.

Web-link: <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:

- a. **Number of instances of data breaches along-with impact**
None
- b. **Percentage of data breaches involving personally identifiable information of customers**
0%
- c. **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. As per COTPA regulations, we can only communicate at the point of sale. Therefore, no other channels or platforms have been developed to share product information.

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)

No. We do not display product information beyond what is mandated under applicable laws and regulations. Product packaging and labelling strictly comply with the requirements prescribed under the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA).