VST Industries Limited

July 6, 2026

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

STOCK CODE : 509966

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

STOCK SYMBOL : VSTIND

Dear Sir/Madam,

Sub : Annual Report 2026

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, we enclose a copy of the Annual Report for the financial year ended 31st March, 2026 including the Report and Accounts of the Company, Notice of the 95th Annual General Meeting of the Company to be held on 29th July, 2026 and the Business Responsibility & Sustainability Report (BRSR).

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

Please take the same on record.

Yours faithfully,
For VST INDUSTRIES LIMITED

PHANI KUMAR MANGIPUDI
Digitally signed by PHANI KUMAR MANGIPUDI
Date: 2026.07.06 16:50:57 +05'30'

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

Encl : As above.

VST INDUSTRIES LIMITED

STRENGTH AMIDST TRANSITION

Annual Report
2025-26

WHAT'S INSIDE

CORPORATE OVERVIEW

02 VST at a glance
04 Board of Directors
07 Management team
08 Chairman's message
10 MD & CEO's message
12 Industry landscape and market outlook
14 Strategic priorities
16 Business model
18 Brand and portfolio performance
22 Key performance indicators
24 Manufacturing excellence and supply chain
25 Leaf operations and farmer ecosystem
26 Digital transformation and future-readiness
28 ESG overview-Progress against the ESG 2030 roadmap
31 CSR
33 Corporate information

STATUTORY REPORTS

35 Notice
46 Report of the Board of Directors & Management Discussion and Analysis
61 Report on Corporate Governance
87 Corporate Social Responsibility (CSR) Policy
99 Business Responsibility & Sustainability Report

FINANCIAL STATEMENTS

150 Financial statements

FY 2025-26 HIGHLIGHTS

Financial

₹2,04,575 Lakhs
Revenue

₹29,225 Lakhs
Net profit

₹17.21
Earnings per share

₹34,873 Lakhs
EBIT

₹1,44,567 Lakhs
Net assets employed

₹12
Dividend per share

27.8%
RoCE

Non-financial

₹758 Lakhs
CSR expenditure

1
School building block constructed

12,000
Women self-help groups supported

5,000
Mid-day meals provided to schoolchildren

400
Smart toilets constructed

STRENGTH AMIDST TRANSITION

FY 2025-26 was a year shaped by transition at VST Industries Limited (VST), marked by shifting industry conditions, evolving leadership, sharper regulatory sensitivity, and our continued push towards a more future-ready business model. Even as the operating landscape remained demanding, our core strengths continued to provide stability: a trusted portfolio, disciplined execution, stronger manufacturing capabilities, deep farmer linkages, a growing digital foundation, and a governance-led approach to long-term value creation.

In this context, we define strength not merely by our ability to withstand pressure, but by our capacity to adapt with clarity and purpose. For us, transition has meant more than responding to change; it has meant using change as an opportunity to reinforce our competitiveness, sharpen our priorities, and prepare the Company for its next phase of growth. Our performance during the past fiscal year demonstrates how this strength has been expressed across our strategy, operations, brand-building, sustainability, and commitment to stakeholders.

VST AT A GLANCE

Trusted for nine decades, focused on tomorrow

With a legacy spanning more than 90 years, our Company is a well-established player in the Indian cigarette industry, recognised for our responsible conduct, trusted brands and disciplined approach to business. We serve the evolving preferences of adult consumers through a diversified portfolio, while remaining focused on product quality, operational excellence and long-term value creation.

WHAT SETS US APART?

Our Company's distinguishing feature lies in the discipline with which we bring our business together, translating our long-standing market presence into a more integrated, execution-led, and future-ready operating model. In a category shaped by regulation, tax sensitivity, and shifting market realities, our ability to respond with consistency, control, and preparedness gives us a more durable platform for long-term value creation.

As an associate undertaking of British American Tobacco Plc, our operations are anchored by state-of-the-art facilities in Toopran, enabling consistency, precision and quality across the manufacturing value chain.

CORE STRENGTHS

Best of both worlds

A diversified portfolio designed to address varied adult consumer preferences across segments, supported by a mix of heritage and new-age offerings.

Eye on changing trends

A product and portfolio development approach shaped by changing adult consumer preferences, insight-led launches and continued category relevance

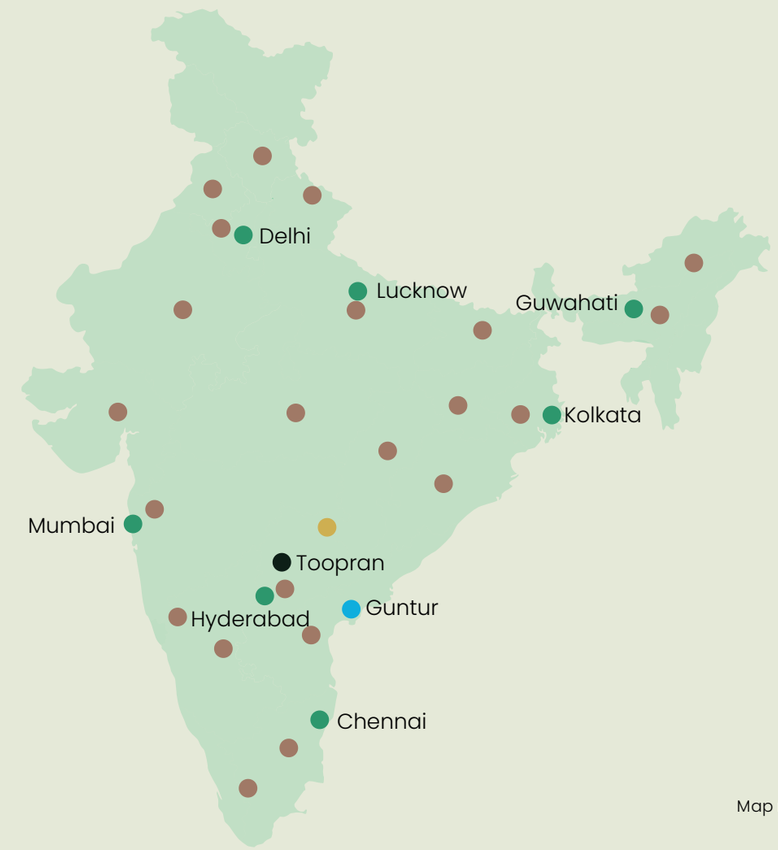
Expansive footprint

A wide and deeply embedded distribution network that supports access across key markets and enables consistent product availability.

Strategic guidance

A culture supported by experienced leadership, capable teams and a governance-led mindset that reinforces long-term performance.

NATIONWIDE PRESENCE



Map not to scale

OFFICES AND MANUFACTURING FACILITIES

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

1
Manufacturing facility in Toopran

7
Regional offices in Hyderabad, Mumbai, Delhi, Kolkata, Chennai, Guwahati and Lucknow

850+
Wholesale dealers

10 Lakhs+
Retail outlets

BOARD OF DIRECTORS

Collective wisdom, clear oversight

MR. NARESH KUMAR SETHI
Non-Executive Chairman

MR. ALOK AGARWAL
Non-Executive Director

MR. S. THIRUMALAI
Non-Executive Director

MS. RAMA BIJAPURKAR
Independent Non-Executive Director

MR. SUDIP BANDYOPADHYAY
Independent Non-Executive Director

MR. RAJEEV BAKSHI
Independent Non-Executive Director

MR. NELLAIAPPAN THIRUAMBALAM
Independent Non-Executive Director

MR. PIYUSH SRIVASTAVA
Managing Director & CEO

MR. NARESH KUMAR SETHI
Non-executive Director & Chairman of the Board

Mr. Sethi joined the Board of Directors of VST Industries Limited in 2018 as a Non-executive Director, representing the interests of the Promoter Group — British American Tobacco (BAT). He serves as a member of the Audit Committee, Nomination and Remuneration Committee, the Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and the Strategy Committee.

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

MR. ALOK AGARWAL
Non-executive Director

Mr. Alok Agarwal joined the Board of Directors of VST Industries Limited effective 25th April 2025 as a Non-executive Director representing the interests of M/s. Bright Star Investments Pvt. Ltd. He has the requisite skills and expertise in Corporate & Business Management, Strategy, M&A in India and globally. He has over 48 years of experience in various industries and sectors. He is a member of the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee and the Risk Management Committee.

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

MR. S. THIRUMALAI
Non-executive Director

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

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

MS. RAMA BIJAPURKAR
Independent Non-executive Director

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

Ms. Bijapurkar holds a B.Sc. (Hons.) in Physics from Delhi University and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. A recognised thought leader in market strategy and India's consumer economy, she brings over 31 years of experience in market strategy consulting and research.

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

Board of Directors

MR. SUDIP BANDYOPADHYAY
Independent Non-executive Director

Mr. Sudip Bandyopadhyay joined the Board of Directors of VST Industries Limited in 2019 as an Independent Non-executive Director. He currently serves as the Chairman of both the Audit Committee and the Risk Management Committee and is also a member of the Nomination and Remuneration Committee and Strategy Committee. A rank-holder Chartered Accountant and Cost Accountant, Mr. Bandyopadhyay has over 32 years of rich and diverse experience in finance and financial services. He is also a Gold Medallist from University of Calcutta. He is the Group Chairman of the Inditrade (JRG) Group of Companies, which has a strong presence in agri-commodity financing, microfinance and MSME lending. In addition to holding board positions across listed and unlisted Indian companies, he is an active investor in fintech and other technology-driven ventures and is a recognised business commentator.

MR. NELLAIAPPAN THIRUAMBALAM
Independent Non-executive Director

Mr. Nellaiappan Thiruambalam joined the Board of Directors of VST Industries Limited as an Independent Non-executive Director effective 25th April 2025. He serves as a member of the Audit Committee, the Corporate Social Responsibility Committee, the Risk Management Committee and the Strategy Committee.

He has requisite skills and expertise in Sales, Operations and P&L management in India and globally. He has over 41 years of experience in reputed firms viz. Heinz, Glaxo SmithKline Consumer, GE and a PE funded Indian Company.

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

MR. RAJEEV BAKSHI
Independent Non-executive Director

Mr. Rajeev Bakshi joined the Board of Directors of VST Industries Limited as an Independent Non-executive Director effective 1st July 2024. He serves as the Chairman of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Strategy Committee. He is also a member of the Audit Committee and the Stakeholders Relationship Committee. Mr. Bakshi has over four decades of experience in sales and marketing and has held leadership roles in renowned organisations, including PepsiCo, Cadbury Schweppes and Lakme. He holds a B.A. (Hons.) in Economics from St. Stephen's College, Delhi and a Post Graduate Diploma in Management with specialisation in Marketing from IIM Bangalore. Throughout his career, he has served on the boards of several companies across diverse sectors and currently serves as a Non-executive Director on the boards of Lodha Developers, Dalmia Bharat Sugar and Industries and Mother Dairy India.

MR. PIYUSH SRIVASTAVA
Managing Director & CEO

Mr. Piyush Srivastava joined the Board of Directors of VST Industries Limited as Managing Director & CEO effective 2nd March 2026. He serves as a member of the Stakeholders Relationship Committee, the Corporate Social Responsibility Committee and the Risk Management Committee.

He has over 25 years of professional experience across FMCG and Alco-Beverage Ricard, PepsiCo, Marico and was associated with ITC-AT and Tata Motors during the formative years of his career. His experience spans commercial strategy, sales and distribution, route-to-market development, business transformation and scaling of operations.

Prior to joining the Board, he served as the Chief Commercial Officer of Pernod Ricard India. He served as the Managing Director of Pernod Ricard for Hong Kong and Macau and was also a member of the Asia Executive Committee, contributing to strategic leadership across the region.

He holds a Bachelor's degree in Engineering from the National Institute of Technology, Prayagraj and a Master's degree in Business Administration from the Xavier Institute of Management, Bhubaneswar.

MANAGEMENT TEAM

Strategic control, seasoned counsel

MR. PIYUSH SRIVASTAVA
Managing Director & CEO

DR. T. LAKSHMI NARASAIAH
Vice President - Leaf

MR. SAURABH GROVER
Vice President – Sales & Marketing

MR. S. SRIRAM
Vice President - Technical

MR. ANISH GUPTA
Chief Financial Officer

MR. PHANI MANGIPUDI
Company Secretary and Vice President - Legal & Secretarial

CHAIRMAN'S MESSAGE

Navigating transition with composure and clarity

DEAR SHAREHOLDERS,

FY 2025-26 was a defining year for your Company. This was a year that your Company witnessed volume growth in a very challenging environment. This performance was driven by continuously delivering on your Company's strategy over the last three years. It is a testament to the management team and mindset of execution excellence across all levels. This becomes even more critical as the industry moves to a higher taxation structure.

Mr. Piyush Srivastava took charge as the Managing Director & CEO of the Company in the first week of March 2026. We are pleased to have him lead the organisation and add value with his rich experience of over 25 years in the FMCG category. We look forward to his leadership to position VST for future growth and success.

NAVIGATING TRANSITION WITH COMPOSURE AND CLARITY

Your Company's approach in a challenging environment was anchored in strong fundamentals: strengthening and expanding consumer focused portfolio, robust operating model, best-in-class manufacturing & supply chain capabilities and a long-standing culture of responsible business conduct. Your Company continued to strengthen its position in the value segment. But what stood out this year was your Company's performance in the mid-premium segment against well entrenched competition.

FINANCIAL PERFORMANCE AND SHAREHOLDER RETURNS

For FY 2025-26, your Company reported a revenue of ₹2,04,575 Lakhs and net profit of ₹29,225 Lakhs. EBIT margin stood at 17%, earnings per share at ₹17.21, return on capital employed at 27.8%, and dividend per share at ₹12. These results reflect your Company's ability to maintain a prudent balance between growth, margin discipline, and responsiveness to a dynamic regulatory environment.

STRATEGIC PORTFOLIO TRANSITION

The mid-premium segment accounts for over 40% of the industry. Sustained efforts in establishing brands in this segment over the last few years saw significant traction in FY 2025-26. The approach of offering enhanced value to adult consumers through relevant innovations at a convenient price reaped dividends with our portfolio now poised to become stronger and more sustainable in the long term.

Editions emerged as your Company's second pan India brand after TOTAL. TOTAL is poised for further growth in the mid-premium segment. We also continue to invest in our heritage trademarks such as Charms, Special and Moments to strengthen our leadership position in the value segment in respective regions.

OPERATIONAL EXCELLENCE AND FUTURE READINESS

Your Company's integrated world-class manufacturing platform at Toopran is meeting global industry benchmarks in a short span of two years. Your Company has improved process efficiency, deepened traceability and strengthened cost and compliance discipline across the business.

Your Company's digital transformation continues to gain momentum. This has helped in fortifying our distribution network not only in enhancing our reach in core markets but also increasing penetration in emerging geographies. I am confident that our ability in adapting seamlessly across people, processes and platforms will keep us ahead of market shifts. VST will continue to invest in product innovation, re-engineering of heritage constructs, new formats and better alignment with adult consumer preferences.

OUR COMMITMENT BEYOND BUSINESS

It gives me immense pleasure to state that under our flagship CSR programme 'VST Cares', we continue to have been able to positively impact the lives of about 1 Million lives around the areas we carry out our business operations. We have undertaken several meaningful initiatives to improve the quality of life in underserved communities with a focus on sanitation, education, environmental sustainability and rural development.

As part of our commitment to sanitation and public health, 400 household toilets were constructed across four villages in Telangana. To address immediate healthcare needs in rural areas, we supported a Mobile Medical Unit serving 22 villages in Kurnool and Raichur. We also supported training & awareness programmes for women communities to promote health, hygiene, and community well-being among rural populations.

In the field of healthcare, we partnered with the Rotary Club of Secunderabad to support the establishment of an eye care facility, bringing quality eye care services closer to those in need. We are proud to have supported a facility dedicated to the diagnosis and treatment of hearing-impaired children.

LOOKING AHEAD

FY 2026-27 is going to be a complex year defined by a big change in the taxation structure. The tax increase on cigarettes was unprecedented in known history. The effects of such one time increase could last well beyond FY 2026-27. Also, there are multiple headwinds, including supply chain and margin pressures, intense price competition in all segments and threat of illicit. Your Company has a clear strategy to navigate the year.

The Board remains committed to stewardship that balances accountability with long-term thinking, and to ensuring that VST continues to move forward with the same clarity, responsibility and institutional strength that have long defined it.

On behalf of the Board, I thank our employees, farmers, business partners, shareholders and all other stakeholders for their continued trust and support. In a year that reaffirmed the importance of fundamentals, that support has remained one of your Company's greatest sources of strength.

NARESH SETHI
Non-Executive Chairman

MD & CEO'S MESSAGE

Prepared for what comes next

DEAR SHAREHOLDERS,

As VST enters its next phase, we remain focused on the fundamentals that matter most. Our priorities are clear: disciplined execution, sharper portfolio management, and cost efficiency. FY 2025–26 has reinforced that competitiveness is driven by our Company's ability to balance price actions, manufacturing efficiency, and sharp in-market execution.

PREPARED FOR WHAT COMES NEXT

We remain mindful of the challenges posed by the new tax regime, including heightened price sensitivity among consumers and the potential expansion of illicit trade.

We are building on a strong foundation that positions us well for the future. Our portfolio has strong brands and focused innovation, helping us to respond to changing consumer needs and market context. This is further supported by a more integrated manufacturing footprint, improved process efficiency, and stronger digital and traceability systems. Together, these capabilities will help us operate with greater discipline, responsiveness, and agility.

Our priority is not merely to respond to these changes, but to convert our fundamentals into a competitive advantage. This will require closer alignment between market realities and organisational action - making better choices, responding with dexterity, and executing with sharpness. This will position us to maximise emerging opportunities, including strong brand portfolio presence at the mid-premium price points.

The road ahead may demand adaptability, but our confidence lies in staying clear in purpose, consistent in action, and committed to creating long-term value for our shareholders while upholding the governance standards and responsible practices that define VST.

PIYUSH SRIVASTAVA
Managing Director & Chief Executive Officer

STABLE THROUGH CHANGE

In a year shaped by regulatory shifts, evolving market dynamics and sharper competitive pressures, we stayed anchored in the fundamentals that define our business. Our response was guided by discipline, market awareness and the ability to translate transition into sharper strategic focus.

IN THIS SECTION

12 Industry landscape and market outlook
14 Strategic priorities FY 2025-26
16 Business model
18 Brand and portfolio performance

INDUSTRY LANDSCAPE AND MARKET OUTLOOK

Steady demand with expanding potential

The Indian cigarette market is evolving in a way that combines structural growth with sharper competitive and regulatory challenges. While rising disposable incomes, urbanisation, premiumisation and broad retail reach continue to support category depth, we now operate in a more exacting environment shaped by taxation and the need for stronger execution.

MARKET OVERVIEW

India remains a significant cigarette market, with an estimated value of ₹1,20,000 Crores market size in 2025, projecting a 9.50% CAGR over 2026–2034*. The market's depth continues to be supported by a large adult consumer base, strong brand loyalty, extensive retail distribution and sustained demand across price points. At the same time, we continue to operate within a tightly regulated framework characterised by advertising restrictions, graphic health warnings and a heavy tax burden, requiring us to balance our growth ambitions with compliance discipline and market responsiveness.

MARKET SNAPSHOT

~₹ 1,20,000 Crores
Market size in 2025

~9.50%*
Forecast CAGR (2026–2034)

*(Source: IMARC Group)

WHAT IS SHAPING THE MARKET?

Premiumisation
Consumers are showing increased interest in higher-quality products, refined blends, differentiated formats and stronger brand experiences, especially in urban and higher-income cohorts.

Urbanisation and lifestyle shifts
Urban concentration is improving access, visibility and premium brand uptake, while widening the addressable market in larger and fast-growing cities.

Distribution depth
Cigarettes continue to benefit from a broad and deeply embedded retail network, with availability across traditional, modern and emerging channels remaining a key competitive lever.

Product innovation
Manufacturers are increasingly using packaging, flavour profiles, filter improvements and variant strategy to sustain relevance in a segmented market.

KEY INSIGHTS

Traditional trade still anchors the category
Tobacco shops accounted for for a substantial part of the Indian cigarette market in 2025, reflecting their deep neighbourhood reach, habitual purchase behaviour, specialised knowledge and strong customer relationships. For organised players, this underlines the continued importance of trade connectivity and last-mile availability.

Value pricing matters
Value pricing cigarettes accounted for more than 51% of the market in 2025, showing that while premiumisation is important, the category is still anchored in mainstream consumer preference and balanced price-value propositions.

LOOKING AHEAD
In a market defined by growth potential but shaped by taxation and regulation, our competitive advantage increasingly rests on a few fundamentals: sharper portfolio architecture, pricing discipline, efficient supply chains, strong retail reach, differentiated brand propositions and compliance-ready operations. As the industry evolves, our success is likely to depend less on market momentum alone and more on how effectively we convert scale into agility and operational discipline into sustained advantage.

STRATEGIC PRIORITIES

Competing through discipline and differentiation

In FY 2025-26, our strategic priorities were shaped by a business environment that demanded sharper choices rather than broader expansion. As the sector adjusted to a more exacting mix of taxation, regulation and competitive pressure, our focus remained on strengthening the fundamentals.

THE PRIORITIES THAT SHAPED VST'S RESPONSE

Portfolio calibration

We continued to sharpen our portfolio architecture across value, mainstream and mid-premium offerings, supporting resilient franchises while using targeted innovation to address evolving adult consumer preferences. Editions and Total remained important growth drivers, while heritage brands such as Charms, Special and Moments continued to receive relevant innovation and activation support.

Execution excellence

FY 2025-26 reinforced the importance of market responsiveness and sharper in-market execution. The strategic initiatives undertaken during the year explicitly highlighted execution discipline under the new operating reality, while laying a keen emphasis on stronger operating efficiency and better management action even in a difficult sector context.

Cost agility and discipline

As pricing sensitivity and tax-related pressures intensified, cost management became a more important strategic lever. During the year, cost agility emerged as a core strategic priority, while tighter cost control helped support healthier operating performance even when bottom-line conditions remained volatile.

Operational and supply chain reliability

The integrated Toopran facility, supply chain discipline and quality assurance framework continued to anchor best-in-class manufacturing. Manufacturing reliability, supplier oversight, logistics resilience and secure movement of inputs acted as key enablers of execution.

Digital enablement

We continued to strengthen digital processes across operations and the value chain. During the year, we identified deeper digital enablement as one of the pillars of the way forward, while continuing to focus on traceability, monitoring and systems-led visibility as increasingly important to future readiness.

A YEAR OF SHARPER STRATEGIC FOCUS

FY 2025-26 was not about chasing momentum alone. It was about reinforcing the levers that matter most in a regulated and structurally shifting category:

- Portfolio calibration
- Execution excellence
- Cost agility
- Operational and supply chain reliability
- Digital enablement

BUILDING ON RESILIENT FRANCHISES, BACKED BY TARGETED INNOVATION

Our brand architecture continues to balance established regional franchises with newer, experience-led offerings. Total has emerged as a pan-India, youth-centric brand across multiple price points, while Editions has grown into a stronger multi-format proposition for the mid-premium and premium adult consumer segment. Newer launches such as Editions Trio, Total Spin and Total Paan Delight reflect a more segmented and insight-led approach to innovation.

EXECUTION NOW MATTERS AS MUCH AS OPPORTUNITY

In a category shaped by taxation, and regional variability, competitive advantage increasingly depends on how well strategy is translated into action, through pricing discipline, market responsiveness, sharper channel execution and tighter operating control.

OPERATIONAL STRENGTH AS A STRATEGIC LEVER

Our integrated manufacturing and supply chain model continues to support quality, consistency and readiness. The fully operational world-class facility, supported by stronger process discipline, supplier oversight and logistics resilience, gives us a more dependable platform from which to pursue both efficiency and future readiness.

HOW DID THESE PRIORITIES HELP US IN FY 2025-26?

Together, these priorities helped our Company protect value in a more demanding sector, improve responsiveness to market and pricing shifts, strengthen portfolio quality and mix, reinforce cost and compliance discipline and build a more resilient and future-ready operating model.

BUSINESS MODEL

Integration that strengthens performance

From working with smallholder farmers to delivering differentiated products across India and serving global leaf markets, our integrated business model is designed to create value through disciplined sourcing, efficient manufacturing, strong distribution, insight-led innovation and responsible stakeholder engagement. The model draws strength from close linkages between agriculture, operations, brands, people and governance, helping our Company deliver steady outcomes while building long-term resilience.

OUR VALUE CREATION MODEL BEGINS WITH...

Sourcing

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

Making

- **Primary manufacturing:** Threshing, grading, sieving, cutting, drying and humidified storage of tobacco
- **Secondary manufacturing:** Making, packing, wrapping and parcelling
- **Operating base:** Integrated manufacturing platform at Toopran supporting productivity, quality and consistency

Operating

1
Factory

7
Regional offices

Moving

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

Marketing

- Strategic product upgrades
- Insight-based innovation
- Brand portfolio enhancement
- Format-led launches and region-sensitive offerings

Learning

Market data, consumer trends and stakeholder feedback inform product development, go-to-market choices and portfolio refinement, helping us stay aligned with changing adult consumer preferences and regional demand shifts.

ENABLES A BETTER FUTURE FOR

Consumers

- Commitment to high-quality products for adult consumers
- Focus on brand strength and product innovation
- Aim to sustain market relevance through portfolio refinement and differentiated formats

Measured by

Two
of the top 10 cigarette brands owned by our Company

Eight
Products launched

Farmers and partners

- Our network includes 10,779 farmers across 372 villages
- We engage with suppliers on a large scale
- We focus on quality, traceability and livelihood security across the value chain

Our people

359
Employees

353
Workers

Enabled by

- Focus on training and development
- Commitment to safety and performance
- Continuous strengthening of capability, quality and compliance culture

Society and sustainability

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

Shareholders

A strong financial base supports reinvestment, innovation and long-term value creation, while disciplined governance and capital allocation help sustain resilience in a changing business environment.

IMPACT

₹1,46,454 Lakhs
Net revenue

₹29,251 Lakhs
Total comprehensive income

₹17.21
Earnings per share

₹12
Dividend per share

27.8%
Return on capital employed

17%
EBIT

VALUE ADDITION

What strengthens the model

Portfolio architecture
Balancing resilient franchises with targeted innovation

Operational discipline
Integrated manufacturing, quality control and supply continuity

Traceability
Digital visibility across the leaf ecosystem

Governance
Compliance-led decision-making and responsible oversight

BRAND AND PORTFOLIO PERFORMANCE

Crafting choice across segments

Our portfolio strategy is rooted in the belief that relevance must be continually renewed. Our Company's brand architecture therefore combines established regional franchises with newer, experience-led offerings designed for evolving adult consumer preferences.

STRATEGIC EVOLUTION

From value-oriented legacy brands to differentiated mid-premium formats and recent launches, the portfolio is being shaped to deliver both continuity and choice, helping us remain responsive in a market where segmentation, innovation and brand distinctiveness are becoming increasingly important.

GROWTH HERITAGE BRANDS

CHARMS

CHARMS, a legacy brand in VST's brand portfolio, offers a satisfying experience at an affordable price and caters to value-for-money consumers; CHARMS has a sizeable presence in East and South India.

MOMENTS

MOMENTS is a vibrant, value-for-money brand offering a satisfying experience at an affordable price; it is a strong brand in North India.

SPECIAL

SPECIAL has a strong presence in East India and offers a satisfying experience at an affordable price.

NEW-AGE BRANDS

TOTAL

TOTAL, VST's largest trademark, has a pan-India presence and is available in multiple formats and flavours, thus meeting the diverse needs of young adult consumers.

EDITIONS

EDITIONS is VST's first successful king-size trademark and sells primarily in South India; the brand comes in multiple flavours and formats and is targeted at mid-premium and premium adult consumers.

NEW LAUNCHES

EDITIONS Trio

EDITIONS Trio actively sells across the country and offers a three-in-one experience in a stylish format; Trio is targeted at mid-premium adult consumers seeking a unique experience.

TOTAL Paan Delight

Paan Delight offers an indigenous flavour in the form of a *paan* capsule at an affordable price and is targeted at discerning value consumers.

SPECIAL Knights

Special Knights offers a smooth satisfying experience at an affordable price and sells in East India.

IN THIS SECTION

22 Key performance indicators
24 Manufacturing excellence and supply chain
25 Leaf operations and farmer ecosystem
26 Digital transformation and future-readiness

BUILT FOR EXECUTION

Our strength lies in how consistently we convert intent into action. Across manufacturing, sourcing, supply chain reliability, traceability and digital systems, we continued to reinforce the operating backbone that supports quality, efficiency and future-readiness.

KEY PERFORMANCE INDICATORS

Tracking progress, delivering value

Financial

Revenue from operations

(₹ Crores)

FY26	**2,045.7**
FY25	1,809.4
FY24	1,837.5
FY23	1,672.5
FY22	1,560.7

13.1% **7.0%**

Profit after tax

(₹ Crores)

FY26	**292.3**
FY25	290.4
FY24	301.6
FY23	327.0
FY22	320.2

0.6% **(2.3%)**

Earnings per share

(₹)

FY26	**17.21**
FY25	17.10
FY24	17.75
FY23	19.25
FY22	18.85

0.6% **(2.2%)**

Dividend per share

(₹)

FY26	**12.00**
FY25	10.00
FY24	13.64
FY23	13.64
FY22	12.73

20% **(1.5%)**

yoy change **(5-year CAGR)**

Non-financial

CSR expenditure

(₹ Crores)

FY26	**7.58**
FY25	8.44
FY24	8.29
FY23	8.21
FY22	7.75

(10.2%) **(0.6%)**

Operational

Volumes

(million cigarettes)

FY26	**8,356**
FY25	7,697
FY24	7,988
FY23	8,253
FY22	8,340

8.6% **0.05%**

Consumer expenditure

(₹ Crores)

FY26	**5,147**
FY25	4,584
FY24	4,726
FY23	4,923
FY22	5,040

13.1% **7.0%**

MANUFACTURING EXCELLENCE AND SUPPLY CHAIN

Where technology, craftsmanship and quality converge

Our world-class facility at Toopran integrates both primary manufacturing division (PMD) and secondary manufacturing division (SMD) to produce high-quality cigarettes and unmanufactured tobacco product.

OPERATIONAL PERFORMANCE

Output growth

We strengthened our manufacturing performance through improved operational efficiency and enhanced processing capabilities. Increased output across key agricultural commodities also reflected optimised plant utilisation and streamlined material flow into factories.

Environmental efficiency in manufacturing

We continue to minimise our operational footprint through resource-conscious processes and air emission controls as CO_2 emissions from our factory operations are measured and tracked as a core sustainability KPI. These initiatives support our environmental commitments.

Integrated supply chain

Manufacturing excellence is supported by a well-integrated procurement system and a stable, quality-driven supply chain, with enhanced agricultural output ensured consistent factory feedstock and crop quality improvements aligned with processing requirements. A resilient farm-to-factory pipeline reinforced production reliability in a regulated operating environment.

Traceability and responsible sourcing

Our GMS application ensures digital governance in leaf procurement and allows visibility into farmer conduct and labour compliance, crop-input monitoring and sustainable agronomic practice adoption, supporting responsible sourcing and supply chain accountability.

Operational safety, quality and compliance

At VST, we maintain a strong operational control system to uphold product consistency and safe workplace practices. The focus areas include continuous upskilling for factory teams, enhanced visibility into quality assurance and compliance with industrial safety norms.

Supply chain reliance

To protect operational continuity, we invest in supplier oversight and performance evaluation, logistics and regional risk mitigation, and secure storage and movement of key inputs, as this reduces business disruption risk and maintains production stability.

850+
Wholesale dealers

LEAF OPERATIONS AND FARMER ECOSYSTEM

Sustainable sourcing anchored in farmer partnerships

Our Company maintains an integrated leaf procurement and famer engagement ecosystem focused on sustainable agriculture, traceability and long-term livelihood enhancement.

FARMER SUPPORT AND EXTENSION SERVICES

- Field technicians provide continuous guidance on cultivation techniques, labour practices and environmental compliance
- Regular field visits help monitor adoption of best agricultural practices and address on-ground challenges faced

DIGITAL MONITORING THROUGH GMS APP

- The grower management system (GMS) mobile application enables real-time monitoring of farm activities
- It tracks labour standards, crop progress and sustainability compliance
- The application provides full traceability of tobacco from farm to factory
- Sustainable agricultural practices and efficiency enhancement
- 10% adoption of drip irrigation method among contracted farmers, with steady progress toward our 2030 target of 30%
- Bio-fertilisers and bio-chemicals are increasingly becoming substitutes for chemical-based pesticides
- Green manuring, soil testing and organic matter enhancement initiatives are also contributing to maintaining good soil health
- 100% mechanised field preparation achieved
- 80% mechanised stubble removal across farms
- Scalable mechanical harvesting and transplanting models under evaluation
- Labour standards compliance
- Zero cases of child labour or forced labour across the supply chain
- Strict monitoring protocols through field staff and digital reporting

DIGITAL TRANSFORMATION AND FUTURE-READINESS

Where data meets discipline

At VST Industries, we are dedicated to advancing sustainable tobacco cultivation by producing premium-quality tobacco for both domestic and international markets. Through our Sustainable Tobacco Programme (STP), we promote responsible farming practices, drive continuous improvement, and uphold key social and human rights standards, while reducing environmental impact and supporting socioeconomic development.

DATA-DRIVEN OPERATIONS

Digitalisation is a core component of our operational strategy, improving transparency, accuracy and decision-making across our value chain: leaf supply chain, manufacturing, R&D, trade marketing and distribution functions.

LEAF TRACEABILITY

We implemented a blockchain-based solution for the leaf supply chain with the support of TraceX Technologies, featuring agronomy management, leaf procurement and processing, along with end-to-end traceability from farm to produce.

MANUFACTURING EXCELLENCE

We leveraged Siemens PM Analyse solution for cigarette manufacturing, which enables comprehensive KPI monitoring and operational performance improvement through integrated machine and manual data acquisition, finished product index (FPI) calculation using both physical and visual quality parameters, real-time efficiency and OEE analysis and centralised plant, line and machine-level dashboards. The solution enhances production visibility, improves quality tracking, supports data-driven decision-making and drives higher manufacturing efficiency and operational control.

R&D – NEW PRODUCT DEVELOPMENT

We developed an in-house R&D smoking panel solution for product evaluation to analyse the sensory profile of existing products and identify cues for product development and enhancement.

DISTRIBUTION VISIBILITY

We operationalised the end-to-end implementation of the Bizom DMS/SFA solution for the trade marketing and distribution function.

RESPONSIBILITY THAT ENDURES

For us, responsible growth is not separate from business resilience. It is embedded in how we manage resources, support people, engage communities, strengthen farmer partnerships and uphold governance standards that protect long-term value.

IN THIS SECTION

28 ESG overview – Progress against the ESG 2030 roadmap

31 CSR

ESG OVERVIEW – PROGRESS AGAINST THE ESG 2030 ROADMAP

A unified approach to planet, people and performance

Our ESG journey is guided by a clearly defined 2030 roadmap that aligns business resilience with responsible growth. Built around the pillars of sustainable operations, care for people, inclusive growth, sustainable agriculture and responsible governance, this framework helps our Company focus on the environmental, social and governance issues that are most material to our long-term value creation.

In FY 2025-26, we continued to advance this agenda through disciplined execution across manufacturing, leaf operations, people practices, community investment and governance systems, while tracking progress against our long-term commitments through a structured KPI-led approach.

From improving resource efficiency and supporting sustainable agriculture to strengthening workplace safety, inclusion, community outreach and governance oversight, our Company's ESG roadmap reflects a broad-based view of stewardship. The progress made during the year must therefore be seen not as isolated initiatives, but as part of an integrated effort to build a more resilient, responsible and future-ready enterprise.

Environment

0.62
tCO_2e/million cigarettes
GHG intensity (Scope 1+2)

5.90
GJ/million cigarettes
Energy intensity

4.12
KL/million cigarettes
Water intensity

1.18
MW
Renewable energy capacity

Social

₹758 Lakhs
CSR expenditure

400
Families benefitted by the construction of household toilets

5,000
Students benefitted directly by the mid-day meal initiative

28,730
Villagers benefitted by the mobile dispensary programme and blood checkups

11,000
Differently-abled children benefitted from awareness in autism and audio impaired disorder project

30,000
Blind people benefitted by the eye hospital infrastructure project

2,000
Adolescent girl children benefitted from empowerment programme

12,000
Village women benefitted by the menstrual hygiene programme

400
People benefitted from clean environment drive walkathon

1,400
Schoolchildren benefitted by the school infrastructure project

750
Students encouraged to take up arts and sports

Governance

13%
Board gender diversity

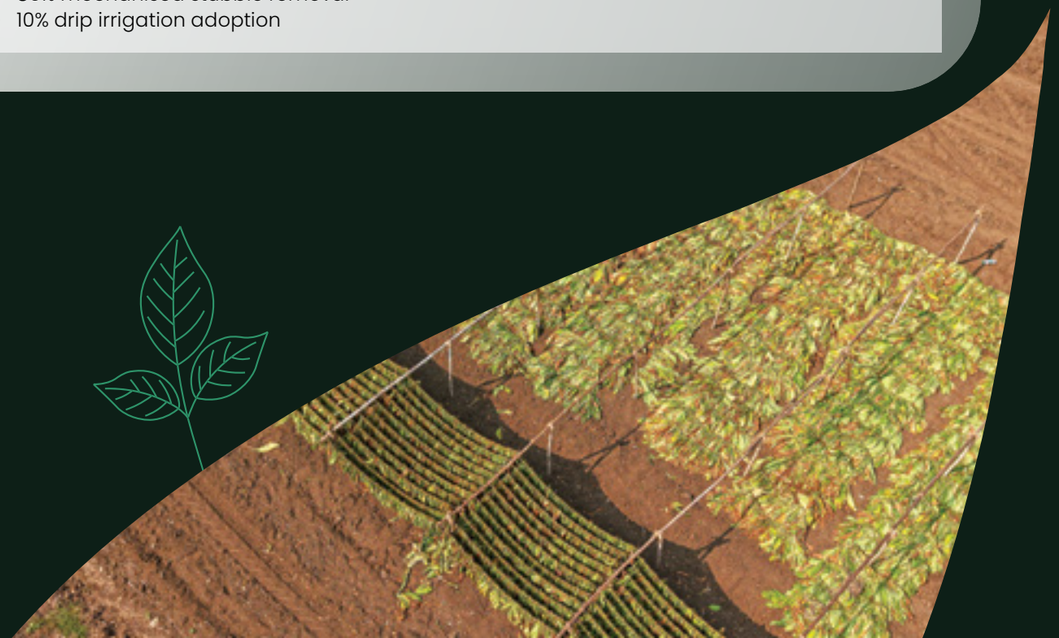
50%
Board independence

ESG overview – Progress against the ESG 2030 roadmap

	2030 targets
Sustainable operations	• 50% renewable energy contribution to total energy use • 100% electric passenger fleet (owned and third-party) • Scope 1 and 2 carbon neutrality through offsets • Rainwater harvesting >3x net water consumption • 100% recyclable/reusable/biodegradable packaging • 100% plastic neutrality via EPR • Sustainable agriculture • 30% drip irrigation adoption • 30% replacement of chemicals with bio-fertilisers/bio-chemicals • 20% increase in soil organic matter • 100% mechanised field preparation; 20% mechanised planting/ harvesting
Care for people	• Zero incidents of child or forced labour (maintained) • Zero workplace accidents • Continued focus on diversity, inclusion, and employee engagement

Progress achieved in FY 2025-26

- GMS app fully deployed across all tobacco varieties
- 100% mechanised field preparation
- 80% mechanised stubble removal
- 10% drip irrigation adoption



CSR

Inclusive growth in action

Our CSR approach is shaped by a clear commitment to inclusive growth and equitable development. Through structured community investment across health and sanitation, education and sports, rural development, and environment and sustainability, our Company seeks to respond to local needs in a focused and measurable manner.

OVERVIEW

Our interventions are guided by formal need-assessment processes and designed to create outcomes that are relevant, scalable and socially meaningful. In FY 2025-26, we continued to support programmes that improve access to healthcare, sanitation, education, livelihoods and sustainable infrastructure in communities connected to our operating footprint. These initiatives reflect a broader philosophy of responsible corporate citizenship, one that extends beyond financial contribution to include deeper community engagement, sharper impact orientation and long-term developmental value.

In FY 2025-26, we invested ₹7.58 Crores across health, education, sanitation, environment and rural development, guided by formal need-assessment processes.

Around 1 Million
Lives benefitted through our CSR programme

THEMATIC AREAS

We prioritise social well-being and community contribution through our Corporate Social Responsibility Policy. Our Company actively participates in social initiatives that advocate for inclusive development, concentrating on the following key areas: health and sanitation, education and sports, rural development and environment and sustainability.

KEY INITIATIVES

Health and sanitation
Key interventions included menstrual hygiene awareness and access, rural sanitation infrastructure and doorstep healthcare support through mobile medical outreach. Programmes such as Naari Shakti, Swachh Ghar Mission, and Bhavishya Bharat were designed to improve dignity, hygiene, preventive care and quality of life in underserved communities. Through our health initiatives, we supported Mobile Medical Unit (Ambulance) to address immediate health care needs in villages of Kurnool and Raichur. Supported the establishment of an eye hospital and also created awareness on autism-related disorders in the communities.

Education and sports
Our Company continued to support access-oriented education initiatives through school infrastructure upgrades, nutrition support for schoolchildren and broader developmental inputs that help improve attendance, participation and learning environments. These interventions included Mission Gyandeep and EV-enabled mid-day meal support.

Rural development
Our rural development efforts remained focused on employability and livelihood creation. Through our adolescent girl empowerment initiative, we supported the development of adolescent girls by building confidence, resilience and awareness.

Environment and sustainability
Our Company also supported community-oriented environmental initiatives that promoted safer rural infrastructure and ecological awareness. These included solar street-lighting support in villages and conservation-led awareness efforts undertaken in collaboration with specialist partners.

Case studies

Naari Shakti
The initiative promoted menstrual health awareness, reusable cloth pads and local capability-building, directly impacting over 12,000 women.

Bhavishya Bharat
Over 30,000 villagers received doorstep healthcare, improving both awareness and access to preventive care.

50
Employees participated in two volunteering programmes at the CEC level in FY 2025-26

10
Women employees from head office volunteered in the menstrual hygiene programme

CORPORATE INFORMATION

Board of Directors

NARESH KUMAR SETHI
Chairman, (DIN 08296486)

ALOK AGARWAL
Non-executive Director, (DIN 08655585)

S. THIRUMALAI
Non-executive Director, (DIN 00011899)

RAMA BIJAPURKAR
Independent Non-executive Director, (DIN 00001835)

SUDIP BANDYOPADHYAY
Independent Non-executive Director, (DIN 0007382)

RAJEEV BAKSHI
Independent Non-executive Director, (DIN 00044621)

NELLAIAPPAN THIRUAMBALAM
Independent Non-executive Director, (DIN 02121182)

PIYUSH SRIVASTAVA #
Managing Director & CEO, (DIN 10775803)

MR. SANJAY WALI $
Whole-time Director, (DIN 10868596)

Board committees

AUDIT COMMITTEE

Sudip Bandyopadhyay	Chairman
Rama Bijapurkar	Member
Rajeev Bakshi	Member
Nellaiappan Thiruambalam	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member

STAKEHOLDER RELATIONSHIP COMMITTEE

Rama Bijapurkar	Chairperson
Rajeev Bakshi	Member
Alok Agarwal	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Piyush Srivastava	Member

NOMINATION AND REMUNERATION COMMITTEE

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

#Appointed w.e.f. 2nd March 2026
$Resigned w.e.f. 2nd March 2026

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Rajeev Bakshi	Chairman
Rama Bijapurkar	Member
Nellaiappan Thiruambalam	Member
Alok Agarwal	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Piyush Srivastava	Member

RISK MANAGEMENT COMMITTEE

Sudip Bandyopadhyay	Chairman
Rama Bijapurkar	Member
Nellaiappan Thiruambalam	Member
Alok Agarwal	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Piyush Srivastava	Member
Anish Gupta	Management member
S. Sriram	Management member

CORPORATE EXECUTIVE COMMITTEE

Piyush Srivastava	Managing Director & CEO
Amit Arora	Chief Human Resource Officer
Anish Gupta	Chief Financial Officer
T. Lakshmi Narasaiah	Vice President – Leaf
Phani K. Mangipudi	Company Secretary & Vice President – Legal & Secretarial
Saurabh Grover	Vice President-Sales & Marketing
S. Sriram	Vice President – Technical

STRATEGY COMMITTEE

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

AUDITORS

BSR & Associates LLP
Chartered Accountants
Hyderabad – 500 034

REGISTERED OFFICE

1-7-1063/1065
Azamabad,
Hyderabad – 500 020
Telangana

PLANT LOCATION

Survey No. 288/289
Mupireddy Palli,
Medak - 502 336
Telangana

REGISTRAR TO AN ISSUE AND SHARE TRANSFER AGENTS

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

STATUTORY REPORTS & FINANCIAL STATEMENTS

IN THIS SECTION

35 Notice
46 Report of the Board of Directors and Management Discussion and Analysis
61 Report on Corporate Governance
87 Corporate Social Responsibility (CSR) Policy
99 Business Responsibility and Sustainability Report
150 Financial statements

NOTICE

NOTICE is hereby given that the Ninety fifth ("95th") Annual General Meeting ("AGM") of VST INDUSTRIES LIMITED ("the Company") will be held on Wednesday, 29th July 2026 at 10.00 A.M. (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM) for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2026, and the Reports of the Board of Directors and Auditors thereon.
2. To declare a final Dividend of ₹12/- per Equity Share for the financial year ended 31st March 2026.
3. To appoint a Director in place of Mr. Naresh Kumar Sethi [DIN: 08296486] who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force), and based on the recommendation of the Audit Committee and approval of the Board of Directors, M/s. Price Waterhouse Chartered Accountants LLP, having ICAI firm registration number 012754N/N500016 be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years to hold office from the conclusion of this 95th Annual General Meeting till the conclusion of the 100th Annual General Meeting of the Company to be held in the year 2031 at such remuneration as may be mutually agreed upon between the Board of Directors and Statutory Auditors plus goods and service tax as applicable and reimbursement of out-of-pocket expenses incurred in connection with the audit of the accounts of the Company."

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

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

Dated this 16th day of April, 2026
Hyderabad

NOTES:

1. Ministry of Corporate Affairs ("MCA") vide its Circular No. 3/2025 dated 22nd September 2025 (in continuation with the Circulars issued earlier in this regard) ("MCA Circulars") has allowed conducting AGM through VC/OAVM without the physical presence of Members at a common venue. In compliance with the applicable provisions of the Act, MCA and SEBI Circulars, the 95th AGM of the Members will be conducted through VC/OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. Since this AGM is being held through VC/OAVM the physical attendance of Members is dispensed with. As the AGM would be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM. Hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The deemed venue for the 95th AGM shall be the Registered Office of the Company.

2. The explanatory statement as required under Section 102 of the Companies Act, 2013 ("the Act") setting out all material facts and reasons in respect of Item No. 4 is annexed to the notice of the AGM ("Notice").

3. Institutional Members/Corporate Members [other than individuals, HUF, NRIs etc.,] are requested to send a duly certified copy of the Board Resolution/Power of Attorney/Letter of Authority etc., pursuant to Section 113 of the Act, authorising their representative to attend the AGM through VC/OAVM on their behalf and vote through remote e-voting. The said Resolution/Authorisation shall be sent to the Scrutiniser by email from their registered email address to saravana1015@gmail.com with a copy marked to evoting@kfintech.com. Institutional Members/Corporate Members can also upload their Board Resolution/Power of Attorney/Letter of Authority etc., displayed under e-voting tab in their login.

4. M/s. KFin Technologies Limited (KFintech) will be providing facility for voting through remote e-voting, for participation in the 95th AGM through VC/OAVM and e-voting during the AGM.

5. Members may join the 95th AGM through VC/OAVM by following the procedure which shall be kept open for the Members from 9.45 a.m. i.e. 15 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM 15 minutes after the scheduled time to start the 95th AGM. The detailed instructions for participating in the 95th AGM through VC/OAVM are given as a separate attachment to this Notice.

6. Members may note that the VC/OAVM provided by KFintech allows participation of at least 1000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters/promoter group, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-served principle.

7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. The Record date is fixed as Friday, 10th July 2026 for ascertaining the eligibility of the Members to receive payment of dividend, if declared.

   Dividend, if declared, will be paid within 30 days from the date of the AGM to those Members whose names appear in the Register of Members of the Company on Friday, 10th July 2026 or to their mandatees subject however to the provisions of Section 126 of the Act or any amendment thereto or re-enactment thereof. In respect of dematerialised shares the dividend will be payable on the basis of beneficial ownership as on 10th July 2026, as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

9. In accordance with Regulation 12 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 [SEBI Listing Regulations], read with SEBI Master Circular No. HO/38/13/(4)2026 – MIRSD - POD/I/4298/2026 dated 6th February 2026, dividend to shareholders shall be paid only through electronic mode including to those who are holding securities in physical form. Such payment shall be made only after the shareholders furnish their PAN, contact details (postal address with PIN and mobile number), bank account details and specimen signature ("KYC") and choice of Nomination.

   Members holding shares in physical form may note that any future dividend payable against their shareholding would be withheld if their KYC and choice of Nomination are not updated with the RTA. Members holding shares in physical form are requested to furnish Form ISR-1, Form ISR-2 and SH-13 (available on Company's website at https://www.vsthyd.com) to update KYC and choice of Nomination (in case the same are not already updated), to KFintech, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 who are the Company's Registrar to an issue and Share Transfer Agents [RTA] so as to reach them latest by the Record Date i.e., Friday, 10th July 2026. Alternatively, Members may send their documents by email to KFintech at einward.ris@kfintech.com or upload on their web portal https://www.kfintech.com provided in both cases the documents furnished shall have digital signature of the holders.

   Similarly Members holding shares in demat mode are requested to update their details with the depository participants.

10. TDS ON DIVIDEND

    Pursuant to the relevant provisions of the Income Tax Act, 2025 ("the IT Act"), dividend income will be taxable in the hands of the Members and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the IT Act.

    The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and DP (in case of shares held in demat mode).

    A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No.121, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com by 11.59 p.m. on 10th July 2026. Members are requested to note that in case their PAN is not registered or having invalid PAN, not linked to Aadhar as on record date, then the Tax will be deducted at a higher rate prescribed under Section 397 of the IT Act, as applicable.

    Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Copy of electronically filed Form 41 and any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11.59 p.m. IST on 10th July 2026. Members are requested to submit the latest forms to avail exemption of TDS (available on Company's website). The erstwhile Form 10F, 15G and 15H shall not be accepted for this purpose.

11. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client Id No./Folio No. and Mobile No. to reach the Company's email address investors@vstind.com in advance by 22nd July 2026, 5.00 P.M. (IST). Such questions by the Members shall be taken up during the Meeting and replied by the Company suitably. Members, who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client Id No./Folio No. and Mobile No. to reach **the Company's email address investors@vstind.com by 22nd July 2026, 5.00 P.M. (IST). Only those Members who have registered themselves as a speaker shall be allowed to ask questions during the AGM, depending upon the availability of time.**

12. Brief profile of the Directors proposed to be appointed/reappointed is given towards the end of this Notice pursuant to Regulation 36(3) and 36(5) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard – 2 ["SS-2"] issued by Institute of Company Secretaries of India. None of the directors is related to one another.

13. SEBI vide its circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 has mandated issuance of securities in dematerialised form while processing service requests viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement/splitting/sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled Form ISR-4, the format of which is available on the Company's website at www.vsthyd.com and on the website of Company's RTA at www.kfintech.com. It may be noted that any service request can be processed only after the folio of the Member is KYC compliant. Members holding shares in physical form are therefore requested to convert their shares into dematerialised form. Members whose Bonus shares issued earlier pertaining to shares held in physical form have been parked in a separate suspense account as per Regulation 39(4) of SEBI Listing Regulations and Members are requested to demat their shares held in physical form so as to claim the bonus shares. Further, SEBI vide its Circular HO/38/13/(3)2026-MIRSD-POD/I/3763/2026 dated 30th January 2026, w.e.f. 2nd April 2026 has dispensed with the requirement of issuance of Letter of Confirmation by the Company/RTA while processing various above stated service requests of Members. Accordingly the securities will be credited directly to the Member's demat account upon submission of valid demat account details along with Client Master List.

14. Pursuant to SEBI Circular no. HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026 dated 30th January 2026, to further facilitate the investors to get their rightful access to their shares, a special window, as per mandate of SEBI, is available till 4th February, 2027, to facilitate lodgement of transfer requests executed before 1st April 2019 but were either not lodged for transfer or were lodged and subsequently rejected, returned or not attended due to deficiency in the documents. Eligible shareholders are requested to submit the requisite documents before 4th February 2027 to Company/RTA. Securities transferred through this mechanism shall be credited only in dematerialised form and will remain under a one year lock in, during which they cannot be transferred, lien marked, or pledged. The Company has communicated the opening of this special window through newspaper advertisements which are available in Company's website at www.vsthyd.com.

15. Any person, who acquires shares and becomes a Member of the Company after the Notice is sent and holding shares as on the record date i.e. Friday, 10th July 2026, may obtain the login ID and password by sending a request to einward.ris@kfintech.com. However, if he/she is already registered with kfintech for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.

16. Members are requested to refer to the "Shareholder Referencer" of the Report on Corporate Governance which inter-alia contains details regarding unclaimed dividend. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA as mentioned above, or the Company Secretary, at the Company's registered office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's unclaimed dividend account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).

    Shares on which dividend remains unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 of the aforesaid Act, and applicable Rules thereunder.

17. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All the material documents referred to in the Explanatory Statement and relating to the appointment of Statutory Auditors shall be available for inspection for Members through electronic mode until 29th July 2026 basis the request being sent on investors@vstind.com mentioning their name, Folio no./Client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email.

18. Pursuant to Section 108 of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI Listing Regulations, the Company is pleased to offer voting by electronic means to the Members to cast their votes electronically on all items of business set forth in this Notice. The detailed instructions for e-voting are given separately to this Notice. Members who have cast their vote by remote e-voting prior to the 95th AGM may also participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again. Only those Members, who will be present in the 95th AGM through VC/OAVM and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM by following the same procedure as in the remote e-voting.

    Voting rights will be reckoned on the paid-up value of the shares registered in the name of the Members as on Wednesday, 22nd July 2026 (cut-off date). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or e-voting during the AGM. Those who are not Members on the cut-off date should accordingly treat this Notice for information purpose only. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company as on cut-off date will be entitled to vote during the AGM.

19. The Company has appointed Mr. B.V. Saravana Kumar, Company Secretary in Practice, who in the opinion of the Board is a duly qualified person, as a Scrutiniser who will scrutinise the electronic voting process in a fair and transparent manner. The Scrutiniser shall within two working days from the date of conclusion of the Meeting, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company or any other person authorised by the Chairman and the result of the same will be disclosed forthwith. The result declared along with the Scrutiniser's Report shall be placed on the Company's website www.vsthyd.com. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed and displayed in the notice board of the Company at its Registered Office.

20. In compliance with the MCA circulars, Notice of the AGM along with the Annual Report 2025-26 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and the Annual Report 2025-26 will also be available on the Company's website www.vsthyd.com, and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of kfintech - www.kfintech.com A letter containing the web-link, along with the exact path to access the complete details of the Annual Report, is being sent to shareholders who have not registered their email address with the Company's RTA or DP.

21. Digi Locker

    SEBI vide its Circular SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2025/3 dated 19th March 2025, titled "Harnessing Digi Locker as a Digital Public Infrastructure for Reducing Unclaimed Assets in the Indian Securities Market" had introduced to address the issue of unclaimed financial assets.

This initiative enables investors to store and access information of their demat and mutual fund holdings through Digi Locker, a key Digital Public Infrastructure, benefiting investors and their families.

Shareholders can also appoint Data Access Nominees within the Digi Locker application. In the event of the shareholder's demise, the nominees will be provided read-only access to the Digi Locker account, ensuring that essential financial information is accessible to legal heirs.

22. Dispute Resolution

Members may note that in case of any dispute against the Company and/or its Registrar to an issue and Share Transfer Agent [RTA], as per SEBI Circular SEBI/HO/OIAE/OIAE_ IAD-3/P/CIR/2023/195 dated 31st July 2023, Members can file for Online Resolution of Dispute which harnesses online conciliation and arbitration for resolution of disputes arising in the Indian Securities Market. Members can use this mechanism only after they have lodged their grievance with the Company and Scores and are not satisfied with the outcome of the redressal. For more details, please see the following weblinks of the Stock Exchanges: BSE: https://bsecrs.bseindia.com/ecomplaint/frmInvestorHome.aspx and NSE: https://www.nseindia.com/complaints/online-dispute-resolution.

INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER:

a. Pursuant to SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023, e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with e-voting service provider.

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

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

1. Use the following URL for e-voting from KFintech website: https://evoting.kfintech.com.
2. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with KFintech for e-voting, use your existing User ID and password for casting your votes.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVEN i.e. VST Industries Limited.
7. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR/AGAINST' as the case may be or partially in 'FOR/AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
8. Members holding multiple folios/demat account shall choose the voting process separately for each folio/demat account. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
9. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.
10. The Portal will be open for voting from 9.00 a.m. on 25th July 2026 and closes at 5.00 p.m. on 28th July 2026.
11. Any person, who acquires shares and becomes a Member of the Company after the Notice is sent and holding shares as on the cut-off date, i.e. 22nd July 2026, may obtain the login ID and password by sending a request to einward. ris@kfintech.com However, if he/she is already registered with kfintech for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote.
12. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting.kfintech.com or contact KFintech at Tel No. 1800 309 4001 (toll free).

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

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

NSDL	CDSL
1. Users already registered for IDeAS facility of NSDL Click on URL: https://eservices.nsdl.com ii. Click on the "Beneficial Owner" icon under 'IDeAS' section. iii. Enter your User ID and Password for accessing IDeAS. iv. On successful authentication, click on "Access to e-Voting". v. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.	**1. Users already registered for Easi/Easiest facility of CDSL** Click on URL: https://web.cdslindia.com/myeasitoken/home/login or www.cdslindia.com and click on New System Myeasi. ii. Enter your User ID and Password for accessing Easi/Easiest. iii. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.
2. Users not registered for IDeAS facility of NSDL i. To register, click on URL: https://eservices.nsdl.com/ ii. Select "Register Online for IDeAS". iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc. iv. After successful registration, please follow steps given under Sr.No.1 above to cast your vote. v. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play	**2. Users not registered for Easi/Easiest facility of CDSL** i. To register, click on URL: https://web.cdslindia.com/myeasitoken/Home/EasiRegistration ii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc. iii. After successful registration, please follow steps given under Sr.No.1 above to cast your vote.

NSDL	CDSL
3. Users may directly access the e-voting module of NSDL as per the following procedure : i. Click on URL: https://www.evoting.nsdl.com/ ii. Click on the icon "Login" available under "Shareholder/Member" section. iii. Enter your User ID (i.e. 16-digit demat account number held with NSDL), login type, Password/OTP and Verification code as shown on the screen. iv. On successful authentication, you will enter the e-voting module of NSDL. v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.	**3. Users may directly access the e-voting module of CDSL as per the following procedure :** i. Click on URL: https://web.cdslindia.com/myeasitoken/Home/EasiRegistration or https://web.cdslindia.com/myeasitoken/Home/EasiestRegistration ii. Provide demat account number and PAN. iii. System will authenticate user by sending OTP on registered mobile & email as recorded in the demat account. iv. On successful authentication, you will enter the e-voting module of CDSL. v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.

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

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

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

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

Contact details in case of issue related to login through NSDL website	Contact details in case of issue related to login through CDSL website
Members facing any issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at +91 22 48867000.	Members facing any issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at toll free no. 1800 21 09911.

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

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

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

1. Members will be able to attend the 95th AGM through VC/OAVM through KFintech e-voting system at https://evoting.kfintech.com under shareholders login by using the remote e-voting credentials and selecting the EVEN for the Company's 95th AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice of AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging in to the e-voting system.
2. Members will be required to use internet with a good speed to avoid any disturbance during the Meeting. It is recommended to join the Meeting through Google Chrome for better experience.
3. Please note that Members connecting from mobile devices or tablets or through laptops etc. connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
4. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM to vote on the Resolutions as set out in the Notice of the 95th AGM and announce the start of the casting of vote through e-voting system. After the Members participating through VC/OAVM, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the Meeting.
5. Only those Members who will be present in the AGM through the VC facility and have not casted their vote through remote e-voting are eligible to vote through e-voting in the AGM.
6. Members who need assistance or help during the AGM, can contact KFintech, Toll free No.: 1800-309-4001.

Annexure to the Notice

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

Item No. 4

M/s. BSR & Associates LLP, Chartered Accountants having ICAI firm registration number 116231W/W-100024 were appointed as the Statutory Auditors of the Company at the Ninetieth Annual General Meeting held on 27th July 2021 for a second term of five years and they hold office up to the conclusion of the ensuing Annual General Meeting of the Company.

The Board at their meeting held on 29th January 2026 on the recommendation of the Audit Committee, have appointed M/s. Price Waterhouse Chartered Accountants LLP as Statutory Auditors with effect from the conclusion of the 95th AGM subject to the approval by the Members. The Audit Committee and the Board, unanimously, recommends the ordinary resolution with respect to the appointment of M/s. Price Waterhouse Chartered Accountants LLP as set out in item no.4 of this Notice taking into account their credentials and also based on the evaluation of the quality of audit work done by them in other reputed firms as Statutory Auditors.

The Company has received consent and eligibility certificate from M/s. Price Waterhouse Chartered Accountants LLP to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013. They have also confirmed that they are not disqualified to be appointed as statutory auditor. Further, the said Firm is Peer Reviewed holding valid Peer Reviewed Certificate issued by ICAI.

Price Waterhouse Chartered Accountants LLP, (the "Firm") having a Firm Registration No. 012754N/N500016, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Firm was established in the year 1991 and was converted into a limited liability partnership in the year 2014. The registered office of the Firm is at Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi - 110 002 and has sixteen (16) branch offices in various cities in India including Hyderabad. The Firm is primarily engaged in providing auditing and other assurance services to its clients and is a member firm of Price Waterhouse & Affiliates, a network of firms registered with the Institute of Chartered Accountants of India having Network Registration No. NRN/E/14. Price Waterhouse & Affiliates is a network of separate, distinct and independent Indian Chartered Accountant firms, each of which is registered with the Institute of Chartered Accountants of India. The Firm has more than 125 Assurance Partners as of 31st December 2025 and audits various companies listed on stock exchanges in India.

The terms and conditions of appointment of the statutory auditors and the proposed fees are as follows:

a. Term of Appointment : 5 years from the conclusion of this AGM till the conclusion of 100th AGM.

b. Proposed Fees : Remuneration for Statutory Audit of ₹ 45 Lakhs (Rupees Forty Five Lakhs) plus applicable taxes, travelling and other out-of-pocket expenses incurred by them in connection with the statutory audit of the Company for the financial year 2026-27. The remuneration payable to the statutory auditors for the remaining tenure of the proposed appointment will be subsequently determined by the Board as per the recommendations of the Audit Committee. The proposed fees is based on knowledge, expertise, industry experience and the time and efforts required to be put in by them, which is in line with the industry benchmarks. The fees for services in the nature of limited review, statutory certifications and other professional work will be in addition to the audit fee as above and will be determined by the Board in consultation with the Auditors and as per the recommendations of the Audit Committee. The Board, based on the recommendation of the Audit Committee, unanimously, recommends the ordinary resolution as set out in item no.4 of this Notice, for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way, financially or otherwise, concerned or interested in the resolution.

By order of the Board
For VST Industries Limited

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

Place: Hyderabad
Date : 16th April 2026

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard-2 on General Meetings]

Name of the Director	**Mr. Naresh Kumar Sethi (As a Non-Executive Director)**
DIN	08296486
Age	60
Date of first appointment on the Board	14.12.2018
Qualifications	- Chemical Engineer from IIT Varanasi - MBA from IIM Calcutta
Expertise in specific functional areas	Governance, Marketing and Business Strategy
Number of Meetings of the Board attended during the year	4
Last drawn remuneration	₹ 2,03,60,000
Remuneration proposed to be paid	Sitting Fees, Commission and other remuneration as approved by the Board of Directors/Shareholders.
List of Directorships of other listed entities	Nil
List of Memberships/Chairmanships of Committees of other listed entities	Nil
Listed entities from which resigned/retired in the past three years	Nil
Shareholding in the Company	Nil
Relationship with other Directors and Key Managerial Personnel of the Company.	None

REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31ST MARCH, 2026

Your Directors have pleasure in presenting the 95th Annual Report together with the Audited Financial Statements for the financial year ended 31st March 2026

FINANCIAL SUMMARY

(₹ Lakhs)

	2025-26	2024-25
Revenue from Operations	2,04,575	1,80,943
Profit After Tax	29,225	29,039
Balance available for Appropriation in Retained Earnings	1,16,273	1,12,782
Amount transferred to General Reserves	3,000	3,000
Dividend Paid	16,954	23,077
Balance in Retained Earnings	96,319	86,705
Key Ratios		
Earnings Per Share (₹)	17.21	17.10
Dividend Per Share (₹)	10.00	13.64

Value creation during the decade has been Compounded Annual Growth Rate (CAGR), 6.8% in Earnings Per Share (EPS) and 4.6% in Dividend Per Share (DPS).

DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 12/- per equity share of ₹ 10/- each on the paid up equity share capital of the Company for the year ended 31st March 2026, for consideration and approval of Members at the ensuing Annual General Meeting (AGM). Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Company has adopted a Dividend Distribution Policy. This policy can be accessed on the Company's website at https://www.vsthyd.com/mainsite/documents/Dividend-Distribution-Policy.pdf

The dividend would be payable to all Shareholders whose names appear in the Register of Members as on 10th July 2026, subject to deduction of tax at source.

TRANSFER TO RESERVES

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

MATERIAL CHANGES AND COMMITMENTS

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

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March 2026 was ₹ 16,986.11 Lakhs. The Company has neither issued shares with differential rights as to dividend, voting or sweat equity shares.

EMPLOYEE STOCK OPTION PLAN

During the year under review, there has been no change in the VST Employee Stock Option Plan-2020 (VST-ESOP 2020) of the Company and further the said VST-ESOP 2020 are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The necessary disclosures in compliance with Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are available on the website of the Company at https://www.vsthyd.com/mainsite/other-information.html#esop-disclosure-area

Pursuant to the VST Employee Phantom Stock Option Plan (VST EPSOP-2023) approved by the Nomination and Remuneration Committee and the Board during FY 2023–24, phantom options were granted to eligible employees during the year under review. The valuation methodology and impact on the profit and loss account if any as per the applicable accounting standards are disclosed in the notes to financial statements.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A)

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

INDUSTRY PERFORMANCE

The industry witnessed ~7% volume growth in FY 2025-26, driven by a stable regulatory and taxation regime for most of the year. The vibrant mid-premium price segment further strengthened its position across markets driven by legacy brands and convenient pricing. While the premium and value segments remained stable, the low-price segment's performance was lower than industry performance.

COMPANY PERFORMANCE

Your Company's volume growth in FY 2025-26 was higher than industry trend after four consecutive years of volume decline and lower performance. Your Company registered a strong growth of ~9% with impressive gains across segments and across geographies.

TOTAL, your Company's first national trademark, strengthened its appeal among young adult consumers and grew volumes in all its major operating markets. Your Company remains focused on further enhancing TOTAL's consumer appeal through periodic upgradations and introduction of new variants to grow its franchise.

EDITIONS transitioned from a regional brand and strongly emerged as your Company's second national trademark with gains in core geographies and weak markets. EDITIONS made impressive inroads in the mid premium segment where your Company had no presence till two years ago. Your Company remains committed to expand EDITIONS' appeal by launching innovative offers.

Simultaneously, vastly improved in-market execution has driven strong performance in heritage trademarks such as CHARMS, SPECIAL, and MOMENTS. Your Company is also focused on strengthening and increasing the relevance of heritage trademarks through affordable innovation.

Your Company's distribution capabilities have significantly strengthened over the past few years. This has been achieved by data-driven decision-making and targeted market activities driven by a comprehensive digital infrastructure ecosystem. This has also helped in portfolio expansion, both width and depth, in core, emerging and weak markets.

LEAF TOBACCO

During FY 2025-26, the global tobacco industry operated in a relatively soft market environment, largely due to higher crop production across major origins, including Brazil, Zimbabwe, Malawi and India. Favourable climatic conditions resulted in increased global leaf availability, leading to downward pressure on international tobacco prices.

Global importers adopted cautious procurement strategies, focusing on inventory optimisation and staggered buying cycles. This led to slower procurement activity and extended shipment timelines, moderating demand momentum and price realisations in export markets. Consequently, the Indian tobacco industry faced subdued demand amid intensified competition among exporting countries.

Against this backdrop, the pace of order and shipment movements remained relatively slow during the year. Accordingly, your Company recorded a turnover of ₹ 301 Crores and PBIT of ₹ 34 Crores for FY 2025-26.

Despite these headwinds, your Company is continuing to strengthen customer relationships, maintain disciplined procurement practices, and ensure efficient supply chain. Engagement with the farming community through agronomic support and quality focused crop development initiatives has reinforced a resilient sourcing ecosystem. Your Company also progressed in strengthening digital procurement and

traceability systems, enhancing transparency across the supply chain.

Looking ahead, your Company remains cautiously optimistic about the medium-term outlook for the global tobacco market. As global inventories gradually normalise and demand stabilises, India is expected to retain its position as a reliable supplier of quality tobacco.

PRODUCTION AND PLANT MODERNISATION

Your Company has successfully transitioned its production to the new integrated world class manufacturing platform at Toopran, near Hyderabad. This upgraded plant is designed to enhance capital efficiency, improve product quality, and optimise costs. Built with a focus on sustainability and Industry 4.0 principles, the facility emphasises resource conservation, data driven intelligence, ergonomic design for safety, water sustainability, and effective use of renewable energy.

Your Company has implemented TQM - Total Quality Management, and 5S - Workplace discipline projects successfully during the year in your integrated world class new plant at Toopran ensuring all employees involvement across grades & departments. This has resulted in a significant swift in Quality Culture among all employees.

RESEARCH & DEVELOPMENT ACTIVITY

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

The R&D Centre - Laboratory Management Systems have been implemented in the new Factory location at Toopran, and process of obtaining NABL certification for the laboratory at its new location is initiated.

HUMAN RESOURCE DEVELOPMENT

The success of your Company is rooted in the enduring belief that people make all the difference. Your Company has built a culture that emphasises agility, cost efficiency, and the consistent delivery of high-quality outcomes at every level, enabling purposeful and sustainable growth. A strong focus on quick and effective decision-making, adherence to well-defined systems and processes, and the collective commitment to go the extra mile in achieving organisational targets have further strengthened operational excellence.

Backed by a relentless pursuit of results and a deep commitment to people motivation and morale, the organisation has continued to drive performance and create lasting value for all stakeholders, translating its people-first philosophy into meaningful growth and progress.

During the year, the Human Resources function continued to actively support business growth and capability building through onboarding the Right Talent across functions and thereby strengthening key areas of the organisation. Your Company also strengthened its frontline talent pipeline through campus hiring initiatives.

Talent development continued to remain a key priority. The Leadership Development Journey, a year-long development programme for senior leaders, continued to strengthen leadership capabilities across the organisation. Your Company also implemented multiple structured development initiatives, including Development Centres for frontline Sales employees transition to Sales Managers, where employees were identified for the talent pool as Ready Talent. A Development Centre for transiting from Sales Manager to Regional Manager roles resulted in promoting talent internally for key critical positions.

Your Company further reviewed Leadership successor Individual Development Plans (IDPs) and conducted periodic feedback sessions with identified successors across the board. As part of the leadership development journey, a 360-degree feedback process was conducted for the Leadership to enhance self-awareness and leadership effectiveness. In addition, your Company developed a Leaf Leadership Development Roadmap and reviewed action plans aimed at building future-ready leaders. The Company also continued to invest in managerial capability building by providing access to online learning platforms enabling them to enhance their leadership and functional capabilities through curated digital learning resources.

To further strengthen organisational effectiveness, the Company carried out a comprehensive study of the organisational structure for the Leaf and Technical teams following which structural improvements were implemented. Performance excellence continued to be reinforced through regular performance reviews, structured feedback mechanisms, and focused performance interventions.

Employee engagement remained a key focus area. Initiatives designed to strengthen connections between employees and leadership included Quarterly Town Halls, Leaf Hangouts, and Open House sessions, which provided platforms for an open dialogue and engagement.

In order to support operational excellence and strengthen product quality, the Company also ensured a quick turnaround in setting up the Quality team in the Manufacturing Operations. In the manufacturing, your Company institutionalised best manufacturing practices such as 5S, TPM, and TQM, reinforcing operational discipline and quality excellence. In recognition of its progressive people practices and strong management systems, VST was honoured with the Best Management Award for 2025 by Telangana Government.

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

As of 31st March 2026, your Company employed 712 people comprising 359 management staff and 353 workmen.

ENVIRONMENT, HEALTH & SAFETY (EHS) AND COMMUNITY SERVICES

375 employees and 102 contract workmen have undergone EHS training during the year. Mock drills were also conducted for workers and management during the period to comply with the Company's EHS guidelines. Half-yearly and Annual EHS audits of the Company's operations were carried out to ensure compliance of EHS requirements. Your Toopran facility was awarded "Gold rating" in Water Stewardship Certification from Water Stewardship and Assurance Services, AWS, Scotland. In view of the sustainability efforts, your Company was able to reduce specific water consumption by 5% yoy by adopting best practices for sustainable development.

RENEWABLE/GREEN ENERGY

Your Company commissioned a 1.2 MW photovoltaic (PV) solar power plant in September 2022, reaffirming its commitment to renewable energy and sustainable development. This commitment was further advanced through the installation of a 10 KW solar lighting system in 2024, followed by an upgraded 15 KW solar lighting system in 2025. These initiatives reflect VST's ongoing efforts to enhance the adoption of clean energy solutions in alignment with its long-term sustainability goals.

Supported by improved maintenance practices and enhanced operational efficiency, the solar power plant achieved a 3% increase in performance over FY 2024-25. Currently, the plant fulfils approximately 33% of the Company's electricity needs and has enabled a 37% reduction in its carbon footprint. In addition, to encourage sustainable transportation, your Company has established electric vehicle (EV) charging stations for both two-wheelers and four-wheelers at its Toopran facilities.

CLEANER FUEL FOR BOILER/INCINERATOR

As part of its continued efforts to reduce emissions and lower its carbon footprint, your Company has replaced High-Speed Diesel (HSD) with cleaner and more sustainable Piped Natural Gas (PNG) as the primary fuel for its incinerator operations. Recognised as one of the cleanest-burning fuels, PNG offers improved safety, enhanced operational efficiency, and better cost effectiveness. This strategic transition is expected to result in an estimated 51% reduction in carbon emissions while delivering annual fuel cost savings of approximately ₹ 189 Lakhs. Additionally, the fuel efficiency of both the boiler and incinerator improved by 4.5% over FY 2024–25, underscoring the Company's continued commitment to operational efficiency and environmental sustainability.

FINANCE

a. Profits

The Profit after Tax of your Company for the year is ₹ 292.3 Crores.

b. Treasury Operations

Your Company follows a SLR model (Safety, Liquidity and Return) in deployment of earmarked funds.

c. The changes (change of 25% or more) as compared to the immediately previous financial year ratios of the Company including those listed out and specified under Schedule V (B)(1)(i) read with Regulation 34(3) of the SEBI Listing Regulations, as amended are disclosed in Note No. 32 of Notes on Financial Statements to the Accounts in the Annual Report.

d. The financial statements have been prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 ["the Act"], read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time. The accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

FIXED DEPOSITS

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

CORPORATE GOVERNANCE

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

MEETINGS

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

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

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

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

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

RISK MANAGEMENT

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

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

The Board is responsible for determining the nature and extent of the principal risks that your Company is willing to take to achieve its strategic objectives and for maintaining sound risk management system. With the support of the Audit Committee, it carries out a review of the effectiveness of your Company's risk management process covering all material risks including strategic, financial, operational and also compliance levels. Your Company has substantial operations all over the country and competes on the basis of brand appeal, loyalty, price value connotations and strong trade relationships.

The Company's position is influenced by the economic, regulatory and political situations both nationally and at a state level and of the competitors. The principal risks impacting your Company's business and steps undertaken to mitigate them are as under:

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

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

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

The Company's business is subjected to GST, excise and other cesses as may be made applicable, which could require the Company to take up product prices and in absence of such action, impact its business. The impact increases when due to changes in economic situation, consumer's disposal income reduces, resulting in down-trading to cheaper cigarettes including

non-duty paid illicit cigarettes or alternative tobacco products. Such risks are addressed by the company through: (a) engagement with tax authorities at levels where appropriate; (b) regular management review to build a well laddered brand portfolio across new segments including new brand creation; and (c) capability buildup through investments in distribution infrastructure to increase geographical spread.

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

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

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

Non-Duty Paid (NDP) Cigarettes in the form of counterfeit product, contraband (genuine smuggled product) and locally manufactured products on which applicable taxes are evaded, represents a significant and growing threat to the legitimate cigarette industry. Factors such as increased product prices (either for retailer or consumer) and economic downturn among others encourage consumers shift to cheaper cigarettes which results in commoditisation of the Product and erosion of brand value resulting in undermining company's investment in trade marketing and distribution. As part of its mitigation plan the company both directly as well as through trade bodies engages with key external stakeholders including periodical interaction with law enforcement agencies in pursuit of priority targets.

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

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

vi. **Cyber Security** – The Company's operations place high reliance on its digital data. Loss or misuse of any such sensitive information, or its disclosure to outsiders, including competitors and trading partners could potentially have a significant adverse impact on the Company's business operations and/or give rise to legal and financial liability. For this purpose, the Company has put in place cyber security policies and procedures which are reviewed regularly. In addition, for continuity of the operations we perform periodic assessment of information technology controls implemented like access controls, security and operations management, data back-up & recovery management, authorisation verification, firewalls, etc.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your Company's Corporate Social Responsibility (CSR) initiatives are guided by a commitment to inclusive growth and sustainable community development. Through its CSR Policy, your Company seeks to create meaningful impact in the areas of Rural Development, Health & Sanitation, Education & Sports, and Environmental Sustainability, thereby contributing to the well-being of communities around its areas of operation.

As part of its rural development initiatives, your Company partnered with Gramalaya under Project Naari Shakti to promote menstrual hygiene awareness among women and encourage the use of cloth sanitary pads. The initiative also focuses on enabling rural women to produce cloth sanitary pads as a means of livelihood. Women were mobilised into Self-Help Groups (SHGs) to facilitate implementation, and a trained cohort of women has been established to produce and market cloth sanitary pads, enabling the project to evolve into a sustainable community enterprise.

Your Company also collaborated with Milaan Foundation to empower adolescent girls in rural communities, particularly in Uttar Pradesh. The programme focused on building confidence, resilience, and awareness of rights among adolescent girls through structured training and mentorship. Peer learning cohorts were established to extend the programme's reach and ensure sustained community engagement.

In the area of health and sanitation, your Company, in collaboration with Gramalaya, implemented the Swachh Ghar Programme in Jogulamba–Gadwal District, where your Company has operational presence. The initiative involved the construction of household toilets for rural families, along with awareness programmes on sanitation and hygiene. During the financial year, over 400 household toilets were constructed, with plans to expand the programme further within the region and subsequently to other locations.

Your Company also continued to strengthen access to rural healthcare through its Mobile Dispensary Programme, benefiting communities in Kurnool and Raichur. Through this initiative, nearly 30,000 villagers received health check-ups and regular medical support, contributing to improved awareness and access to primary healthcare services.

Further, your Company supported the establishment of an Eye Hospital in partnership with the Rotary Club of Secunderabad, which is expected to benefit over 30,000 patients annually. In addition, an Audiometry Machine was sponsored to support the diagnosis and treatment of hearing impairments among differently abled children.

In the field of education, your Company contributed to the development of school infrastructure at Government schools in Kollur and Kurnool. It also supported a holistic development programme for students in Government schools at Brahmanpally, focusing on computer education, arts, and sports to enhance overall learning outcomes.

Your Company further supported mid-day meals for more than 5,000 Government school children in Medak District during the financial year, reinforcing its commitment to child welfare and education.

The composition of the CSR Committee is given in the Corporate Governance Report forming part of this Annual Report. The CSR policy and the projects approved by the Board are available on the Company's website at: https://www.vsthyd.com/mainsite/documents/corporate_social_responsibility_policylast_updated_on_24.4.2025.pdf

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Company during the year are in its ordinary course of business and on arm's length basis. There were no materially significant related party transactions between your Company and the Directors, Promoters or Promoter group, Key Managerial Personnel and other designated persons which may have a potential conflict with the interest of your Company at large. During the year, the Company has not entered into any transactions with any person or entity belonging to the promoter or promoter group which holds 10%

or more shareholding in the listed entity other than the corporate actions applicable uniformly to all the shareholders. Prior approval for all the related party transactions is obtained from the Audit Committee.

Form AOC-2 pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 for disclosure of particulars of contracts/ arrangements, entered into by your Company with related parties for the year ended 31st March 2026 is annexed herewith as "**Annexure C**" and forms part of this Report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The performance evaluation of the Chairman, Non-independent Directors and Board as a whole was carried out in a separate meeting of the Independent Directors, taking into account the views of Executive and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

DIRECTORS' APPOINTMENT AND REMUNERATION POLICY

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

MEETING OF INDEPENDENT DIRECTORS

During the financial year under review, all the Independent Directors of the Company met on 24th April, 2025, inter alia, to discuss:

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

VIGIL MECHANISM

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March 2026, the Board comprises of eight Directors out of which four are Independent Directors.

Directors Retiring by Rotation/Re-appointment

Mr. Naresh Kumar Sethi

Mr. Naresh Kumar Sethi [DIN: 08296486], a nominee of the Raleigh Investment Company Limited, a British American Tobacco group Company was appointed as a Director of the Company with effect from 14th December 2018 whose office is subject to retirement by rotation. His appointment was approved by the Members at the AGM of the Company held on 28th August, 2019.

Pursuant to Article 93 of the Articles of Association of your Company, Mr. Naresh Kumar Sethi is liable to retire from the Board and being eligible, offers himself for re-election. Your Board recommends his reappointment.

Mr. Naresh Kumar Sethi's [60 years] career spans 32 years as a Global Marketer, General Manager and Strategy Transformation Officer. He has held various marketing roles in India, Indonesia, West Africa Area and Australasia prior to moving to Japan as President of British American Tobacco, Japan. Mr. Sethi is a chemical engineer from Indian Institute of Technology, Varanasi and has an MBA from the Indian Institute of Management, Calcutta, India.

Mr. Naresh Kumar Sethi is not a Director in any other Company in India. He is a Member in Audit Committee, CSR Committee, Stakeholders Relationship Committee, Risk Management Committee Nomination & Remuneration Committee and Strategy Committee. Mr. Naresh Kumar Sethi does not hold any shares in the Company and is not related to any other Director of the Company.

Directors Cessation/Appointment

Mr. Sanjay Wali

Mr. Sanjay Wali [DIN 10868596] resigned as the Whole-time Director of your Company effective 2nd March 2026. The Board of Directors place on record their appreciation of the contribution made to your Company by Mr. Sanjay Wali during his tenure as Whole-time Director.

Mr. Piyush Srivastava

Mr. Piyush Srivastava [DIN 10775803] was appointed as the Managing Director & CEO of the Company with effect from 2nd March 2026 who shall also be a Key Managerial Personnel under Section 203 of the Act. The Members have approved his appointment on 3rd April 2026 through Postal Ballot.

Mr. Piyush Srivastava, aged 51 years, holds a Bachelor's degree in Engineering from the National Institute of Technology, Prayagraj, and a Master's degree in Business Administration from the Xavier Institute of Management, Bhubaneswar.

Mr. Srivastava has over 25 years of professional experience across the FMCG and Alco-Beverage sectors in India and other Asian markets. He has held senior leadership positions with organisations such as Pernod Ricard, PepsiCo, Marico and was associated with ITC-AT and Tata Motors during the formative years of his career. His experience spans commercial strategy, sales and distribution, route-to-market development, business transformation, and scaling of operations.

Prior to his current stint as Chief Commercial Officer of Pernod Ricard India, Mr. Piyush Srivastava served as the Managing Director of Pernod Ricard for Hong Kong and Macau and was also a member of the Asia Executive Committee, contributing to strategic leadership across the region.

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

Independent Directors

In accordance with Section 149 of the Act, the Members at the AGM of the Company held on 29th August 2024 have approved the appointment of Mr. Rajeev Bakshi as Independent Director of the Company with effect from 1st July 2024, and the Members through Postal Ballot by way of Special Resolution have approved the re-appointment of Ms. Rama Bijapurkar and Mr. Sudip Bandyopadhyay to be effective from 1st April 2024 and 1st June 2024 respectively to hold the office for a further term of five consecutive years from their respective dates. The Members at the AGM of the Company held on 23rd July 2025 have approved the appointment of Mr. Nellaiappan Thiruamblam as an Independent Director of the Company with effect from 25th April 2025.

All the Independent Directors have submitted the declarations stating that they meet the criteria of independence as prescribed under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations as amended for the financial year ended 31st March 2026. The Board reviewed and assessed the veracity of the aforesaid declarations, as required under Regulation 25(9) of the SEBI Listing Regulations. In the opinion of the Board, all the Independent Directors fulfil the said conditions as mentioned in Section 149(6) of the Act and the SEBI Listing Regulations and are independent of the Management. All the Independent Directors of the Company have complied with the provisions of sub rule (1) and (2) of Rule 6 of

the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to registration with the Indian Institute of Corporate Affairs for the Independent Directors' Database.

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

KEY MANAGERIAL PERSONNEL

Mr. Piyush Srivastava, Managing Director & CEO, Mr. Anish Gupta, Chief Financial Officer and the Company Secretary Mr. Phani K. Mangipudi are the Key Managerial Personnel as per the provisions of Section 203 of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. appropriate accounting policies have been selected and applied consistently. Judgement and estimates which are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of your Company as on 31st March 2026 and of the profits of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.
5. proper internal financial controls have been laid down to be followed by your Company and such internal financial controls are adequate and were operating effectively; and
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised, and such systems were adequate and operating effectively.

CRITERIA FOR SELECTION AND APPOINTMENT OF DIRECTORS

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

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

The qualification of the candidate is scrutinised by the Committee considering educational degree, college/ institution, professional qualification if any, etc. In addition, there is also a criteria regarding minimum work experience and the positive attributes such as leadership quality, level of maturity, management capabilities, strategic vision, problem solving abilities, etc., on which the candidate is judicially scrutinised. In case of an internal candidate, the senior management employee is also evaluated on the above criteria before being recommended for promotion as a Director. While considering re-appointment of the Directors, their performance evaluation report is considered. In case of Independent Director, the independence, integrity, expertise, experience and interest pecuniary or otherwise as per the statutory provisions are also assessed before appointment.

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

There are no significant or material orders passed by the Regulators, Courts or Tribunals which impact the going concern status of the Company and its future operations.

However, Members' attention is drawn to the following:

TAXATION

i. Entry Tax

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

ii. Excise

a. Tobacco Refuse

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

b. Service Tax

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

PUBLIC INTEREST LITIGATION (PIL)

i. Your Company has been impleaded in the petition filed in the Supreme Court by an NGO called 'Centre for Transforming India' against the Union of India along with other cigarette manufacturers, Tobacco Institute of India, Bidi Manufacturers and Bidi Manufacturers' Association, seeking prohibition/ban of the manufacture, storage and sale of all forms of tobacco within the territory of India. This is being contested.

ii. Petitions have also been filed in other courts such as High Court of Madhya Pradesh - Jabalpur, National Green Tribunal, Delhi seeking ban on sale of cigarettes and before High Court of Madhya Pradesh – Indore Bench seeking directions to mention tar and nicotine content on cigarette packs by the manufacturers. All of the above are being effectively contested by your Company.

FINANCIAL SERVICES BUSINESS

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

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

i. In view of the provisions of COTPA, various restrictions such as ban on advertising in print, visual media and outdoors, regulation of in-store advertising, prohibition of sale of cigarettes to persons below the age of 18 years, etc. have been in force. Printing of pictorial warnings on cigarette packets, came into effect from 31st May 2009 were further revised and the pictorial warning covering

85% of the front and back side of the packets was implemented w.e.f. 1st April 2016 and is being duly complied with by your Company.

ii. Before the High Court of Karnataka, a Writ Petition was filed by Tobacco Institute of India (TII) on behalf of your Company and other manufacturers against the proposed notification dated 15th October 2014 by Health Ministry to print health warning on both sides of the pack occupying 85% of space. The 85% health warning came into effect from 1st April 2016. Your Company also filed a Writ Petition before the High Court bench at Dharwad against the implementation of 85% health warning. The Hon'ble Supreme Court on hearing a PIL filed by Health for Millions, constituted a Bench before the Karnataka High Court to hear all the matters relating to graphical health warning. The Writ Petitions filed by TII and your Company were heard before the Bangalore Bench and it was held on 15th December 2017 that the amendment made to the Packaging Rules imposing 85% graphic health warning is ultra vires the Constitution. Against the said Judgement, an appeal was filed by the Ministry of Health before the Supreme Court. A stay has been granted on the said judgement and the case is pending before the Supreme Court.

REAL ESTATE

The then Government of Andhra Pradesh had filed a land grabbing case against your Company in 1991 in relation to a piece and parcel of vacant land which has been under possession and occupation by your Company for over four decades. By its judgement dated 28th July 2010, the Special Court had held that your Company is not a land grabber but had given the State Government the right to initiate proceedings to recover possession of the land at some future date. Against this part of the judgement, your Company filed a writ petition before the then Hon'ble High Court of Andhra Pradesh to expunge that part of the Order giving such liberty to the Department despite the fact that your Company has already been declared not to be a land grabber. The writ petition is still pending.

The State Government has also filed a writ petition in the Hon'ble High Court of Andhra Pradesh seeking to set aside the said judgement of the Land Grabbing Court. An interim Order was passed restraining your Company from changing the status of the land or creating any third party interest therein. Your Company is taking all the necessary steps for speedy disposal of the above writ petitions which are pending before the Court.

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

ANNUAL RETURN

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

AUDITORS

Statutory Auditors

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

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

The Board, based on the recommendation of the Audit Committee, have approved and recommended for the approval of shareholders at this AGM of the Company, the appointment of M/s. Price Waterhouse Chartered Accountants LLP as the Statutory Auditors for a term of five consecutive years commencing from the conclusion of the 95th AGM of the Company till the conclusion of the 100th AGM.

Secretarial Auditor

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

There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

COST ACCOUNTS AND RECORDS

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

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

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

SUBSIDIARY/ASSOCIATES/JOINT VENTURES

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

INSOLVENCY AND BANKRUPTCY CODE 2016

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

UTILISATION OF FUNDS

Your Company has not raised any funds during the year through preferential allotment or Qualified Institutional Placement, as a result question of providing details of utilisation of such funds does not arise. Further, during the year, there were no transaction relating

to difference between amount of valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions.

COMPLIANCE WITH MATERNITY BENEFIT ACT, 1961

The Company is compliant with the applicable provisions of the Maternity Benefit Act, 1961 [now The Code on Social Security, 2020] and has policies, systems and processes in place to ensure ongoing compliance.

WAY FORWARD

While your Company delivered a strong performance in the current financial year, there are challenges ahead. The recently introduced tax structure has resulted in price increases across the board. The challenge ahead lies in navigating this complex environment while also negating the impact of illegal cigarettes where the tax arbitrage has grown substantially. However, your Company continues to stay focused on driving consumer value while effectively managing the overall tax impact.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board,

Naresh Kumar Sethi
Chairman
DIN: 08296486

Dated this 16th day of April, 2026
Hyderabad

ANNEXURE A

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March 2026.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

(a) Composition and category of Directors

Name of the Director	Category	No. of outside directorships held *	No. of Memberships/ Chairmanships of board committees of other companies #
Mr. Naresh Kumar Sethi$	Non-Executive Director	Nil	Nil
Mr. Piyush Srivastava**	Managing Director & CEO	Nil	Nil
Ms. Rama Bijapurkar	Independent - Non-Executive Director	3	2
Mr. Sudip Bandyopadhyay	Independent - Non-Executive Director	1	Nil
Mr. Rajeev Bakshi	Independent - Non-Executive Director	2	2
Mr. Nellaiappan Thiruambalam@	Independent - Non-Executive Director	Nil	Nil
Mr. Alok Agarwal@	Non-Executive Director	Nil	Nil
Mr. S. Thirumalai	Non-Executive Director	Nil	Nil
Mr. Sanjay Wali##	Whole-time Director	Nil	Nil

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

Except Mr. S. Thirumalai who holds 275 equity shares, none of the other Directors hold any shares in the Company. There are no convertible instruments issued by the Company and hence none held by the Non-executive Directors during the year ended 31st March 2026.

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

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

$ Representing equity interest of promoter group – British American Tobacco, U.K.

** Appointed as Managing Director & CEO w.e.f. 2nd March 2026.

Resigned as a Whole-time Director w.e.f. 2nd March 2026.

@ Mr. Nellaiappan Thiruambalam was appointed as an Independent Director and Mr. Alok Agarwal was appointed as Non-Executive Director at the Board Meeting held on 25th April 2025.

Directorships and Committees held in other listed companies

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

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

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

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

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

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

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

Name of the Director	No. of Board Meetings held	25th April 2025	22nd July 2025 (Through VC)	29th October 2025	29th January 2026	AGM held on 23rd July 2025 (Through VC)
Mr. Naresh Kumar Sethi	4	Yes	Yes	Yes	Yes	Yes
Mr. Sanjay Wali	4	Yes	Yes	Yes	Yes	Yes
Mr. Piyush Srivastava *	4	NA	NA	NA	NA	NA
Ms. Rama Bijapurkar	4	Yes	Yes	Yes	Yes	Yes
Mr. Sudip Bandyopadhyay	4	Yes	Yes	Yes	Yes	Yes
Mr. Rajeev Bakshi	4	Yes	Yes	Yes	Yes	Yes
Mr. Nellaiappan Thiruambalam **	4	NA	Yes	Yes	Yes	Yes
Mr. Alok Agarwal **	4	NA	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	4	Yes	Yes	Yes	Yes	Yes

* Appointed w.e.f. 2nd March 2026
** Appointed at the Board Meeting held on 25th April 2025

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

(c) Other details

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

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

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

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

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

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

Name of the Director	Skills/expertise/competencies of the Director
Mr. Naresh Kumar Sethi	Governance, Marketing & Business Strategy
Mr. Piyush Srivastava	Business Strategy & Marketing
Ms. Rama Bijapurkar	Business Strategy, Marketing & Governance
Mr. Sudip Bandyopadhyay	Business Strategy & Finance
Mr. Rajeev Bakshi	Business Strategy, Marketing & Governance
Mr. Nellaiappan Thiruambalam	Business Strategy, Sales Marketing, Employee Management
Mr. Alok Agarwal	Business Strategy & Finance
Mr. S. Thirumalai	Finance & Regulatory

The Board periodically reviews the compliance reports of all laws applicable to the Company.

(d) Familiarisation Programme for Independent Directors

Pursuant to the Regulation 25(7) of SEBI Listing Regulations read with Schedule IV of the Act, your Company has in place Familiarisation Programme for Independent Directors to acquaint them with the Company, business model and operational aspects.

In order to familiarise the Independent Directors with the Company and to inform them about

their roles, rights and responsibilities, the Company conducts orientation programmes by various departmental heads such as Legal & Secretarial, Marketing, Finance, Technical, etc. The Independent Director is also taken for a market visit, visit to tobacco growing areas, leaf division and tour of the plant. In addition to the above, any other detail which the Director wants or any other department or function which the Director wants to meet is also arranged. The Policy on Familiarisation Programme for Independent Directors and the details of such familiarisation programmes are disseminated on the website of the Company https://www.vsthyd.com/mainsite/documents/familiarisation_programme_for_independent_directors2_4june2026.pdf

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

3. AUDIT COMMITTEE

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

(a) Terms of Reference

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

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

    The Audit Committee mandatorily reviews the following information:

    1. Management discussion and analysis of financial condition and results of operations;
    2. Management letters/letters of internal control weaknesses issued by the statutory auditors;
    3. Internal audit reports relating to internal control weaknesses;
    4. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
    5. Statement of deviations:
       a] Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
       b] Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

In accordance with the circular dated 7th January 2026 issued by the National Financial Reporting

Authority and upon recommendation of the Audit Committee in consultation with the Statutory Auditors, the Board adopted a framework to ensure effective two-way communication between 'Those Charged with Governance' ("TCWG") and the Statutory Auditors. Towards this, the Audit Committee has been designated as TCWG and the Chairman of the Audit Committee is the Nodal Person to facilitate two way communication between the Statutory Auditors and the Board and the Audit Committee.

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

Name of the Member	Category	Attendance at the Audit Committee Meetings held on			
		25th April 2025	22nd July 2025 (Through VC)	29th October 2025	29th January 2026
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director [Chairman]	Yes	Yes	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Rajeev Bakshi	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes	Yes	Yes
Mr.Naresh Kumar Sethi **	Non-Executive Director	NA	NA	Yes	Yes
Mr. Nellaiappan Thiruambalam **	Independent Non-Executive Director	NA	NA	Yes	Yes

**Appointed as a Member of the Committee w.e.f. 22nd July 2025

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

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

During the year, the Committee took note of disclosures by promoters under Regulation 31(5) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. The previous AGM of the Company was held on 23rd July 2025 and was attended by Mr.Sudip Bandyopadhyay, Chairman of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee is constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Act.

(a) Terms of Reference

The terms of reference inter-alia are as under:

a) Identify persons who are qualified to become Directors in accordance with the criteria laid down;

b) Lay down the criteria for appointment at senior management level;

c) Recommend to the Board, appointment, re-appointment of Directors, KMP and removal of Directors;

d) To vet and approve recommendations from the Executive Directors for the appointment and succession of senior managers;

e) Formulate a criteria for evaluation of performance of the Board, its Committees and individual Directors;

f) Formulate criteria for determining qualifications, positive attributes and independence of a Director;

g) Recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel & other employees;

h) Recommend to the Board, all remuneration payable to senior management;

i) Assess, approve or recommend the training and development requirements of Directors and senior management as recommended by the Executive Directors;

j) Devising a policy on Board Diversity.

k) To monitor and administer the ESOP scheme.

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

Name of the Member	Category	Attendance at the Nomination & Remuneration Committee Meeting held on			
		24th April 2025	4th July 2025 (Through VC)	29th October 2025	30th November 2025 (Through VC)
Mr. Rajeev Bakshi	Independent Non-Executive Director [Chairman]	Yes	Yes	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Leave of Absence	Yes	Yes	Yes
Mr.Sudip Bandyopadhyay	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes	Yes	Yes

The previous AGM of the Company was held on 23rd July 2025 and was attended by Mr. Rajeev Bakshi, Chairman of the Nomination and Remuneration Committe

(c) Remuneration Policy

Purpose

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

Scope

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

Compensation Philosophy

The Company's compensation philosophy reflects on the guiding principles of aligning with Company objective of sustained improvement in performance, promoting a culture of meritocracy, creating a linkage to corporate and individual performance, market competitiveness and positive influence on the employee contribution and continuity.

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

The remuneration philosophy is driven by:

1. Business performance-Remuneration as an effective instrument to enhance performance and therefore link as an optimum mix of individual & company performance.

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

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

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

Policy Definition

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

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

Individual compensation fixation is as under:

Executive Directors & senior management: Compensation fitment for Executive Directors is in the top quartile or thereabout and for senior management, above the median of the market/industry positioning.

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

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

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

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

Remuneration of Non-executive Directors

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

Criteria for selection and appointment of Directors

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

Criteria for performance evaluation

During the year under review, one meeting of the Independent Directors was held on 24th April 2025. The Independent Directors, inter alia, reviewed the performance of Non-independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors.

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

An indicative list of factors on which performance of the Directors was carried out includes participation and contribution to the Board and Committees thereof; contribution to effective Board governance; contribution to the Company and management to achieve its plans, goals, corporate strategy and risk mitigation; level of preparedness; effective deployment of knowledge and expertise, etc. In addition to the above parameters, the performance of Executive Director was also evaluated against his Key Responsibility Areas (KRAs). The Chairman's performance was evaluated by Independent Directors on above parameters after considering the views of Executive and Non-executive Directors. Independent Directors were also assessed by the entire Board (excluding the person being evaluated), based on their performance, fulfilment of the Independence criteria and their independence from the management vis-a-vis Code for Independent Directors under Schedule IV of the Act. A structured format for evaluation of the Directors on the above parameters has been prepared for the purpose. Director being evaluated does not participate in the evaluation process.

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

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

(d) Details of remuneration paid to all the Directors for the financial year ended 31st March 2026

Name	Position	Salary/ Remun-eration ₹	Allowances, benefits and contributions to Provident/ Pension and Other Funds ₹	Perfor-mance Linked Bonus ₹	Other Remun-eration ₹	Commi-ssion ₹	Sitting Fees ₹	Total ₹
Mr.Naresh Kumar Sethi	Chairman-Non-Executive Director	-	-	-	1,25,00,000	65,00,000	13,60,000	2,03,60,000
Mr. Aditya Deb Gooptu$	Managing Director & CEO	13,30,645	47,55,035	-	-	-	-	60,85,680

Name	Position	Salary/ Remun-eration ₹	Allowances, benefits and contributions to Provident/ Pension and Other Funds ₹	Perfor-mance Linked Bonus ₹	Other Remun-eration ₹	Commi-ssion ₹	Sitting Fees ₹	Total ₹
Mr. Sanjay Wali **	Whole-time Director	77,99,000	89,62,642	77,99,000	-	-	-	2,45,60,642
Mr. Piyush Srivastava*	Managing Director & CEO	13,30,645	12,25,741	-	40,00,000	-	-	65,56,386
Ms. Rama Bijapurkar	Independent Non-Executive Director	-	-	-	-	30,00,000	14,80,000	44,80,000
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director	-	-	-	-	40,00,000	12,80,000	52,80,000
Mr. Rajeev Bakshi	Independent Non-Executive Director	-	-	-	-	35,00,000	14,00,000	49,00,000
Mr. Nellaiappan Thiruambalam	Independent Non-Executive Director	-	-	-	-	30,00,000	5,80,000	35,80,000
Mr. Alok Agarwal	Non-Executive Director	-	-	-	-	30,00,000	4,80,000	34,80,000
Mr. S. Thirumalai	Non-Executive Director	-	-	-	25,00,000	10,00,000	12,40,000	47,40,000

$ Resigned as Managing Director & CEO w.e.f. 3rd May 2025.

** Resigned as Whole-time Director w.e.f. 2nd March 2026.

* Appointed as Managing Director & CEO w.e.f. 2nd March 2026.

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

Benefits for Managing Director & CEO/Whole-time Director are as per the emoluments approved by the shareholders through Postal Ballot Notice on 3rd April 2026 and the Rules of the Company.

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

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

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

The Board periodically reviews the criteria for making payments to Non-executive Directors.

The Non-executive Directors are paid sitting fees for attending each Meeting of the Board or its Committee as per the details given below:

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

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

In accordance with the SEBI Listing Regulations, no employee, including key managerial personnel or director or promoter of a listed entity, shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit-sharing in connection with dealings in the securities of the Company, without prior approval from the Board as well as from shareholders by way of an ordinary resolution. No such instances were reported during financial year ended 31st March 2026.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Composition, Meetings held and Attendance during the financial year:

Name of the Member	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		24th April2025	22nd July 2025 (Through VC)	29th October 2025	29th January 2026
Ms. Rama Bijapurkar	Independent Non-Executive Director [Chairperson]	Yes	Yes	Yes	Yes
Mr. Rajeev Bakshi	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Alok Agarwal *	Non-Executive Director	NA	NA	Yes	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Sanjay Wali *$	Whole-time Director	NA	NA	Yes	Yes

* Appointed as a Member of the Committee w.e.f. 22nd July 2025

$ Ceased to be a Member of the Committee w.e.f. 2nd March 2026.

The previous AGM of the Company was held on 23rd July 2025 and was attended by Ms. Rama Bijapurkar, Chairperson of the Stakeholders' Relationship Committee.

The Company Secretary acts as the Secretary to the Committee.

i) Name and designation of Compliance Officer: Phani K. Mangipudi, Company Secretary

ii) Number of shareholders' complaints received and attended during the financial year ended 31st March 2026

Nature of complaints/queries	Received	Attended	Pending
Non-receipt of annual reports	0	0	Nil
Non-receipt of dividend warrants	0	0	Nil
Non-receipt of share certificates	0	0	Nil
Letters from stock exchanges/SEBI	19	19	Nil

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

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

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

The terms of reference of the Committee are as under:

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

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

Composition, Meetings held and Attendance during the financial year

Name of the Member	Category	Attendance at the CSR Committee Meeting held on
		24th April 2025
Mr. Rajeev Bakshi	Independent Non-Executive Director [Chairman]	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes
Mr. Nellaiappan Thiruambalam *	Independent Non-Executive Director	NA
Mr. Alok Agarwal *	Non-Executive Director	NA
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes
Mr. Sanjay Wali *$	Whole-time Director	NA

* Appointed as Member of the Committee w.e.f. 22nd July 2025.

$ Ceased to be a Member of the Committee w.e.f. 2nd March 2026.

The Company Secretary acts as the Secretary to the Committee

7. SUBSIDIARY COMPANY

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

8. RISK MANAGEMENT COMMITTEE

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

The terms of reference of the Committee are as under:

- To ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To consider the Business Continuity Plan (BCP) and Sustainability;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- To monitor and review cyber security in the Company.

Composition, Meetings held and Attendance during the financial year

Name of the Member	Category	Attendance at the Risk Management Committee Meetings held on	
		24th April 2025	29th October 2025
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director [Chairman]	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes	Yes
Mr. Nellaiappan Thiruambalam *	Independent Non-Executive Director	NA	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes
Mr. Alok Agarwal *	Non-Executive Director	NA	Yes
Mr. Sanjay Wali *$	Whole-time Director	NA	Yes
Mr. Anish Gupta	Management Member	Yes	Yes
Mr. S. Sriram	Management Member	Yes	Yes

* Appointed as Member of the Committee w.e.f. 22nd July 2025

$ Ceased to be a Member of the Committee w.e.f. 2nd March 2026.

The Company Secretary acts as the Secretary to the Committee.

9. SENIOR MANAGEMENT:

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

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

10. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
2024-25	Through Video Conference	23.07.2025	10.00 a.m.
2023-24	Through Video Conference	29.08.2024	11.00 a.m.
2022-23	Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034	21.08.2023	10.30 a.m.

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

Annual General Meeting held on 23rd July 2025

i. Continuation of directorship of Mr. S. Thirumalai (DIN:00011899) as a Non-executive Director on attaining the age of 76 years

ii. Appointment of Mr. Nellaiappan Thiruambalam (DIN: 02121182) as a Non-executive Independent Director

Annual General Meeting held on 29th August 2024

i. Appointment of Mr. Rajeev Bakshi (DIN: 00044621) as a Non-executive Independent Director

ii. Reclassification of Authorised Share Capital of the Company

iii. Alteration of Articles of Company with respect to changes in Capital Clause

Annual General Meeting held on 21st August 2023

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

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

The Company sought approval of Members by way of Ordinary Resolution through notice of Postal Ballot dated 29th January 2026 for:

Regularisation of Mr. Piyush Srivastava (DIN: 10775803) as a Director and appointment as Managing Director & Chief Executive Officer of the Company, for a term of five (5) years commencing from 2nd March 2026.

The above resolution was passed and the results of which were announced on 3rd April 2026.

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

Resolution passed through postal ballot	Votes in favour of the resolution	Votes against the resolution	Invalid votes
Regularisation of Mr. Piyush Srivastava (DIN: 10775803) as a Director and appointment as Managing Director & Chief Executive Officer of the Company, for a term of five (5) years commencing from 2nd March 2026.	11,71,12,697	10,830	0

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

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

Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April 2020, 9/2023 dated 25th September 2023, 09/2024 dated 19th September 2024 and 03/2025 dated 22nd September 2025 respectively issued by the Ministry of Corporate Affairs and Regulation 44 of SEBI Listing Regulations. The voting rights of the Members have been reckoned in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. The detailed procedure on voting through remote e-voting was provided in the Notice of postal ballot.

11. MEANS OF COMMUNICATION

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

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

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

12. GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of the Annual General Meeting

29th July 2026 at 10.00 a.m. (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM)

Financial year: The Company operates on a financial year running from 1st April through 31st March

Financial Calendar 2026-27 [Tentative]

First quarter results	July, 2026
Second quarter and half yearly results	October, 2026
Third quarter results	January, 2027
Annual results	April, 2027

Record Date for ascertaining the eligibility of the shareholders to receive dividend: 10th July 2026.

Dividend Payment Date: Within 30 days of the AGM date subject to the approval of the shareholders.

Listing on Stock Exchanges with Stock Code:

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

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

Registrar to an Issue and Share Transfer Agents (RTA)

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

KFin Technologies Limited
Selenium Tower B, Plot No. 31 & 32, Financial District
Nanakramguda, Gachibowli, Serilingampally
Hyderabad - 500 032, Telangana.
Toll Free No. : 1800 309 4001
Fax: + 91-40-23420814
email: einward.ris@kfintech.com
Contact Person: Mr. Praveen Chaturvedi – Sr. Vice President – Corporate Registry
Mr. Raghunath Veedha – Sr. Manager – Corporate Registry

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form. SEBI w.e.f. 2nd April 2026, has dispensed with the requirement of issue of Letter of Confirmation and enabled direct credit of securities to investors' demat accounts.

Pursuant to SEBI Circular No. HO/38/13/11(2)2026-MIRSD-POD/ I/3750/2026 dated 30th January 2026, the Company has enabled a special window to facilitate lodgement of transfer requests executed before 1st April, 2019 but were either not lodged for transfer or were lodged and subsequently rejected, returned or not attended due to deficiency in the documents. Eligible shareholders are encouraged to submit the requisite documents to the Company/RTA before 4th February 2027. Securities transferred through this mechanism shall be credited only in demat form and will remain under one year lock in, during which they cannot be transferred, lien marked or pledged.

There are no pending share transfers as at 31st March 2026.

Distribution of shareholding as on 31st March 2026

Slab	No. of Shares	%	No. of Shareholders	%
1-5000	1,05,11,921	6.19	1,37,083	91.16
5001-10000	44,86,477	2.64	6,187	4.11
10001-20000	50,83,218	2.99	3,684	2.45
20001-30000	31,59,498	1.86	1,289	0.86
30001-40000	20,17,392	1.19	578	0.38
40001-50000	17,67,032	1.04	387	0.26
50001-100000	46,01,826	2.71	656	0.44
100001 and above	13,82,33,756	81.38	512	0.34
Total	**16,98,61,120**	**100.00**	**1,50,376**	**100.00**
Physical Mode	**2,02,238**	**0.12**	**1,140**	**0.76**
Demat Mode	**16,96,58,882**	**99.88**	**1,49,236**	**99.24**

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

As at 31st March 2026, 16,96,58,882 equity shares of the Company constituting 99.88% of Issued and Subscribed Capital, are dematerialised.

The processing activities with respect to the requests received for dematerialisation are generally completed within two working days. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE710A01016. The annual custody fee for the financial year 2026-2027 has been remitted to NSDL and CDSL, the Depositories, before the due date.

Categories of Shareholding as on 31st March 2026

Category	Number of Shares held	Percentage of Shareholding
Promoters and Associates	5,46,24,922	32.16
FIIs/FPIs	22,73,148	1.34
Insurance Companies	25,60,833	1.50
Mutual Funds	85,59,727	5.04
Nationalised banks and other banks	1,03,683	0.06
NRI's and OCB's	21,18,504	1.25
Bodies Corporate	4,94,78,584	29.13
Indian Public and Others	5,01,41,719	29.52
TOTAL	**16,98,61,120**	**100.00**

Reconciliation of Share Capital Audit

For each quarter of the financial year 2025-26, a qualified Company Secretary in Practice has carried out audit under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, as amended to reconcile the total admitted capital with NSDL and CDSL and total issued and listed capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL and the same is filed with BSE & NSE.

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

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments in the past and hence, as on 31st March 2026, the Company does not have any outstanding GDRs/ ADRs/Warrants or any convertible instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

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

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

The Company's commodity risk is arising from volatility in price and non-availability of tobacco is managed centrally through well-established operations and control processes which includes

diversified tobacco sourcing strategy from both dealers and farmers coupled with sourcing in different seasons. There have been no significant changes in the nature of the risk exposures over the last 12 months and there is no futures market in tobacco.

Accordingly, in terms of Regulation 34(3) of the SEBI Listing Regulations read with SEBI Circular dated 15th November 2018, the disclosure requirements prescribed therein are not applicable to the Company.

The Company does not deal in commodities which necessitates the updated disclosure pursuant to SEBI Master Circular dated 30th January 2026.

Loans and advances

The Company has not given any loans and advances to firms/companies in which directors are interested.

Plant Location
Survey No.288/289,
Muppireddy Palli,
Medak - 502 336
Telangana.

Address for correspondence
Registered Office:

VST Industries Limited	Mr. Phani K. Mangipudi
1-7-1063/1065, Azamabad	Company Secretary &
Hyderabad – 500 020.	Compliance Officer
Tel: +91-40-2768 8000	
Email: investors@vstind.com	

Credit Ratings

The Credit Rating Information Services India Limited (CRISIL) has re-affirmed the rating of your Company to "AA+/Stable" under their revised nomenclature for Fixed Deposit Schemes, "AA+/Stable" for Long Term Non-Convertible Debentures and "A1+" for Non-fund based liabilities (Letter of Credit and Bank Guarantee).

13. DISCLOSURES

i) Related Party Transactions (RPT)

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company as contained under Section 188 of the Act. Suitable disclosures as required by the Indian Accounting Standards [IND AS24] have been made in the notes to the Financial Statements.

The details of transactions with related parties were placed before the Audit Committee and the Independent Directors of the Committee have reviewed/approved the same for the year ended 31st March 2026. The details of RPT are disclosed in Note No.28 of Notes on Financial Statements to the Accounts in the Annual Report and also in Form AOC-2 attached with the Boards' Report.

The details of such policy for dealing with RPT are disseminated on the Company's website at: https://www.vsthyd.com/mainsite/documents/policy-on-related-partytransactions1.pdf

ii) Strictures and Penalties

In terms of Schedule V[C] 10(b) to the SEBI Listing Regulations, there were no non compliances by the Company and no instances of strictures or penalties have been imposed on the Company by the Stock Exchanges or by SEBI or by any statutory authority on any matters related to capital markets during the last three financial years.

iii) Vigil Mechanism/Whistle Blower Policy

In terms of Section 177(9) and 177(10) of the Act, and Regulation 22 of the SEBI Listing Regulations, a Whistle blower Policy is formulated to encourage all employees & Directors of the Company to report any unethical behaviour, actual or suspected fraud or violation of the 'Code of Conduct and Ethics Policy' of the Company. No person have been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company at https://www.vsthyd.com/mainsite/documents/whistle-blower-policy-2022.pdf

iv) No funds were raised through Preferential Allotment or Qualified Institutional Placement as per Regulation 32(7A) of SEBI Listing Regulations.

v) There have been no instances where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required during the financial year.

vi) Code of Conduct

Pursuant to Regulation 17 of the SEBI Listing Regulations, the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended 31st March 2026. A declaration to that effect signed by Managing Director & CEO is attached and forms part of this Annual Report.

Declaration

This is to confirm that all the Board Members and senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Company, for the year ended 31st March 2026.

For VST INDUSTRIES LIMITED

Sd/-

PIYUSH SRIVASTAVA
MANAGING DIRECTOR & CEO
DIN: 10775803

Hyderabad 16th April 2026

vii) Management

Pursuant to Regulation 26(5) of the SEBI Listing Regulations, for the year ended 31st March 2026, your Company's Board has obtained declarations from the Senior Management relating to any material, financial and commercial transactions where they have personal interest that may have a potential conflict with the interests of the Company at large.

viii) Shareholders Information

The quarterly results are sent to the stock exchanges on which the Company's shares are listed and also displayed on its own website. During the year there were no presentations made by the Company to analysts.

To expedite the process of share transfers, post approval of Share Transfer Committee, the power has been delegated to Registrar to an Issue and Share Transfer Agents – M/s. KFin Technologies Limited.

ix) Prohibition of Insider Trading

In compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a Policy for prohibition of Insider Trading for Directors and specified employees and designated persons, in relation to their dealings in the securities of the Company. The Policy provides for periodic disclosures and pre-clearance for dealing in Company's shares and prohibits such transaction by the Directors and specified employees while in possession of unpublished price sensitive information (UPSI) in relation to the Company and during the period when the Trading Window is closed. The Company has also formulated a policy on inquiry in case of leak of UPSI, forming part of Policy for prohibition of Insider Trading, which is available on our website at https://www.vsthyd.com/mainsite/documents/Insider%20Trading%20Policy%20-%20Last%20updated%20on%207.2.2025.pdf

x) Statutory Auditor

The Statutory Auditor of the Company and all the entities in the network firm/network entity of which the statutory auditor is a part have been paid a total fees of ₹ 70.99 Lakhs for all the services rendered by them during the financial year 2025-26.

xi) CEO and CFO Certification

The CEO and CFO certification for the year ended 31st March 2026 has been annexed at the end of this Report. Similarly, the CEO and CFO have also given quarterly certification on financial results while placing the quarterly financial results before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

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

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

xiii) Disclosure of certain type of agreements binding listed entities

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

xiv) Adoption of Discretionary Requirements

The Company has complied with all the mandatory requirements of Regulation 34(3) read with Part C of Schedule V of SEBI Listing Regulations. Discretionary requirements under Part E of Schedule II of the SEBI Listing Regulations are as under:

a] The Non-executive Chairman is allowed to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

b] Shareholder rights: The quarterly, half yearly and annual financial results of the Company are published in newspapers on a pan India basis and are also posted on the Company's website: www.vsthyd.com. Significant events if any, are also posted on this website under the 'Investor relations' section.

c] The auditors have not qualified the financial statements of the Company.

d] Mr. Naresh Kumar Sethi (DIN: 08296486) is the Non-executive Chairman of the Company and Mr. Piyush Srivastava (DIN:10775803) is the Managing Director & CEO of the Company. The Chairman is not related to the CEO & MD.

e] M/s. Deloitte Touche Tohmatsu India LLP, the firm of Chartered Accountants have been the Internal Auditors for the financial year 2025-26, who report directly to the Audit Committee.

Other discretionary requirements are being reviewed for implementation.

Other disclosures and affirmations:

- The Company has complied, to the extent applicable to it, and unless otherwise stated, with all the corporate governance requirements stipulated under Regulations 17 to 27 and website disclosure requirements as contained in clauses (b) to (g), (i) and (t) of Regulation 46(2) of the SEBI Listing Regulations as amended.
- The securities of the Company were not suspended from trading anytime during fiscal 2026.
- There are no Non-compliances of any requirement of corporate governance report of sub-paras (2) to (10).

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

15. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Regulation 34(3) read with Part E Schedule V of the SEBI Listing Regulations, the statutory auditor's certificate that the Company has complied with the conditions of corporate governance is given as an annexure to the Boards' Report.

Shareholder Referencer

Pursuant to Section 124 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended during the financial year 2025-26, unclaimed dividend for the financial year 2017-18 viz., Dividend No.183rd amounting to ₹ 1,48,00,718/- has been transferred to the Investor Education and Protection Fund (IEPF) on 6th November 2025 and 1,41,915 ordinary equity shares [except where there is any specific order of Court, Tribunal or Statutory Authority, restraining any transfer of shares], in respect of which dividends remained unclaimed for a consecutive period of seven years or more have been transferred by the Company to the IEPF as notified and established by the Central Government.

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2017-18 and the corresponding shares from the IEPF Authority by applying in the prescribed Form No.IEPF-5. This form can be downloaded from the website of the IEPF Authority www.iepf.gov.in.

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

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

Financial Year	Dividend No.	Date of Declaration	Amount of Dividend ₹	Amount of Unpaid Dividend as on 31.03.2026 ₹	Due for transfer to IEPF on
2018-2019	184	28.08.2019	146,69,82,400	1,69,05,915.00	03.10.2026
2019-2020	185	29.07.2020	159,05,17,760	1,37,11,065.00	02.09.2027
2020-2021	186	27.07.2021	176,03,78,880	1,04,68,330.00	31.08.2028
2021-2022	187	29.07.2022	216,18,68,800	1,29,03,756.00	02.09.2029
2022-2023	188	21.08.2023	231,62,88,000	1,36,33,775.00	26.09.2030
2023-2024	189	29.08.2024	231,62,88,000	2,27,41,653.00	02.10.2031
2024-2025	190	23.07.2025	1,69,86,11,200	1,91,10,466.67	27.08.2032

To claim the above outstanding dividend(s), Members are requested to submit the below documents to RTA, at least 20 days prior to the due date of transfer in order to facilitate timely processing :

For Shares held in Demat mode

Copy of the updated Demat Account Statement (Client Master List) showing registered name, address, demat and bank account details (Bank name, branch, account number, IFSC code and MICR)

For Shares held in Physical mode

Original cancelled cheque leaf bearing the name of the first shareholder Investor Service Request Forms (ISR-1, ISR -2)

Members may please note that no claims shall lie against the Company in respect of the dividends or shares transferred to the IEPF.

Bank Details

Members holding shares in physical form are requested to notify the following to the RTA, to facilitate electronic payment.

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

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

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

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

Members holding shares in physical form, who now wish to avail NECS facility, may send their NECS mandate in the prescribed form to the Company. The NECS mandate form can be furnished by the RTA on request or can be downloaded from the Company's website www.vsthyd.com under the section Investor Relations – NECS Mandate Form. Members holding shares in demat form are requested to update their bank account details with their respective Depository Participants [DPs].

Depository Services

For guidance on depository services, Members may write to the RTA or to the respective depositories:

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

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

Investor Grievances

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

Nomination Facility

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

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

Details of unclaimed shares

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

Particulars	No. of shareholders	No. of shares
Outstanding at the beginning of the year - 1st April 2025	68	5197
No. of Members who approached for transfer of shares	1	344
Members to whom shares were transferred - through rematerialisation	0	0
Transferred to IEPF	1	6
Outstanding shares lying at the end of the year - 31st March 2026 *	66	4847

*21,87,855 bonus shares pertaining to the physical shareholders have been parked in the suspense account as per applicable SEBI Regulations.

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

The voting rights on the shares outstanding in the above suspense account as on 31st March 2026 shall remain frozen till the rightful owner of such shares claims the shares.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
VST Industries Limited
Azamabad, Hyderabad

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	DIN	Name of the Director	Designation
1.	08296486	Naresh Kumar Sethi	Non-Executive Chairman
2.	00011899	S. Thirumalai	Non-Executive Director
3.	08655585	Alok Agarwal	Non-Executive Director
4.	10775803	Piyush Srivastava	Managing Director and CEO
5.	00001835	Rama Bijapurkar	Independent Director
6.	00007382	Sudip Bandyopadhyay	Independent Director
7.	00044621	Rajeev Bakshi	Independent Director
8.	02121182	Nellaiappan Thiruambalam	Independent Director

for Tumuluru & Company
Company Secretaries

B V Saravana Kumar
Partner
ACS No. 26944
C. P. No. 11727
Peer Review Cert. No.: 7812/2026
UDIN: A026944H000080756

Place : Hyderabad
Date : 16th April 2026

CERTIFICATION BY CEO AND CFO

We, Piyush Srivastava, Managing Director & CEO and Anish Gupta, CFO of VST Industries Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2026 and that :
   a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) These statements together present a true and fair view of the state of affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
3. We are responsible for establishing and maintaining internal controls for financial reporting. We evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Company's Auditors and to the Audit Committee that :
   a) there are no significant changes in internal control over financial reporting during the year;
   b) there are no significant changes in accounting policies during the year; and
   c) there are no instances of significant fraud of which we have become aware of that involves management or other employees who have significant role in the Company's internal control system over financial reporting.

PIYUSH SRIVASTAVA
MANAGING DIRECTOR & CEO
DIN : 10775803

ANISH GUPTA
CHIEF FINANCIAL OFFICER

Place : Hyderabad
Date : 2nd April 2026

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

To
The Members of
VST Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 30th March 2026.

2. We have examined the compliance of conditions of Corporate Governance by **VST Industries Limited** ("the Company"), for the year ended 31st March 2026, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

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

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March 2026.

6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

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

for B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Balkishan Kabra
Partner
Membership No: 221202
UDIN: 26221202WOYSTW3595

Place: Hyderabad
Date : 16 April, 2026

ANNEXURE B

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

PURPOSE

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

FUNCTIONS

The main functions of the CSR Committee are as under:

- Identify the areas for carrying out the CSR activities and formulate an annual proposal/action plan to undertake the CSR activities;
- To identify the projects, programmes for specific areas of activity specified or covered under Schedule VII of the Companies Act, 2013 as amended, finalise the budget and earmark the expenditure for each activity and the modalities for its utilisation and recommend the same to the Board every year;
- To determine the location(s) where the CSR activities shall be undertaken;
- To monitor the progress of the projects/ activities from time to time and identify suitable reporting mechanisms;
- To nominate employees who will be responsible for implementation, execution and monitoring of the CSR activities;
- To hire services of external service providers, Non-Governmental Organisations, volunteers, professionals, consultants, specialised agencies etc., if required, to undertake the said activities and for designing, monitoring and evaluation of the CSR projects or programmes including capacity building of the employees/personnel;
- Specify the projects that would need an impact assessment, where applicable;
- Such other functions as may be delegated by the Board.
- The main functions of the Board of Directors are as under:
  - Approving the CSR policy as formulated and recommended by the CSR Committee;
  - Ensuring the effective use of the funds allocated to CSR activities for the purposes and in the manner as approved by it which shall also be certified by the Chief Financial Officer or the person responsible for financial management;
  - Ensuring from the financial year 2021-22 onwards that any entity which is permitted under the statute to undertake CSR activities and through which the Company intends to implement its CSR activities is registered with the Central Government;
  - Ensuring that multi-year projects ("ongoing projects"), if any, undertaken by the Company do not extend beyond three years excluding the financial year in which it commences;
  - monitoring ongoing projects undertaken by the Company, if any, with respect to approved timelines and annual fund allocation and making any modifications that it considers necessary for the smooth implementation of such projects within the permissible time period;
  - ensuring that administrative overheads as defined in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time ("CSR Rules") do not exceed five percent of the CSR expenditure for the financial year;
  - Including in its Board Report an annual report on CSR activities with all details as specified in the CSR Rules, including the composition of the CSR Committee and the CSR policy;
  - Disclosing the composition of the CSR Committee, the CSR policy and the projects approved by the Board on the Company's website;
  - Any other acts, deeds and things as may be required under law from time to time.

AREAS

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

time, to take forward its commitment towards Social Responsibility:

(i) Eradicating hunger, poverty and malnutrition, promoting health care, preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows

(vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

(viii) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedules Castes, the Schedules Tribes, other backward classes, minorities and women;

(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved or funded by the Central or State Government or public sector undertaking or any agency of the Central or State Government;

(x) Rural development projects.

(xi) Slum area development.

(xii) Disaster management, including relief, rehabilitation and reconstruction activities.

INVESTMENT

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

EXECUTING AGENCIES

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

CSR BUDGET AND UTILISATION

Treatment of Unspent Amount in case of projects other than ongoing projects

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

Treatment of Unspent Amount in case of ongoing projects

Where the unspent amount is in respect of an ongoing project, the Company shall within thirty days from the end of the financial year transfer such unspent amount to a separate account called Unspent Corporate Social Responsibility Account to be opened in any scheduled bank by the Company for that financial year. The Company shall utilise such unspent amount for its CSR activities within a period of three financial years from its transfer, failing which such amount shall be transferred to any fund specified in Schedule VII of the Companies Act, 2013 or to such specific fund as may be prescribed from time to time for this purpose under the Companies Act, 2013 or Rules thereunder within thirty days from the end of the third financial year.

Treatment of Surplus Amount

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

(a) ploughed back into the same project or

(b) transferred to the Unspent Corporate Social Responsibility Account and spent in pursuance of the Company's CSR policy and its annual action plan or

(c) transferred to any fund specified in Schedule VII of the Companies Act, 2013 or to such specific fund as may be prescribed from time to time for this purpose under the Companies Act, 2013 or Rules.

Set-Off of excess CSR amount spent

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

AUDIT

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

REPORTING

The Committee may appoint any executive(s) to monitor the activities and report back to the Committee periodically. The executive(s) shall also ensure that the utilisation of funds on such projects and programmes are in line with the agreed CSR activities and place its detailed report periodically before the CSR Committee. The Committee shall give a detailed report of the CSR activities to the Board of Directors every year. The Board shall disclose the details of the Policy in its report and also include in its report an annual report on CSR providing all details as specified under the Act and the Rules thereunder. The Board shall also disclose the composition of the CSR Committee, the CSR policy and the projects approved by it on the Company's website.

ACQUISITION OF CAPITAL ASSETS

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

IMPACT ASSESSMENT

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

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

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

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

AMENDMENT

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

ANNUAL REPORT ON CSR ACTIVITIES

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

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of CSR Committee meetings held during the year	Number of CSR Committee meetings attended during the year
1	Mr. Rajeev Bakshi	Independent Non-Executive Director	1	1
2	Ms. Rama Bijapurkar	Independent Non-Executive Director	1	1
3	Mr. Naresh Kumar Sethi	Non-Executive Director	1	1
4	Mr. S. Thirumalai	Non-Executive Director	1	1
5	Mr Alok Agarwal *	Non- Executive Director	1	NA
6	Mr. Nellaiappan Thiruambalam *	Independent Non-Executive Director	1	NA
7	Mr. Sanjay Wali * $	Whole-time Director	1	NA

* Appointed as a Member of the Committee w.e.f. 22nd July 2025

$ Ceased to be a Member of the Committee w.e.f. 2nd March 2026.

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

   https://www.vsthyd.com/mainsite/documents/corporate-social-responsibility-policy.pdf

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

   Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135. — ₹ 37,918.70 Lakhs
   (b) Two percent of average net profit of the company as per sub-section (5) of section 135. — ₹ 758.37 Lakhs
   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. — Nil
   (d) Amount required to be set-off for the financial year, if any — Nil
   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. — ₹ 758.37 Lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). — ₹ 758.37 Lakhs
   (b) Amount spent in Administrative Overheads. — Nil
   (c) Amount spent on Impact Assessment, if applicable. — N.A.
   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. — ₹ 758.37 Lakhs

(e) CSR amount spent or unspent for the Financial Year:

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

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

Sl. No.	Particular	Amount (₹ Lakhs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	758.37
(ii)	Total amount spent for the Financial Year	758.37
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial year [(iii)- (iv)]	Nil

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

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

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

○ Yes ● No

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

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

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

9. Specify the reason(s) if the Company has failed to spend two percent of the average net profit as per sub-section (5) of section 135. Not Applicable

PIYUSH SRIVASTAVA
MANAGING DIRECTOR
DIN: 10775803

RAJEEV BAKSHI
CHAIRMAN CSR COMMITTEE
DIN: 00044621

Annexure C

FORM NO. AOC-2

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

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

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

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

On behalf of the Board

Naresh Kumar Sethi
Chairman
DIN: 08296486

Hyderabad, 16th April 2026

Annexure D

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

Requirements of Rule 5(1)	Details	
i) Ratio of remuneration of each Director to the median remuneration of the employees of the company for the financial year 2025-26	Mr. Naresh Kumar Sethi	20:1
	Mr. S. Thirumalai	4.7:1
	Ms. Rama Bijapurkar	4.4:1
	Mr. Sudip Bandyopadhyay	5.2:1
	Mr. Rajeev Bakshi	4.8:1
	Mr. Alok Agarwal	3.4:1
	Mr. Nellaiappan Thiruambalam	3.5:1
	Mr. Sanjay Wali*	N.A.
	Mr. Piyush Srivastava*	N.A.
ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2025-26	**Directors**	
	Mr. Naresh Kumar Sethi	19.2%
	Mr. S. Thirumalai	(7.8)%
	Ms. Rama Bijapurkar	(6.3)%
	Mr. Sudip Bandyopadhyay	1.9%
	Mr. Rajeev Bakshi	17.8%.
	Mr. Nellaiappan Thiruambalam*	N.A.
	Mr. Alok Agarwal*	N.A.
	Key Managerial Personnel	
	Mr. Sanjay Wali*	N.A.
	Mr. Piyush Srivastava*	N.A.
	Mr. Anish Gupta	25.8%
	Mr. Phani K. Mangipudi	25.7%
iii) The percentage increase in the median remuneration of employees in the financial year 2025-26	2%	
iv) The number of permanent employees on the rolls of Company as on 31st March 2026	712	
v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average decrease in the salaries of employees other than the managerial personnel in the FY 2025-26 was 5.2% in comparison with 2.8% decrease in managerial remuneration.	
vi) Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid/payable during the financial year 2025-26 is as per the Remuneration Policy of the Company.	

* Mr. Nellaiappan Thiruambalam was appointed as an Independent Director w.e.f. 25th April 2025. Mr. Alok Agarwal was appointed as Non-Executive Director w.e.f. 25th April 2025. Mr. Sanjay Wali resigned as Wholetime Director w.e.f. 2nd March 2026 and Mr. Piyush Srivastava was appointed as Managing Director & CEO w.e.f. 2nd March 2026. As their tenure was not for the full previous year, comparative details where required are not being provided.

Note : Remuneration does not include provision for contributions to Gratuity, Leave Encashment, Group Health Premiums, exceptional one-time performance incentive and Share based payment expenses.

Annexure E

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2026

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

To,
The Members
VST Industries Limited
Azamabad, Hyderabad

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2026 (herein after called as Audit Period)** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2026 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

   a) Overseas Direct Investment **(Not applicable during the Audit period)**; and

   b) External Commercial Borrowings **(Not applicable during the Audit period)**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable for the Audit Period**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e. The Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021; **Not Applicable for the Audit Period**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable for the Audit Period**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **Not Applicable for the Audit Period**

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable for the Audit Period**

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. We further report that having regard to the compliance system prevailing in the Company

and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

a) Tobacco Board Act, 1975 and Rules made thereunder; and

b) Cigarette and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) Listing Agreements entered into with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)

During the year under review the Company has in general complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that –

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including a Woman Independent Director. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

(ii) Adequate notices were given to all the Directors to schedule the Board Meetings with a proper agenda and detailed notes on agenda, at least seven days in advance, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iii) Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the minutes.

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

We further report that during the audit period:

a. 2% of the average net profits of the three preceding financial years is ₹ 758.37 Lakhs. The Company has spent ₹ 758.37 Lakhs towards CSR Expenditure for the financial year 2025-2026. Out of ₹ 758.37 Lakhs CSR Expenditure, ₹ 210 Lakhs was spent on ongoing projects and ₹ 548.37 Lakhs on other than ongoing projects.

b. The Company completed Postal Ballot on 3rd April 2026 for appointment of Managing Director & CEO, the resolution was passed with requisite majority.

for **Tumuluru & Company**
Company Secretaries

B V Saravana Kumar
Partner
ACS No. 26944
C. P. No. 11727
Peer Review Cert. No.: 7812/2026
UDIN: A026944H000115593

Place : Hyderabad
Date : 16th April 2026

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

To,
The Members
VST Industries Limited
Azamabad, Hyderabad.

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

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

for **Tumuluru & Company**
Company Secretaries

B V Saravana Kumar
Partner
ACS No. 26944
C. P. No. 11727
Peer Review Cert. No.: 7812/2026
UDIN: A026944H000115593

Place : Hyderabad
Date : 16th April 2026

Annexure F

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) 2014 and forming part of the Directors' Report for the year ended 31st March 2026.

A. CONSERVATION OF ENERGY

1. 15% energy saved in Utilities (Like DRF, Airwash and Compressor), production operations and minimising energy losses by doing productivity improvement, closed loop system and power quality study and by installing the mitigation equipment's.
2. 1.2% energy saved in lighting. By installing all LED Light fittings and solar lighting in gardens and pathways.
3. Conducted energy conservation awareness programme for 268 employees.

B. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption

i New Smart line Packer

Benefit – Meeting premium segment requirement, improved quality and productivity

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

Year	Details of technology imported	Whether absorbed
2023-24	New high speed Maker	Yes
2024-25	New high speed Packers	Yes
2025-26	New high speed Packers	Yes
2026-27	New high speed Packers	Yes

iv. Expenditure incurred on Research and Development

	₹ Lakhs
On capital account	1.35
On revenue account	877.90
	879.25
As a % of Gross Turnover	0.43

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Total foreign exchange used *

	₹ Lakhs
Raw Materials	1806.32
Spare Parts	180.85
Capital Goods	1930.77
Travel, Advertisement, etc.	197.11
Dividends Paid	4916.24
Total	**9031.29**

* Net of withholding taxes, if any

Total foreign exchange earned

Tobacco – CIF	20677.29
Cut tobacco	853.08
Total	**21530.37**
Tobacco – FOB	20291.43
Cut tobacco	853.08
Total	**21144.51**

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	10th 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	• 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.	• 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
2	Emissions	Risk	• 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	• 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	• 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.	• 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	• 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.	• 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	• Responsible sourcing reduces sustainability risks in our supply chain. • It ensures our products are backed by responsibly managed resources and suppliers.	• 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
6	Waste Management	Risk	• Management of tobacco product waste (TPW) is material to our environmental performance. • Waste management infrastructure plays an important role in delivering sustainable development outcomes.	• 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	• 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.	• 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	• Transitioning to circular economy principles helps us meet global climate and sustainable development commitments. • Efficient use of resources. • Protecting human health and biodiversity.	• 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	• 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.	• 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	• 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.	• 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
11	Human rights	Risk	• 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.	• 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	• 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.	• 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	• Development of new products is essential to staying competitive and meeting evolving consumer preferences. • Access to new geographies expands our long-term growth potential.	• 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	• 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.	• 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	• 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.	• 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	• 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.	• 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
17	Sustainable material	Opportunity	• 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	• 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.	• 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	• Non-compliance increases the costs of running a business. • It reduces our attractiveness as a long-term investment destination.	• 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	• 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.	• 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
	b. Has the policy been approved by the Board? (Yes/No)	Yes. The policies are approved by our Board of Directors. Implementation of policy decisions is carried out by the management.								
	c. Web-link of the Policies, if available	Our internal policies are available on the intranet. Other policies are available on our website, www.vsthyd.com.								
2.	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.			ISO 45001: 2018			ISO 14001:2015, Indian Green Building Council (IGBC) 'Gold Rating', Adopting Alliance for Water Stewardship (AWS) Certification for Sustainable manufacturing in cut tobacco			ISO 17025:2017

5.	Specific commitments, goals and targets set by the entity with defined timelines, if any		6. Performance of the entity against 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 CO_2 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

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

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

1. Mr. Rajeev Bakshi (Independent Non-Executive Director; DIN: 00044621) as the Chairman
2. Ms. Rama Bijapurkar (Independent Non-Executive Director; DIN: 00001835)
3. Mr. 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)

10. Details of Review of NGRBCs by the Company:

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

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

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

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

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

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Familiarisation was provided on various topics related to regulatory changes comprising NGRBC principles, economic development, and other various market scenarios.	100%
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	Nil				
Settlement					
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	Nil			
Punishment				

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	0	0
KMPs		
Employees		
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	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. 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.	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

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2025-26 Current Financial Year			FY 2024-25 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic Waste (including packaging)	0	0	183 MT	0	0	172 MT
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Cigarettes	100%

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by										
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities		
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees												
Male	349	349	100	349	100	0	0	0	0	0	0
Female	10	10	100	10	100	10	100	0	0	0	0
Total	**359**	**359**	**100**	**359**	**100**	**10**	**100**	**0**	**0**	**0**	**0**
Other than Permanent employees												
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		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. 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 Workers	
Permanent Employees	
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	• E-mails • Newspaper • Advertisement • Website • Notice Board	• Quarterly • Annually	• 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	• Advertisement, • Notice, • Communications during procurement	Ongoing	• Procurement • Quality assessment • Grievance redressal • Contract and Payment terms
Communities/ NGOs	Yes	• Community Meetings • Focused group discussion • Grievance redressal	Annually and on need basis	• Grievances • Feedback • Program improvement sessions • Capacity building
Employee	No	• Employee forums • Leadership forums • Employee surveys • Workplace platform	• Annually • Need basis • Ongoing	• Learning and development • Well-being • Grievance redressal • Growth opportunities
Wholesalers	No	• E-mails • Meetings	On going	Product quality and availability
Suppliers	No	• Vendor meetings • Capacity building	• Annual • Need basis	• Quality • Local procurement
Government and Regulators	No	• Policy intervention • Advocacy	Need basis	• 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.

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	Current FY (2025-26)			Previous FY (2024-25)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. employees/ workers covered (D)	%(D/C)
			Employees			
Permanent	359	359	100	343	343	100
Other than permanent	0	0	0	0	0	0
Total Employees	**359**	**359**	**100**	**343**	**343**	**100**
			Workers			
Permanent	353	353	100	353	353	100
Other than permanent	0	0	0	0	0	0
Total Workers	**353**	**353**	**100**	**353**	**353**	**100**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	Current FY (2025-26)					Previous FY (2024-25)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
				Employees						
Permanent	359	0	0%	359	100%	343	0	0%	343	100%
Male	349	0	0%	349	100%	333	0	0%	333	100%
Female	10	0	0%	10	100%	10	0	0%	10	100%
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
				Workers						
Permanent	353	0	0%	353	100%	353	0	0%	353	100%
Male	353	0	0%	353	100%	353	0	0%	353	100%
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

3. Details of remuneration/salary/wages

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/salary/wages of respective category (in INR)	Number	Median remuneration/salary/wages of respective category (in INR)
Board of Directors (BoD)	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
(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_2O, 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_2O, 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_2e/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_2e/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_2e/Million Cigarettes	0.62 tCO_2eq/ Million Cigarettes	0.66 tCO_2eq/ 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:

1. **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.
2. **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.
3. **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.
4. **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)	0.000000023 MT/INR	0.000000020 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_2O, 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	1. Installed low flow water fixtures at high water use areas. 2. Installed Sensor based water taps to reduce the water consumption. 3. Effective monitoring of water consumption. 4. Periodical maintenance of water infrastructure 5. Direct Utilisation of Rainwater. 6. Usage of collected rainwater from the pond.	Improved resource efficiency and reduced the plant water usage by 5% compared to last year. Additionally, we have reduced the water consumption for civil construction in Toopran plant by 60%.
4	Technology Upgradation	1. Implementation of DRF, AHU, 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 31st 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).

INDEPENDENT AUDITOR'S REPORT

To the Members of VST Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VST Industries Limited (the "Company"), its VST ESOP Trust ("Trust") which comprise the balance sheet as at 31 March 2026, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfiled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Refer Note 1 and 18-Material Accounting Policies and Notes to the financial statements.

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control over goods is transferred to a customer as per the terms of the contract. This is usually evidenced by a transfer of all of the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping. Revenue is measured at contracted (transaction) price after deduction of any trade discount, trade incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Services Tax etc. We considered revenue recognition as a key audit matter because: Revenue is a key performance indicator of the Company. We have considered that there is a presumed fraud risk related to revenue being overstated by recognition before control has been transferred to the customer, as there could be pressure to meet the expectation of investors/ other stakeholders.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Evaluated the appropriateness of the Company's revenue recognition accounting policies and compliance with the applicable accounting standards. • Tested the design, implementation and operating effectiveness of the Company's key controls including IT controls over measurement and recognition of revenue in accordance with customer contracts. • Performed substantive testing (including period end cut-off testing) on selected samples of revenue transactions using monetary unit sampling method, recorded during the year by testing the underlying documents, which includes sales contract and shipping documents/customer acceptance to test evidence for transfer of control. • Other audit procedures specifically designed to address risk of management override of controls including journal entry testing. • Assessed the adequacy of the Company's disclosures in the financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report which includes statutory reports such as Management discussion and analysis, Business responsibility and sustainability report, Corporate governance and Board's report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors'/Board of Trustees' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company/Board of Trustees of the Trust are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of Company/ Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors/Board of Trustees are responsible for assessing the ability of the Company/ Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors/Board of Trustees either intends to liquidate the Company/Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Directors/Board of Trustees are also responsible for overseeing the financial reporting process of Company/Trust.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional Scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors on 01 April 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.

f. The opinion relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on the reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31 March 2026 on its financial position in its financial statements - Refer Note 6, 17 and 25 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Schedule B of Statement of Changes in Equity to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the remuneration paid/ payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ payable to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/W-100024

Balkishan Kabra
Partner
Membership No.: 221202
ICAI UDIN: 26221202XWVBQQ3159

Place: Hyderabad
Date: 16 April 2026

Annexure A to the Independent Auditor's Report on the Financial Statements of VST Industries Limited for the year ended 31 March 2026

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) (refer note 2A) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five Crores rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in other parties, in respect of which the requisite information is as below. The Company has not made any investments in companies, firms or limited liability partnership.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to any other parties as below:

Particulars	Aggregate amount during the year (₹ in Lakhs)	Balance outstanding as at balance sheet date (₹ in Lakhs)
Loan to employees	Nil	3.16

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, amounts deducted / accrued in the books of account in respect of the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Duty of Excise, Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Duty of Excise, Cess or other statutory dues were in arrears as at 31 March 2026 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Entry Tax, Service Tax or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount in Lakhs (₹)	Period to which the amount relates	Forum where dispute is pending
The Goods and Services Tax Act, 2017	Goods and Services Tax	101.76 (5.09)*	Financial year 2019-20	High Court of Allahabad
The Goods and Services Tax Act, 2017	Goods and Services Tax	73.78	June 2022 to September 2023	Commissioner of Central Tax & GST (Appeals)
Central Excise Act, 1944	Service Tax credit ineligibility under Cenvat Credit Rules, 2002	201 .19	Oct 2004 Mar 2008 Oct 2011 to Sep 2012 Oct 2014 1o July 2015	High Court of Telangana
UP Tax on entry of Goods into Local Areas Act, 2007	Entry Tax	848.24 (275.00)*	Jan 2007 to Mar 2011	Supreme Court of India
The Jharkhand Entry Tax on Consumption or Use of Goods Act, 2011	Entry Tax	87.15	Aug 2006 to Mar 2007	High Court of Jharkhand
The Assam Entry Tax Act, 2008	Entry Tax	151.08	Oct 2006 to Mar 2007	The Gauhati High Court

*Represents amount paid under protest/pre-deposit. Above amount are disclosed as per assessment/demand order and includes interest/penalty wherever specified in the order.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) The Company has not raised any funds on short term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2026. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) and also Company has not raised any loans during the year ended 31 March 2026. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly. clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/W-100024

Balkishan Kabra
Partner
Membership No.: 221202
ICAI UDIN: 26221202XWVBQQ3159

Place: Hyderabad
Date: 16 April 2026

Annexure B to the Independent Auditor's Report on the financial statements of VST Industries Limited for the year ended 31 March 2026

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of VST Industries Limited ("the Company") as of 31 March 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No.: 116231W/W-100024

Balkishan Kabra
Partner
Membership No.: 221202
ICAI UDIN: 26221202XWVBQQ3159

Place: Hyderabad
Date: 16 April 2026

BALANCE SHEET

As at 31st March 2026

₹ in Lakhs

	Note	As at 31st March 2026		As at 31st March 2025	
I ASSETS					
1 Non-Current Assets					
(a) Property, Plant and Equipment	2A		24415.28		30683.80
(b) Capital Work-in-Progress	2B		16.89		132.34
(c) Intangible Assets	2C		2.16		5.12
(d) Financial Assets					
(i) Investments	3	13.94		19945.80	
(ii) Loans	4	3.04	16.98	3.16	19948.96
(e) Deferred Tax Assets (Net)	6		4415.02		1813.39
(f) Other Non-Current Assets	7		342.55		198.48
Total Non-Current Assets			**29208.88**		**52782.09**
2 Current Assets					
(a) Inventories	8		67497.32		48458.19
(b) Financial Assets					
(i) Investments	9	55853.13		33244.60	
(ii) Trade Receivables	10	4701.86		6406.06	
(iii) Cash and Cash Equivalents	11	2369.42		633.88	
(iv) Other Bank Balances	12	1094.75		1120.71	
(v) Loans	4	0.12		0.12	
(vi) Other Financial Assets	5	-	64019.28	268.06	41673.43
(c) Other Current Assets	7		5984.31		3812.64
			137500.91		**93944.26**
(d) Assets Held for Sale	2A		34873.45		34873.45
Total Current Assets			**172374.36**		**128817.71**
TOTAL ASSETS			**201583.24**		**181599.80**
II EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share Capital	13		16986.11		16986.11
(b) Other Equity			127581.10		115282.83
Total Equity			**144567.21**		**132268.94**
2 Liabilities					
Non-Current Liabilities					
(a) Provisions	15		2519.12		2344.59
Total Non-Current Liabilities			**2519.12**		**2344.59**
Current Liabilities					
(a) Financial Liabilities					
(i) Trade Payables	14				
- Total outstanding dues of micro enterprises and small enterprises		672.36		385.20	
- Total outstanding dues of creditors other than micro enterprises and small enterprises		11706.72		12326.41	
(ii) Other Financial Liabilities	16	5464.02	17843.10	4967.65	17679.26
(b) Other Current Liabilities	17		35011.20		27769.48
(c) Current Tax Liabilities (Net)	6		1642.61		1537.53
Total Current Liabilities			**54496.91**		**46986.27**
TOTAL EQUITY AND LIABILITIES			**201583.24**		**181599.80**

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For **B S R & Associates LLP**
Firm Registration No.: 116231W/ W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No.: 221202

Hyderabad, 16th April 2026

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

PIYUSH SRIVASTAVA Managing Director
DIN: 10775803

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 16th April 2026

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2026

₹ in Lakhs

		Note	For the year ended 31st March 2026	For the year ended 31st March 2025
I	**Revenue from operations**	18	204574.50	180943.40
II	**Other Income**	19	4130.39	3480.36
III	**Total Income (I + II)**		**208704.89**	**184423.76**
IV	**Expenses**			
	Cost of Materials Consumed	20	68352.84	78633.47
	Changes in Inventories of Finished Goods and Work-in-Progress	21	198.52	1042.90
	Excise Duty	17(iii)	58120.58	41167.22
	Employee Benefits Expense	22	13926.72	13831.87
	Depreciation and Amortisation Expense		10116.31	4449.35
	Other Expenses	23	18986.08	18386.86
	Total Expenses		**169701.05**	**157511.67**
V	**Profit before exceptional items and tax (III - IV)**		**39003.84**	**26912.09**
VI	**Exceptional Items**	33	-	10048.81
VII	**Profit before tax (V + VI)**		**39003.84**	**36960.90**
VIII	**Tax expense:**			
	1) Current tax	6	12324.20	8259.48
	2) Deferred tax	6	(2545.73)	(338.07)
			9778.47	**7921.41**
IX	**Profit for the year (VII - VIII)**		**29225.37**	**29039.49**
	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss:			
	- Remeasurements of the defined benefit plans (net)		135.82	54.52
	- Equity instruments through other comprehensive income		44.90	92.64
	(ii) Income tax relating to items that will not be reclassified to profit or loss	6	(58.65)	(45.70)
	B (i) Items that will be reclassified to profit or loss:			
	- Change in Fair Value of effective portion of Cash flow hedges		(129.00)	(13.09)
	(ii) Income tax relating to items that will be reclassified to profit or loss	6	32.47	3.29
X	**Other Comprehensive Income [A+B]**		**25.54**	**91.66**
XI	**Total Comprehensive Income for the year (IX + X)**		**29250.91**	**29131.15**
XII	**Earnings per equity share (Face Value ₹ 10 each):**			
	1) Basic (in ₹)	24	17.21	17.10
	2) Diluted (in ₹)	24	17.21	17.10

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **B S R & Associates LLP**
Firm Registration No.: 116231W/ W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No.: 221202

Hyderabad, 16th April 2026

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

PIYUSH SRIVASTAVA Managing Director
DIN: 10775803

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 16th April 2026

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2026

A EQUITY SHARE CAPITAL

₹ in Lakhs

	Balance at the beginning of the reporting year	Changes in equity share capital due to prior period errors	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March 2025	1544.19	-	15441.92*	16986.11
For the year ended 31st March 2026	**16986.11**	**-**	**-**	**16986.11**

* refer note 13

B OTHER EQUITY

₹ in Lakhs

	Reserve and Surplus					Other Comprehensive Income (OCI)		Total
	Capital Redemption Reserve	General Reserve	Retained Earnings	Share Based Payment Reserve	Treasury Shares	Equity Instruments	Cash Flow Hedge	
Balance as at 31st March 2024	1000.25	**40552.15**	**83527.54**	**330.35**	**(1881.49)**	**160.48**	**7.90**	**123697.18**
Profit for the year			29039.49					29039.49
Bonus Shares Issued	(1000.25)	(14441.67)						(15441.92)
Exercise/ lapse of stock option			174.38	(185.71)	957.09			945.76
Recognition of share based payments to employees				27.71				27.71
Other Comprehensive Income (net of tax)			40.80			60.66	(9.80)	91.66
Dividend on								
Ordinary Shares - Final (₹13.64/- per share)*			(23077.05)					(23077.05)
Transfer to General Reserve		3000.00	(3000.00)					-
Balance as at 31st March 2025	**-**	**29110.48**	**86705.16**	**172.35**	**(924.40)**	**221.14**	**(1.90)**	**115282.83**
Profit for the year			29225.37					29225.37
Recognition of share based payments to employees				1.73				1.73
Other Comprehensive Income (net of tax)			101.64			20.43	(96.53)	25.54
Sale of equity instruments (net of tax)			241.57			(241.57)		-
Dividend on								
Ordinary Shares - Final (₹10/- per share)*			(16954.37)					(16954.37)
Transfer to General Reserve		3000.00	(3000.00)					-
Balance as at 31st March 2026	**-**	**32110.48**	**96319.37**	**174.08**	**(924.40)**	**-**	**(98.43)**	**127581.10**

An amount of ₹12/- per ordinary share (2025- ₹ 10/-) amounting to total of ₹ 20383.33 Lakhs (2025 - ₹ 16986.11 Lakhs) is recommended to be paid as dividend by the Board of Directors of the Company, subject to approval of the Shareholders at their Annual General Meeting and has not been recognised as a liability in these financial statements.

* net of dividend paid to VST ESOP Trust

B OTHER EQUITY (CONTD.)

Nature and purpose of reserves

a) Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of cumulative redeemable preference shares.

b) General Reserve: The Company has transferred a portion of the net profit of the Company to General Reserve and the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.

c) Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Net actuarial gain/loss arising on account of remeasurement of defined employee benefit plans are recognised in other comprehensive income and are adjusted to retained earnings.

d) Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.

e) Cash Flow Hedge: This Reserve represents the cumulative effective portion of change in fair value of derivatives that are designated as Cash Flow Hedge. It will be reclassified to statement of profit or loss in accordance with the Company's accounting policy.

f) Share Based Payment Reserve: This Reserve is created as required by Ind AS 102 "Share Based Payments" on the employee stock option scheme operated by the Company for its employees.

g) Treasury Shares: This represents the equity shares of the Company purchased and held by the VST ESOP Trust ("ESOP Trust") under its employees stock option scheme, to be issued and allotted to its employees at the time of exercise of the option.

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **B S R & Associates LLP**
Firm Registration No.: 116231W/ W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No.: 221202

Hyderabad, 16th April 2026

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

PIYUSH SRIVASTAVA Managing Director
DIN: 10775803

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 16th April 2026

STATEMENT OF CASH FLOWS

For the year ended 31st March 2026

₹ in Lakhs

		For the year ended 31st March 2026	For the year ended 31st March 2025
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	39003.84	36960.90
	Adjustments:		
	Depreciation and Amortisation Expense	10116.31	4449.35
	Gain on sale of Property, Plant and Equipment (Net)	(30.84)	(10229.93)
	Share Based Payment Expense	(7.85)	497.78
	Unrealised (Gain) / Loss on Exchange (Net)	(166.08)	162.40
	Interest Income	(937.78)	(1298.91)
	Dividend Income	(4.67)	(6.60)
	Net gain arising on Investments measured at FVTPL	(2420.67)	(1910.37)
	Net gain arising on Investments carried at Amortised Cost	(41.91)	-
	Operating Profit before Working Capital Changes	**45510.35**	**28624.62**
	Movement in Working Capital:		
	Inventories	(19039.13)	(2959.11)
	Trade Receivables	1950.64	(1893.71)
	Advances and Other Assets	(2209.08)	1479.78
	Trade Payables	(340.22)	880.17
	Other Liabilities and Provisions	8255.51	1949.06
	Cash generated from Operations	**34128.07**	**28080.81**
	Income Taxes Paid (Net)	(12301.20)	(8733.85)
	Net cash generated from Operating Activities	**21826.87**	**19346.96**
B	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant and Equipment, Intangibles,etc	(4240.78)	(4102.65)
	Sale of Property, Plant and Equipment	59.85	10248.62
	Purchase of Current Investments	(334858.26)	(290280.48)
	Sale/ Redemption of Current Investments	314670.39	283647.98
	Sale/ Redemption of Non-Current Investments	20018.67	-
	Dividend Income from Non-Current Investments	4.67	6.60
	Interest realised	1208.38	1457.22
	Loans Realised	0.12	1.79
	Net cash from Investing Activities	**(3136.96)**	**979.08**
C	**Cash Flow from Financing Activities**		
	Dividend paid on equity shares	(16954.37)	(23077.05)
	Proceeds from issue of Treasury Shares by VST ESOP Trust	-	945.76
	Net cash used in Financing Activities	**(16954.37)**	**(22131.29)**
	Net change in cash and cash equivalents	**1735.54**	**(1805.25)**
	Opening cash and cash equivalents	633.88	2439.13
	Closing cash and cash equivalents	**2369.42**	**633.88**

The accompanying notes 1 to 33 form an integral part of the Financial Statements.

This is the Statement of Cash Flows referred to in our report of even date.

For **B S R & Associates LLP**
Firm Registration No.: 116231W/ W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No.: 221202

Hyderabad, 16th April 2026

On behalf of the Board,

NARESH KUMAR SETHI Chairman
DIN: 08296486

PIYUSH SRIVASTAVA Managing Director
DIN: 10775803

ANISH GUPTA Chief Financial Officer

PHANI K. MANGIPUDI Company Secretary

Hyderabad, 16th April 2026

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Company Information

VST Industries Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at 1-7-1063/1065, Azamabad, Hyderabad - 500020. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is engaged inter-alia in manufacture and trading of Cigarettes, Tobacco and Tobacco products.

The financial statements were authorised for issue by the Company's Board of Directors on 16th April 2026.

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amendment from time to time.

The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Basis of Preparation of Financial Statements

The financial statements have been prepared on accrual and going concern basis. The material Accounting Policies as disclosed below are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013 as amended from time to time. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows has been prepared under indirect method.

Basis of Measurement

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, except for certain financial instruments and defined benefit plans which are measured at fair value, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

Key Accountng Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses for the year. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Following is the information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect

NOTES TO THE FINANCIAL STATEMENTS

to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment and intangible assets

As described in the material accounting policies, the Company reviews the estimated useful lives of property, plant and equipment, and intangible assets at the end of each reporting period. (Refer Note 2A)

(b) Recognition of deferred tax assets - Refer Note 6

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the carry-forward period are reduced.

(c) Measurement and likelihood of occurrence of provisions and contingencies – Refer Note 25

As described in the material accounting policies, the Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management accrues a liability for its best estimate of it. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

(d) Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where market observable inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the concerned notes to the financial statements.

(e) Measurement of defined benefit obligations - Refer Note 30

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income.

Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

Property, Plant and Equipment

Property, plant and equipment are stated at acquisition or construction cost, net of accumulated depreciation and accumulated impairment losses, if any. Upon adoption of Ind AS, the Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April 2016.

Cost is inclusive of freight, installation costs, duties and taxes, interest on specific borrowings utilised for financing the assets and other incidental expenses.

NOTES TO THE FINANCIAL STATEMENTS

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

All upgradations / enhancements are charged off as revenue expenditure unless they bring similar significant future economic benefits.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on retirement or disposal of property, plant and equipment is determined as difference between the sale proceed and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation

Depreciation is provided for Property, Plant and Equipment on a straight line method at the rates based on estimated useful life of assets as prescribed under Part C of Schedule II to the Companies Act, 2013 with the exception of the following:

Building	-	20 Years
Plant & Equipment	-	5 - 20 Years
Motor Vehicles	-	4 Years.

Land is not depreciated.

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

Computer Software (including license fee and cost of implementation / system integration services) is capitalised where ever it is expected to provide future enduring economic benefits. Cost of upgradation/ enhancements is charged off as revenue expenditure unless they bring similar significant benefits.

The useful lives of intangible assets are assessed as either finite or infinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 4 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, where appropriate.

The assessment of infinite life is reviewed annually to determine whether the infinite life continues, if not, it is impaired or changed prospectively basis such revised estimates.

Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

Impairment loss, if any, is provided to the extent, the carrying amount of non-financial assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the net present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss of an asset is recognised in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period.

The resulting gain / loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives / hedging instruments that qualify as fair value hedges together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedge' in Equity. The gains / losses relating to the ineffective portion is recognised in the statement of profit and loss. Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified to statement of profit and loss when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Foreign Currencies

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates on the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the exchange rate prevailing on reporting date are recognised in the Statement of Profit and Loss.

Financial Instruments

I. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the Statement of Profit and Loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables

Trade receivables are recognised initially at transaction price and subsequently remeasured considering provision made for doubtful receivables as per expected credit loss method over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

Debt Instruments

Debt instruments are initially measured at amortised cost, or FVTPL or FVOCI till derecognition, on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payment of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the 'equity' to 'other income' in the Statement of Profit and Loss.

(c) Measured at fair value through profit or loss: A financial asset not classified as either at amortised cost or FVOCI, is classified as FVTPL.

Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'Other Income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI is recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investment in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset. Impairment of Financial Asset

Impairment of Financial Asset

Expected credit losses are recognised for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

NOTES TO THE FINANCIAL STATEMENTS

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition.

The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables are measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in the Statement of Profit and Loss.

II. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the EIR method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting Financial Instrument

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost includes all costs of purchases net of input tax credit availed, conversion costs and other attributable expenses incurred in bringing the inventories to their present location and condition and includes, where applicable, appropriate overhead cost based on normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Assets Held for Sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell (ii) the asset is available for immediate sale in its present condition (iii) the asset is being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.

Non-current assets held for sale are not depreciated or amortised.

Cash and Cash Equivalents

Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the

NOTES TO THE FINANCIAL STATEMENTS

date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect their present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Revenue Recognition

Revenue from sale of goods is recognised when control over goods is transferred to a customer as per the terms of the contract.

This is usually evidenced by a transfer of all the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping. Revenue is measured at the contracted (transaction) price received or receivable (includes Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods) after deduction of any trade discount, incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Service tax, etc.

Income from export incentives such as duty drawback is recognised on accrual basis.

Other Income

Interest income is recognised using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

Expenditure

Expenses are accounted on accrual basis.

Employee Benefits

All employee benefits such as salaries and performance incentives, payable wholly within twelve months of rendering the service are classified as short-term employee benefits expense. These are charged to statement of profit and loss on an undiscounted, accrual basis during the period of service rendered by the employees.

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Provident fund contribution in respect of certain employees, who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised from the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the government administered fund and charged as an expense to the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

Defined Benefit Plans

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

Other Long Term Employee Benefits

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are funded.

Termination Benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based Payments

Employees of the Company receive remuneration in the form of share based payments in consideration for the services rendered.

For equity-settled share based payment, fair value of the option / equity instruments at the grant date is determined by an independent valuer using Black Scholes Model and this is recognised in the Statement of Profit and Loss as 'Employee benefit expense' on a systematic basis over the vesting period of the option, based on the company's estimate of option/ equity instruments that will eventually vest with corresponding increase in Other Equity.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as employee benefits expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting period date including up to the settlement date, with changes in fair value recognised in employee benefits expense.

In case of forfeiture/lapse of stock options, which are not vested, amortised portion is reversed by credit to employee benefit expense.

Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company uses EBT as a vehicle for purchasing shares from the market and distributing them to employees under the Employee Stock Option Scheme. The Company treats EBT as its extension and the shares held by EBT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from Other Equity. No gain or loss is recognised in Statement of Profit and Loss on purchase, sale, issue or cancellation of the company's own equity instruments. Any difference between carrying amount and the consideration, if reissued or sold, is recognised in 'Other Equity'. Share options exercised during the reporting period are settled with treasury shares.

Income Taxes

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Current tax is the expected tax payable/recoverable on the taxable income/ loss for the year using applicable tax rates as at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax assets / liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxing authority.

Earnings Per Share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity Shares.

Dividend Distribution

Dividend paid (including income tax thereon, if any) is recognised in the period in which the interim dividends are approved by the Board of Directors and in respect of final dividend when approved by shareholders.

Leases

Leases which are short term that have a lease term of 12 months and low value leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Recent Amendments

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the current year, MCA has notified amendmend to Ind AS-21 The Effects of Changes in Foreign Exchange Rates, Ind AS – 1 Presentation of Financial Statements, Ind AS 7 – Statement of Cash Flows, Ind AS 107 - Financial Instruments: Disclosures and Ind AS -12 Income Taxes, applicable to the Company w.e.f. April 1, 2025. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any impact in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs

	Gross Block							Accumulated Depreciation & Amortisation						Net Block	
	Balance as at 31.03.2024	Additions	Disposals / Reclassification	Balance as at 31.03.2025	Additions	Disposals / Reclassification	Balance as at 31.03.2026	Balance as at 31.03.2024	For the year	Adjustment on Disposals / Reclassification	Balance as at 31.03.2025	Balance as at 31.03.2026	Balance as at 31.03.2025
2A. PROPERTY PLANT AND EQUIPMENT													
Land[1]	2280.28	-	1.71	2278.57	-	-	2278.57	-	-	-	-	2278.57	2278.57
Buildings[1]	5858.98	836.42	10.10	6685.30	431.90	-	7117.20	2295.25	334.20	10.09	2619.36	4129.02	4065.94
Plant & Equipment	43376.04	7240.25	32.69	50284.60	3086.69	1104.75	52276.54	23309.40	3857.53	314.56	26852.37	25424.23	23442.23
Electrical Installation & Equipment	1477.55	42.83	-	1520.38	96.67	-	1617.05	917.91	140.43	-	1058.34	558.71	462.04
Furniture & Fixtures	433.74	161.54	33.03	562.25	37.30	0.82	598.73	256.05	47.03	23.21	279.87	318.86	282.38
Motor Vehicles	114.57	-	-	114.57	100.00	91.68	122.89	111.85	1.26	-	113.11	9.78	1.46
Office Equipment	958.66	48.06	0.35	1006.37	121.28	164.84	962.81	789.56	65.95	0.32	855.19	107.62	151.18
Total Property, Plant and Equipment	**54499.82**	**8329.10**	**366.88**	**62462.04**	**3873.84**	**1362.09**	**64973.79**	**27680.02**	**4446.40**	**348.18**	**31778.24**	**33195.55**	**30683.80**
2B. CAPITAL WORK-IN-PROGRESS													
2C. INTANGIBLE ASSETS													
Computer Software, etc.	26.10	-	-	26.10	-	-	26.10	18.03	2.95	-	20.98	5.12	8.07
Total Intangible assets	**26.10**	**-**	**-**	**26.10**	**-**	**-**	**26.10**	**18.03**	**2.95**	**-**	**20.98**	**5.12**	**8.07**

[1] The Company had its erstwhile manufacturing operations in Azamabad Industrial Area on leasehold land which was purchased from the Government of Telengana in March 2023 for a total consideration of ₹ 3487.3.45 Lakhs including applicable taxes in Toopran, Telengana. Meanwhile, the Company had Subsequently the company consolidated its manufacturing operations at its own premises in Toopran, Telengana and accordingly, classified it as "Asset Held for Sale" at initiated the process to monetize the said Azamabad property including land & buildings therein and accordingly, classified it as "Asset Held for Sale" at carrying value. The same continues as the transaction is expected to be completed in financial year 2026-27.

Note:

1. The Company continue to hold appropriate documents including registered sale deed / transfer deed / conveyance deed with respect to immovable properties (Land & Buildings) shown above.
2. The amortisation expense of Intangible assets have been included under " Depreciation and amortisation expense" in the Statement of Profit and Loss.
3. The Company carries out a technical evaluation of its Plant and Machinery on a regular basis. During the current year ended 31st March 2026 such review resulted in change in estimated useful lives of certain Plant and Machinery to Nil. Accordingly, these have been fully depreciated in these financial statements - ₹ 4895.62 Lakhs.

4(a). Capital- work-in-progress movement duirng the year:

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Opening Balance	**132.34**	**4695.92**
Add: Additions during the year (net)		3765.52
Less: Capitalised during the year		8329.10
Closing Balance	**16.89**	**132.34**

4(b). Capital- work-in-progress ageing schedule:

	2025-26					2024-25				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	16.89	-	-	-	16.89	132.34	-	-	-	132.34
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
	16.89	**-**	**-**	**-**	**16.89**	**132.34**	**-**	**-**	**-**	**132.34**

The Company does not have any Capital-work-in-progress which is past its expected completion date or where cost has exceeded the original plan.

NOTES TO THE FINANCIAL STATEMENTS

3. NON-CURRENT INVESTMENTS

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Investment in Government / Trust Securities		
(at amortised cost)		
UNQUOTED		
National Savings Certificate cost ₹ 500 (2025 - ₹ 500)		
Lodged with Government Authority		
QUOTED		
Government Securities	-	19561.23
(Interest Coupon Rate ranging from 6.75% - 8.35%)		
	-	**19561.23**
Investment in Mutual Funds		
(at fair value through other comprehensive income)		
QUOTED		
HDFC - Top 100 Fund - Regular Plan- Dividend Option		
50,000 units of ₹10 each	-	27.21
	-	**27.21**
Investment in Equity instruments		
(at fair value through other comprehensive income)		
QUOTED		
Duncan Industries Limited *		
184 Equity Shares of ₹ 10 each fully paid up		0.02
Godfrey Phillips India Limited		
1000 Equity Shares of ₹ 2 each fully paid up	-	67.69
Golden Tobacco Limited		
50 Equity Shares of ₹10 each fully paid up	-	0.02
HDFC Bank Limited		
15,080 Equity Shares of ₹ 1 each fully paid up	-	275.69
		343.42
UNQUOTED		
Andhra Pradesh Gas Power Corporation Limited		
1,39,360 shares of ₹ 10 each fully paid up	13.94	13.94
Twin Towers Premises Co-operative Society Limited *		
10 Shares of ₹ 50 each fully paid up		
(Cost ₹ 500 , 2025 - ₹ 500)		
Tobacco Institute of India - (Limited by Guarantee Maximum *		
Contribution ₹ 10.00 Lakhs)		
CREF Finance Limited *		
50,00,000 Equity Shares of ₹ 10 each fully paid up		
ITC Agrotech Finance and Investments Limited *		
23,82,500 Equity Shares of ₹ 10 each fully paid up		
	13.94	**13.94**
Total of Non-Current Investments	**13.94**	**19945.80**
Aggregate amount of Quoted Investments - Market Value		19916.48
Aggregate amount of Unquoted Investments	13.94	13.94

* Fair value of these investments is negligible

NOTES TO THE FINANCIAL STATEMENTS

4. LOANS

₹ in Lakhs

	As at 31st March 2026		As at 31st March 2025	
	Current	Non-Current	Current	Non-Current
Loans to Employees				
Secured, considered good	0.12	3.04	0.12	3.16
TOTAL	**0.12**	**3.04**	**0.12**	**3.16**

5. OTHER FINANCIAL ASSETS

₹ in Lakhs

	As at 31st March 2026		As at 31st March 2025	
	Current	Non-Current	Current	Non-Current
Other financial assets				
Interest accrued on Loans, Deposits, Investments, etc.	-	-	270.60	-
Other receivables				
- On account of Foreign Currency Forward Contracts	-	-	(2.54)	-
TOTAL	**-**	**-**	**268.06**	**-**

6. INCOME TAXES

₹ in Lakhs

		As at 31st March 2026	As at 31st March 2025
A.	**Income tax expense recognised in Statement of Profit and Loss**		
	Current tax		
	Current tax for the year	12310.40	8450.40
	Adjustments/(credits) related to previous years - (net)	13.80	(190.92)
	Total Current tax expense (a)	**12324.20**	**8259.48**
	Deferred tax		
	Origination and reversal of temporary differences	(2545.73)	(338.07)
	Total Deferred tax expense (b)	**(2545.73)**	**(338.07)**
	Total (a + b)	**9778.47**	**7921.41**
B.	**Income tax expense recognised in Other Comprehensive Income**		
	Current tax		
	On item that will not be reclassified to Statement of Profit and Loss		
	- Related to remeasurement of defined benefit plans (net)	34.18	13.72
	- Related to disposal of equity instruments	47.90	-
	Total Current tax expense (a)	**82.08**	**13.72**
	Deferred tax		
	On item that will not be reclassified to Statement of Profit and Loss		
	- Related to change in fair value of equity instruments	(23.43)	31.98
	On item that will be reclassified to Statement of Profit and Loss		
	- Related to change in fair value of effective portion of cash flow hedges	(32.47)	(3.29)
	Total Deferred tax expense (b)	**(55.90)**	**28.69**
	TOTAL (a + b)	**26.18**	**42.41**

NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs

		As at 31st March 2026	As at 31st March 2025
	Reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in Statement of Profit and Loss is as under:		
	Profit before tax	39003.84	36960.90
	Statutory income tax rate	25.17%	25.17%
	Expected income tax expense	9816.49	9302.32
	Adjustment:		
	Effect of expenses not deductible for tax purposes	190.87	212.46
	Effect of different tax rate on certain items	(6.22)	(1511.77)
	Others *	(222.67)	(81.60)
	Income tax expense recognised in Statement of Profit and Loss	**9778.47**	**7921.41**
	* Others include adjustments / (credits) related to previous years - (net)		
C.	**Current Tax Liabilities (net of advance tax) #**	**1642.61**	**1537.53**

The Company has reviewed all its pending income tax disputes relating to tax treatment of certain expenses claimed as deductions, and computation of, or eligibility of certain tax incentives or allowances. It believes that it has a valid basis for appeals and intends to defend all such pending disputes vigorously. However, pending disposal of such disputes, as a matter of prudence, it has recognised these liabilities in the books and is included above.

D. Significant components of Deferred Tax Assets / (Liabilities)

2025-26

₹ in Lakhs

	Opening balance	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing Balance
Deferred tax assets / (liabilities) in relation to:				
- Employees' separation and retirement	633.22	44.25	-	677.47
- Central and State Taxes, etc.	1337.80	1263.50	-	2601.30
- Fiscal allowances on Property, Plant and Equipment, etc.	(55.97)	1427.32	-	1371.35
- Financial Instruments measured at Amortised cost	69.00	(69.00)	-	-
- Cash flow hedges	0.64	-	32.47	33.11
- Unrealised gain on Equity instruments measured at FVOCI	(23.43)	-	23.43	-
- Unrealised gain on financial assets measured at FVTPL	(194.10)	(110.65)	-	(304.75)
- Other temporary differences	46.23	(9.69)	-	36.54
Deferred Tax Assets - Net	**1813.39**	**2545.73**	**55.90**	**4415.02**

NOTES TO THE FINANCIAL STATEMENTS

2024-25

₹ in Lakhs

	Opening balance	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing Balance
Deferred tax assets / (liabilities) in relation to:				
- Employees' separation and retirement	622.03	11.19	-	633.22
- Central and State Taxes, etc.	1346.85	(9.05)	-	1337.80
- Fiscal allowances on Property, Plant and Equipment, etc.	10.05	(66.02)	-	(55.97)
- Financial Instruments measured at Amortised cost	50.89	18.11	-	69.00
- Cash flow hedges	(2.65)	-	3.29	0.64
- Unrealised loss on Equity instruments measured at FVOCI	8.55	-	(31.98)	(23.43)
- Unrealised gain on financial assets measured at FVTPL	(568.25)	374.15	-	(194.10)
- Other temporary differences	36.54	9.69	-	46.23
Deferred Tax Assets - Net	**1504.01**	**338.07**	**(28.69)**	**1813.39**

7. OTHER ASSETS

₹ in Lakhs

	As at 31st March 2026		As at 31st March 2025	
	Current	Non-Current	Current	Non-Current
Other Assets				
Capital Advances	-	214.51	-	107.86
Advances other than capital advances				
Security (Commercial) Deposits	-	128.04	-	90.62
Advances recoverable in cash or kind for value to be received	215.05	-	609.96	-
GST credits/refundable	5440.60	-	2721.02	-
Balance with Statutory / Government Authorities	5.09	-	16.65	-
Other Advances - Prepaid Expenses	321.84	-	460.54	-
Other Receivables *	1.73	-	4.47	-
TOTAL	**5984.31**	**342.55**	**3812.64**	**198.48**

* Includes export incentive receivables

8. INVENTORIES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
(At lower of cost and net realisable value)		
Raw Materials including packing materials	47565.87	41072.18
Work-in-Progress	770.65	973.03
Finished Goods	18630.55	6091.30
Stores and Spares	530.25	321.68
TOTAL	**67497.32**	**48458.19**
The cost of inventories recognised as an expense (net) on account of write- down of inventory to net realisable value.	863.62	9.36

NOTES TO THE FINANCIAL STATEMENTS

9. CURRENT INVESTMENTS

	Face Value ₹ (Fully Paid)	As at 31st March 2026		As at 31st March 2025	
		No.of units	₹ in Lakhs	No.of units	₹ in Lakhs
Quoted - at fair value through profit or loss					
Investment in Mutual Funds *					
Liquid Funds					
Aditya Birla Sun Life Mutual Fund	100	3,65,618	1627.19	3,66,411	1534.26
Axis Mutual Fund	1000	93,507	2865.65	1,26,227	3639.87
HDFC Mutual Fund	1000	40,284	2179.31	50,227	2558.31
ICICI Prudential Mutual Fund	10	4,43,116	1806.51	5,38,421	2066.97
DSP Mutual Fund	1000	72,827	2869.97	-	-
Kotak Mahindra Mutual Fund	1000	31,542	1755.46	39,285	2058.28
Nippon India Mutual Fund	1000	50,635	3414.92	58,216	3694.93
SBI Mutual Fund	1000	86,277	3715.17	99,685	4043.19
Money Market Funds					
HDFC Mutual Fund	1000	33,391	2037.69	-	-
ICICI Prudential Mutual Fund	10	3,76,143	1512.17	3,22,339	1214.15
Kotak Mahindra Mutual Fund	1000	46,241	2193.97	63,619	2828.11
Nippon India Mutual Fund	1000	24,943	1097.52	24,943	1028.15
SBI Mutual Fund	10	76,60,859	3562.81	-	-
Ultra Short Term Funds					
Aditya Birla Sun Life Mutual Fund	100	3,75,982	2199.48	3,75,982	2055.31
Kotak Mahindra Mutual Fund	10	21,40,414	1007.26	-	-
SBI Mutual Fund	1000	15,796	1004.94	-	-
Low Duration Funds					
HDFC Mutual Fund	10	33,53,438	2197.42	33,53,438	2054.65
ICICI Prudential Mutual Fund	100	3,80,607	2197.70	3,80,607	2053.84
Kotak Mahindra Mutual Fund	1000	26,675	1018.32	-	-
Nippon India Mutual Fund	1000	24,490	1017.37	-	-
Banking and PSU Funds					
Aditya Birla Sun Life Mutual Fund	100	6,40,113	2514.42	-	-
ICICI Prudential Mutual Fund	10	71,29,119	2520.46	-	-
Corporate Bond Funds					
Aditya Birla Sun Life Mutual Fund	100	4,23,977	499.97	-	-
HDFC Mutual Fund	10	87,86,681	2999.22	-	-
ICICI Prudential Mutual Fund	10	15,52,235	503.84	-	-
Kotak Mahindra Mutual Fund	1000	61,689	2517.49	-	-
Nippon India Mutual Fund	10	46,31,846	3016.90	-	-
Target Maturity Index Funds					
Aditya Birla Sun Life Mutual Fund	10	-	-	1,98,70,345	2414.58
Total of Current Investments			**55853.13**		**33244.60**
Aggregate amount of quoted Investments - Market Value			55853.13		33244.60

* All these investments have been made under "Direct Plan- Growth Option".

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Unsecured, considered good	4701.86	6406.06
(Refer Note 29)		
TOTAL	**4701.86**	**6406.06**

Ageing Details

2025-26

₹ in Lakhs

Particulars	Not Due	Outstanding for the following periods from the due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	3644.01	1057.85	-	-	-	-	4701.86
Undisputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed - credit impaired	-	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	3644.01	**1057.85**	**-**	**-**	**-**	**-**	**4701.86**

2024-25

₹ in Lakhs

Particulars	Not Due	Outstanding for the following periods from the due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	6249.13	156.93	-	-	-	-	6406.06
Undisputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed - credit impaired	-	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
	6249.13	**156.93**	**-**	**-**	**-**	**-**	**6406.06**

NOTES TO THE FINANCIAL STATEMENTS

11. CASH AND CASH EQUIVALENTS

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Balances with Banks		
- On Current Accounts	2368.96	633.12
Cash including cheques on-hand	0.46	0.76
TOTAL	**2369.42**	**633.88**

12. OTHER BANK BALANCES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Earmarked Balances		
- On Unclaimed Ordinary Dividend Account	1094.75	1120.71
Total	**1094.75**	**1120.71**

13. EQUITY SHARE CAPITAL

	As at 31st March 2026		As at 31st March 2025	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Authorised				
Ordinary Shares of ₹ 10 each	17,00,00,000	17000.00	17,00,00,000	17000.00
		17000.00		**17000.00**
Issued and Subscribed				
Ordinary Shares of ₹ 10 each fully paid up	16,98,61,120	16986.11	16,98,61,120	16986.11
Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	16,98,61,120	16986.11	1,54,41,920	1544.19
Add: Issue of Bonus shares	-	-	15,44,19,200	15441.92
As at end of the year	**16,98,61,120**	**16986.11**	**16,98,61,120**	**16986.11**

There was no movement in number of Ordinary Shares during preceding five years except in FY2024-25 where pursuant to the approval of the shareholders of the Company on 29th August 2024 for issue of bonus shares, the Company allotted 15,44,19,200 as fully paid up ordinary shares in the ratio of 10 fully paid up ordinary shares of ₹10 each for every 1 existing fully paid ordinary shares of ₹10 each by utilising ₹ 15441.92 Lakhs from Capital Redeemption Reserve and General Reserve.

Details of shareholders holding more than 5% of Ordinary Shares:

Name of the Shareholder	No. of Shares	% holding	No. of Shares	% holding
Bright Star Investments Private Limited	4,40,78,298	25.95	4,40,78,298	25.95
The Raleigh Investment Company Limited	3,98,24,620	23.45	3,98,24,620	23.45
Tobacco Manufacturers (India) Limited	1,40,68,362	8.28	1,40,68,362	8.28

Rights, Preferences and Restrictions Attached to Ordinary Shares

The Company has only one class of Ordinary Shares outstanding, having a par value of ₹ 10 each, that rank pari passu in all respects including voting rights and entitlement to dividend.

NOTES TO THE FINANCIAL STATEMENTS

Details of Promoter shareholders of Ordinary Shares:

Name of the Shareholder	No. of Shares	% holding	% change during the period	No. of Shares	% holding	% change during the period
The Raleigh Investment Company Limited	3,98,24,620	23.45	-	3,98,24,620	23.45	-
Tobacco Manufacturers (India) Limited	1,40,68,362	8.28	-	1,40,68,362	8.28	-
Rothmans International Enterprises Limited	7,31,940	0.43		7,31,940	0.43	-
TOTAL	**5,46,24,922**	**32.16**	**-**	**5,46,24,922**	**32.16**	**-**

14. TRADE PAYABLES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Payables for Goods and Services		
Total outstanding dues of micro enterprises and small enterprises	672.36	385.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	11706.72	12326.41
TOTAL	**12379.08**	**12711.61**
Due to Micro Enterprises and Small Enterprises (MSME)		
a) Principal amount remaining unpaid	672.36	385.20
b) Interest due remaining unpaid	-	-
c) Interest paid, in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid	-	-
f) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Ageing Details

2025-26

₹ in Lakhs

Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	672.36	-	-	-	-	672.36
Others	7684.01	343.68	-	-	-	8027.69
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	326.47	17.20	1004.65	1348.32
	8356.37	**343.68**	**326.47**	**17.20**	**1004.65**	**10048.37**
Accrued Expenses						2330.71
						12379.08

NOTES TO THE FINANCIAL STATEMENTS

2024-25

₹ in Lakhs

Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	385.20	-	-	-	-	385.20
Others	8477.46	21.72	-	-	-	8499.18
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	379.97	17.20	3.95	1023.85	1424.97
	8862.66	**401.69**	**17.20**	**3.95**	**1023.85**	**10309.35**
Accrued Expenses						2402.26
						12711.61

15. PROVISIONS

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Non-Current		
Provision for Employee Benefits		
Retirement and Other benefits (Refer Note 30)	2519.12	2344.59
TOTAL	**2519.12**	**2344.59**

16. OTHER FINANCIAL LIABILITIES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Current		
Accrued Payroll	3618.62	2852.12
Unpaid / Unclaimed Dividends	1094.75	1120.71
Security Deposits	1.15	1.80
Other Liabilities		
- On account of Foreign Currency Forward Contracts	131.54	-
- Others (including payable for property, plant and equipment, etc.)	617.96	993.02
TOTAL	**5464.02**	**4967.65**

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

17. OTHER CURRENT LIABILITIES

₹ in Lakhs

	As at 31st March 2026	As at 31st March 2025
Advances from Customers	5433.09	2971.93
Statutory Liabilities including tax related matters	29578.11	24797.55
TOTAL	**35011.20**	**27769.48**

NOTES TO THE FINANCIAL STATEMENTS

(i) The Company has ongoing indirect tax and legal matters comprising of numerous cases/ proceedings under various Central and State Acts pending before various judicial forums.

(ii) The Company has reviewed all its pending litigations and proceedings and believes that it has valid basis for appeals and intends to defend all such pending disputes vigorously. However, pending disposal of such disputes, as a matter of prudence, it has adequately recognised a liability in the books wherever required and is reflected above under 'Statutory Liabilities' - ₹ 5246.93 Lakhs (2025: ₹ 5246.93 Lakhs).

(iii) The Government of India reduced the levy of Compensation Cess on cigarettes to 'Nil' w.e.f. 1st February 2026 and at the same time Excise Duty on the subject product was increased significantly. On the date of such transition, the Company could be liable to pay input tax credit pertaining to Compensation Cess on such inventory lying at its warehouses. As a matter of prudence, it has adequately recognised a liability in the books wherever required and is reflected above under 'Statutory Liabilities' - ₹ 4905.27 Lakhs (2025: Nil).

(iv) Contingent liabilities where applicable are disclosed under note 25(a) of the financial statements.

18. REVENUE FROM OPERATIONS

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Particulars in respect of sales		
Cigarettes*	173203.88	133291.77
Unmanufactured Tobacco	30138.43	47222.32
Cut Tobacco	853.08	109.28
	204195.39	**180623.37**
Other Operating Income#	379.11	320.03
TOTAL	**204574.50**	**180943.40**

* net of trade promotions - ₹ 1328.05 Lakhs (2025 - ₹ 1046.51 Lakhs)

Includes ₹ 348.05 Lakhs (2025 - ₹ 263.99 Lakhs) towards sale of process wastes

19. OTHER INCOME

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Interest Income on:		
Financial assets carried at amortised cost (net)	928.94	1293.42
Loans and Deposits, etc.	8.84	5.49
Dividend Income from:		
Equity Instruments measured at FVOCI	4.67	6.60
Other net gains and (losses) from:		
sale of property, plant and equipment, etc.	30.84	63.12
financial assets measured at FVTPL	2403.70	1895.85
financial assets carried at amortised cost	41.91	-
Gain on foreign exchange (Net)	284.08	5.97
Other non-operating Income	427.41	209.91
TOTAL	**4130.39**	**3480.36**

NOTES TO THE FINANCIAL STATEMENTS

20. COST OF MATERIALS CONSUMED

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Raw Materials Consumed *		
Opening Stock	41072.18	35871.12
Purchases	74846.53	83834.53
	115918.71	119705.65
Less: Closing Stock	47565.87	41072.18
TOTAL	**68352.84**	**78633.47**

The above includes cost of unmanufactured tobacco and cut tobacco sold - Value ₹ 26044.14 Lakhs (2025 - ₹ 40627.86 Lakhs).

* Includes Packing Material

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
(a) (Increase) / Decrease in Finished Goods		
Opening Stock	6091.30	8081.93
Closing Stock	18630.55	6091.30
	(12539.25)	**1990.63**
(b) Increase / (Decrease) in Excise Duties on Finished Goods	**12535.39**	**(902.28)**
(c) (Increase) / Decrease in Work-in-Progress		
Opening Stock	973.03	927.58
Closing Stock	770.65	973.03
	202.38	**(45.45)**
TOTAL	**198.52**	**1042.90**

22. EMPLOYEE BENEFITS EXPENSE

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Salaries and wages	11730.58	11487.31
Contribution to Provident and other funds	1092.61	649.80
Share based payment to employees (refer note 31)	(7.85)	497.78
Staff welfare expenses	1111.38	1196.98
TOTAL	**13926.72**	**13831.87**

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER EXPENSES

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Insurance	336.23	386.68
Consumption of Stores and Spares	1509.08	1320.57
Repairs and Maintenance	486.91	775.39
Power and Fuel	673.43	825.37
Rent	751.21	555.10
Rates and Taxes	202.11	106.24
Distribution Expenses	358.14	427.81
Advertisement / Sales Promotion Expenses	5384.97	4616.17
Outward Freight	2569.74	2481.43
Consultancy and Professional Fees	816.55	1091.64
Travelling and Conveyance Expenses	1470.01	1500.70
Contract Manufacturing Charges	744.00	692.72
Miscellaneous	2386.14	2329.49
Payment to Auditors (see note (a) below)	70.99	62.59
Corporate Social Responsibility (see note (b) below)	758.37	844.16
Non-Executive Directors' Sitting Fees, Remuneration & Commission	468.20	370.80
TOTAL	**18986.08**	**18386.86**
(a) Payment to Auditors		
Audit fees	45.00	45.00
Fees for audit related services, Limited Reviews, etc.	10.25	8.00
Fees for certification	7.00	4.42
Reimbursement of expenses	8.74	5.17
	70.99	**62.59**
(b) Corporate Social Responsibility (CSR)		
As per Section 135 of the Companies Act, 2013, the Company is required to spend at least 2% of its average net profit for the immediately preceding three years on CSR activities. The funds were primarily allocated to a corpus and utilised through the year on activities which are specified in Schedule VII of the Companies Act, 2013:		
(i) Gross amount required to be spent by the Company during the year	758.37	844.16
(ii) Amount approved by the Board to be spent during the year	758.37	844.16
(iii) Amount spent during the year on :		
(1) On Construction / Acquisition of any asset	-	-
(2) For purposes other than (1) above (Revenue account)	758.37	844.16
	758.37	**844.16**
(iv) (Shortfall)/Excess at the end of the year	-	-
(v) Total of previous years shortfall	-	-
(vi) Details of related party transactions	NA	NA
(vii) Reason for shortfall	NA	NA
(viii) Nature of CSR activities	Promotion of education, health & sanitation, eradicating hunger & malnutrition, women empowerment, animal welfare & environmental sustainability	
(ix) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year	NA	NA

NOTES TO THE FINANCIAL STATEMENTS

24. EARNINGS PER SHARE

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Earnings per Share is computed as under:		
(a) Profit for the year (₹ in Lakhs)	29225.37	29039.49
(b) Weighted average number of Ordinary Shares	16,98,61,120	16,98,61,120
(c) Basic Earnings Per Share (Face Value per Share - ₹ 10) ₹	17.21	17.10
(d) Diluted Earnings Per Share (Face Value per Share - ₹ 10) ₹	17.21	17.10

25. CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

(a) Contingent Liabilities

(i) Claims against the Company not acknowledged as debts ₹ 983.24 Lakhs (2025 - ₹ 906.60 Lakhs)
These Comprise -
Excise duty, GST, service tax and customs duty matters ₹ 478.99 Lakhs (2025 - ₹ 402.35 Lakhs)
Other matters including employees / ex-employees, etc.₹ 504.25 Lakhs (2025 - ₹ 504.25 Lakhs)

(ii) In addition to the above, the Company is subject to certain other litigations, in the ordinary course of business and the industry in which it operates in, which are pending.

(iii) It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash outflows and estimate of financial effect, if any, in respect of the above as its determinable only on occurrence of uncertain future events/ receipt of judgements pending at various forums.

The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

(b) Commitments

Estimated amount of contracts remaining to be executed on Capital Account, net of advances (not provided for) - ₹ 1574.27 Lakhs (2025 - ₹ 1196.99 Lakhs)

(c) Disclosure under section 186(4) of the Companies Act, 2013

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013, as applicable are provided in Notes 3 and 9.

26. FUTURE LEASE OBLIGATIONS

The Company has entered into various short term and low value operating lease agreements and the amounts paid under such agreements have been charged to the statement of profit and loss as Rent under Note 23. All these agreements are cancellable in nature.

27. SEGMENT REPORTING

The Chief Operating Decision-Maker (CODM) has been identified as Management Committee which evaluates the Company's performance and allocates resources at an overall level considering the business and industry it operates in. Accordingly, the Company's business activity primarily falls within a single operating segment viz. Tobacco and related products. Therefore, the disclosures as per Ind AS 108 - Operating Segments' is not applicable.

No customer individually accounted for more than 10% of the revenues.

NOTES TO THE FINANCIAL STATEMENTS

Geographical segments considered for disclosure mainly consists of sales within India and sales outside India, information in respect thereof is as under:

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
(a) Sales within India	182665.02	140217.00
(b) Sales outside India	21530.37	40406.37
	204195.39	**180623.37**

The entire activity pertaining to sales outside India is carried out from India, hence all segment assets are considered entirely to be in India.

28. RELATED PARTIES AND TRANSACTIONS WITH THEM DURING THE YEAR

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
(a) Promoter entity and entity having shareholding of 20% or more		
(i) Promoter entities		
British American Tobacco Group		
• The Raleigh Investment Company Limited		
• Tobacco Manufacturers (India) Limited		
• Rothmans International Enterprises Limited		
Dividend Paid	5462.49	7448.85
(ii) Entities having shareholding of 20% or more including Person Acting in Concert (PAC)		
Bright Star Investments Private Limited		
Derive Trading and Resorts Private Limited		
Damani Estates & Finance Private Limited		
Gulmohar Private Beneficiary Trust		
Karnikar Private Beneficiary Trust		
Bottle Palm Private Beneficiary Trust		
Royal Palm Private Beneficiary Trust		
Mountain Glory Private Beneficiary Trust		
Derive Investments		
Radhakishan Shivkishan Damani		
Gopikishan Shivkishan Damani		
Dividend Paid	5258.06	8056.36
(b) Remuneration to Non-Executive Directors and Key Managerial Personnel		
(i) Non-Executive Directors		
Mr. Naresh Kumar Sethi		
Mr. S Thirumalai		
Ms. Rama Bijapurkar		
Mr. Sudeep Bandyopadhyay		
Mr. Rajeev Bakshi (w.e.f. 01st July 2024)		
Mr. Alok Agarwal (w.e.f. 25th April 2025)		
Mr. Nellaiappan Thiruambalam (w.e.f. 25th April 2025)		
Mr. Rajeev Gulati (upto 25th July 2024)		
Dividend Paid	0.03	0.04

NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs

	For the year ended 31st March 2026	For the year ended 31st March 2025
Remuneration & Commission	390.00	289.00
Sitting fees	78.20	81.80
(ii) Executive Directors		
Mr. Piyush Srivastav, Managing Director (w.e.f. 2nd March 2026)		
Mr. Sanjay Wali, Whole-time Director (upto 1st March 2026)		
Mr. Aditya Deb Gooptu, Managing Director (upto 25th April 2025)		
Remuneration:		
- Short - term benefits	319.82	279.40
- other remuneration	52.21	17.97
- Share based payment	-	126.47
Dividend Paid	0.22	-
(iii) Other Key Managerial Personnel		
Mr. Anish Gupta, Chief Financial Officer		
Mr. Phani K Mangipudi, Company Secretary		
Remuneration:		
- Short-term benefits	354.30	243.41
- other remuneration	15.88	15.35
- Share based payment	24.92	79.50
(c) Employee Trusts		
VST Provident Fund		
VST Gratuity Fund		
VST Management staff Gratuity Fund		
VST Pension Fund		
VST Company Workmen Superannuation Fund		
Contributions towards employees' benefit plans	762.79	330.71
Outstanding at the end of the year		
- Payables	77.01	75.16
- Receivables	1.65	-

Note: Liability for Gratuity, Leave encashment and Group Health Premiums are provided either on acturial valuation basis by an independent valuer or separately for the Company as a whole. Accordingly, amounts pertaining to key managerial personnel are not included above.

Terms and Conditions of transactions with related parties

All Related Party Transactions entered during the year were in the ordinary course of the business and at arm's length basis.

Remuneration to directors and key managerial personnel is determined by the Nomination and Remuneration Committee of the Board having regard to individual performance and market trends.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

A CAPITAL MANAGEMENT

The Company's financial strategy aims to provide adequate capital to its business for growth on a going concern basis thereby creating sustainable stakeholder value. The Company funds its operations mainly through internal accruals.

B CATEGORIES OF FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY

The fair value of the financial assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair value are consistent with those used for the earlier period.

Financial assets and liabilities are measured at fair value as at Balance Sheet date as under:

i) The fair value of investment in government securities and quoted investment in equity shares are based on the current bid price of respective investments as at the Balance Sheet date.

ii) The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in their published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund as well as the price at which issuers will redeem such units for the investors.

iii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates as at end of reporting period, interest yield curves, volatility, etc., as applicable.

iv) Cash and cash equivalents (except for investments in units of mutual fund), other bank balances, trade receivables, trade payables and other current financial assets and liabilities (except derivative financial instruments), have fair value that approximates to their carrying amount due to their short-term nature.

Fair value of the financial instruments have been classified into various fair value hierarchies respective three levels as under:

Level 1 - Quoted prices for identical assets or liabilities in an active market.

Level 2 - Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing model based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the counterparty.

The following table shows the carrying amount and fair value of financial assets and liabilities, including their levels in the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs

Particulars	Note	Fair Value Hierarchy (Level)	As at 31st March 2026		As at 31st March 2025	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Measured at Fair value through OCI						
i) Equity Instruments incl. equity schemes of Mutual Funds	3	Level 1	0*	0*	370.63	370.63
ii) Equity Instruments	3	Level 3	13.94	13.94	13.94	13.94
Sub-total			**13.94**	**13.94**	**384.57**	**384.57**
Measured at Fair value through Profit and Loss						
i) Investment in Mutual Funds	9	Level 1	55853.13	55853.13	33244.60	33244.60
Sub-total			**55853.13**	**55853.13**	**33244.60**	**33244.60**
Derivatives measured at fair value						
i) Foreign exchange forward contracts	5	Level 2	-	-	(2.54)	(2.54)
Sub-total			**-**	**-**	**(2.54)**	**(2.54)**
Measured at amortised cost						
i) Investments in Government Securities	3	Level 1	-	-	19561.23	19545.85
ii) Loans	4	-	3.16	3.16	3.28	3.28
iii) Other Financial Assets	5	-	-	-	270.60	270.60
iv) Trade receivables	10	-	4701.86	4701.86	6406.06	6406.06
v) Cash and cash equivalents	11	-	2369.42	2369.42	633.88	633.88
vi) Other bank balances	12	-	1094.75	1094.75	1120.71	1120.71
Sub-total			**8169.19**	**8169.19**	**27995.76**	**27980.38**
Total financial assets			**64036.26**	**64036.26**	**61622.39**	**61607.01**

* amount is negligible

₹ in Lakhs

Particulars	Note	Fair Value Hierarchy (Level)	As at 31st March 2026		As at 31st March 2025	
			Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL LIABILITIES						
Derivatives measured at fair value						
i) Foreign exchange forward contracts	16	Level 2	131.54	131.54	-	-
Sub-total			**131.54**	**131.54**	**-**	**-**
Measured at amortised cost						
i) Trade Payables	14	-	12379.08	12379.08	12711.61	12711.61
ii) Other financial liabilities	16	-	5332.48	5332.48	4967.65	4967.65
Sub-total			**17711.56**	**17711.56**	**17679.26**	**17679.26**
Total financial liabilities			**17843.10**	**17843.10**	**17679.26**	**17679.26**

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during current financial year.

NOTES TO THE FINANCIAL STATEMENTS

C. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management framework anchored in its policies and procedures and internal financial controls aim to ensure that the Company's business activities that are exposed to a variety of financial risks namely liquidity risk, market risks, credit risk and foreign currency risk are identified at an early stage and managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring any unacceptable losses. In doing this, Management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March 2026 and 31st March 2025.

On the reporting date, the Company's Current assets (excluding Asset held for sale) aggregate to ₹ 137500.91 Lakhs (2025 - ₹ 93944.26 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 59317.3 Lakhs (2025 - ₹ 34999.19 Lakhs) against an aggregate Non-Current liabilities of ₹ 2519.12 Lakhs (2025 - ₹ 2344.59 Lakhs) and Current liabilities of ₹ 54496.91 Lakhs (2025 - ₹ 46986.27 Lakhs) and also there are no difference in value as per contracts and its carrying value as at the Balance Sheet date and are due within a year. Further, the Company's total equity stood at ₹ 144567.21 Lakhs (2025 - ₹ 132268.94 Lakhs). Accordingly, liquidity risk or the risk that the Company may not be able to settle its dues as they become due does not exist. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Market Risk

The Company does not trade in equity instruments; it continues to hold certain investments in equity for long term value accretion which are measured at fair value through Other Comprehensive Income. The value of investment in such equity instruments as at 31st March 2026 is ₹ 13.94 Lakhs (2025 - ₹ 384.57 Lakhs).

The Company's investments are predominantly held in fixed deposits and debt schemes of mutual funds. The decision making is centralised and administered under a set of approved policies and procedures guided by the principles of safety, liquidity and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

Fixed deposits are held with highly rated banks and companies and have a short to medium tenure and accordingly, are not subject to interest rate volatility. Investment in debt schemes of mutual funds are susceptible to market price risk that arise mainly from change in interest rate from time to time which may impact the return and value of such investments. However, given the relatively short tenure of the underlying portfolio of such mutual fund schemes in which the Company has invested, such price risk is not significant. Investment in Government Securities are primarily fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

As the Company is debt-free and its liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

NOTES TO THE FINANCIAL STATEMENTS

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company's customer base is large and diverse and credit is extended in business interest in accordance with well laid out guidelines issued centrally. Exceptions, if any, are approved by appropriate authority after due consideration of the customers credentials and financial capacity, trade practices and prevailing business and economic conditions. Our historic experience of collecting receivables is high and accordingly, the credit risk is low. Hence, all trade receivables together are considered to be a single class of financial assets.

The value of Trade Receivables as at 31st March 2026 is ₹ 4701.86 Lakhs (2025 - ₹ 6406.06 Lakhs).

Further, the Company maintains exposure in cash and cash equivalents, term deposits with banks, government securities, debt schemes of mutual funds and derivative instruments with financial institution. The Company has set counter-parties limits based on multiple factors including credentials, financial capacity, credit rating, etc.

The Company's credit period generally ranges from 0-180 days.

The Company's maximum exposure to credit risk as at 31st March 2026 and 31st March 2025 is the carrying value of each class of financial assets.

Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and Pound Sterling) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, arising out of such transactions, are also subject to reinstatement risk.

The Company has an established risk management policy to hedge the volatility arising from exchange rate fluctuation in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecasted transaction and market conditions. As the counterparty for such transactions are Scheduled banks, the risk of their non-performance is considered to be insignificant.

The use of these foreign exchange forward contracts are intended to reduce the risk or cost to the Company and are not intended for trading or speculation purpose.

The information on such Derivative Instruments is as follows:

Forward exchange contracts designated under Hedge Accounting that were outstanding on respective reporting dates:

₹ in Lakhs

Currency Pair	Currency	As at 31st March 2026		As at 31st March 2025	
		Buy	Sell	Buy	Sell
USD / INR	INR	-	3250.45	-	3019.83

The aforesaid hedges have a maturity of less than 1 year as on respective reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

₹ in Lakhs

Currency Pair	Currency	As at 31st March 2026		As at 31st March 2025	
		Assets	Liabilities	Assets	Liabilities
USD / INR	INR	4304.90	691.90	6275.83	411.64
EUR / INR	INR	-	651.83	-	207.64
GBP / INR	INR	-	-	-	130.27

Hedges of foreign currency risk and derivative financial instrument

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in "Other Equity" under Other Comprehensive Income: Cash Flow Hedge to the extent considered highly effective and are reclassified into the Statement of Profit and Loss upon occurrence of the hedged transactions. Gain or loss on derivative instruments that are either not designated as cash flow hedges or designated as cash flow hedges to the extent considered ineffective are recognised in the Statement of Profit and Loss.

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

₹ in Lakhs

Particulars	2026	2025
At the beginning of the year	**(1.90)**	**7.90**
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(28.94)	(27.01)
Add: Changes in the fair value of effective portion of outstanding cash flow hedges as at year end	(131.54)	(2.55)
Less: Amounts transferred to the statement of profit and loss on occurrence of transaction during the year	(96.42)	(23.05)
(Less)/Add: Deferred tax	(32.47)	(3.29)
At the end of the year	**(98.43)**	**(1.90)**

Foreign Currency Sensitivity

A 1% strengthening of the INR against key currencies to which the company is exposed (net of hedges) would have led to the profit before tax for the year ended 31st March 2026 to be lower by ₹ 29.61 Lakhs (2025 - ₹ 55.26 Lakhs) and total equity (pre-tax) as at 31st March 2026 would change by ₹ 29.61 Lakhs (2025 - ₹ 55.26 Lakhs).

A 1% weakening of the INR against these currencies would have led to an equal but opposite effect.

General Risk Assessment

(i) The Company, to the extent possible, has considered the risks that may result from the uncertainties and its impact on the carrying amounts of trade receivables, investments, financial instruments and effectiveness of its hedges. Based on the Company's analysis of the current indicators of the future economic condition on its business and the estimates used in its financial statements, the Company does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its business.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Satisfaction of Charges

The Company has no outstanding borrowing amount since year 2005 and accordingly appropriate form for satisfaction of charges was filed on time before Registrar of Companies, Hyderabad and the Company has been continuously pursuing with the authorities to reflect the same on their website.

30. EMPLOYEE BENEFIT PLANS

Employee Retirement Benefit Plans of the Company include Provident fund, Retirement Allowances, Gratuity, Pension and Leave Encashment. These plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines within the applicable statutory framework, for allocation of assets to different classes with the objective of maintaining the right balance between risks and long-term returns. Further, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Description of Plans

(i) Provident Fund :

Eligible employees of the Company receive benefits under the Provident Fund which are defined contribution / benefit plans wherein both the Company and the employees make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India / Company's own Trust. The Company's own trust plan envisages guarantee of interest at the rate notified by the Provident Fund authority. The Company's contributions along with interest shortfall, if any, are charged to the statement of profit and loss in the year they are incurred. Expenditure for the year amounted to ₹ 332.29 Lakhs (2025 - ₹ 358.26 Lakhs).

Major Category of Plan Assets as a % of the Total Plan Assets of the Company's Own Provident Fund Trust:

	2026	2025
Central Government Securities (%)	6.5	7.5
State Government Securities (%)	57.7	55.8
High Quality Corporate Bonds (%)	34.5	33.9
Equity Instruments (%)	1.2	2.7
Cash and cash equivalent (%)	0.1	0.1

(ii) Retirement Allowance

The Company has an unfunded defined benefit retirement allowance scheme for its employees in the workmen category. Liability with regard to such scheme is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and charged to the statement of profit and loss in the period determined - ₹ 379.97 Lakhs; (2025-₹ 361.22 Lakhs). Consequently, Liability recognised in the Balance sheet as at 31st March 2026 ₹ 2691.79 Lakhs; (2025-₹ 2514.43 Lakhs) including ₹ 203.03 Lakhs (2025 - ₹ 203.03 Lakhs) payable within 12 months shown under 'Accrued Payroll'.

NOTES TO THE FINANCIAL STATEMENTS

(iii) Gratuity

In accordance with 'the Code on Social Security, 2020' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity Plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined. The Gratuity Plan is a funded Plan administered by Company's own Trust which has subscribed to " Group Gratuity Scheme" of Life Insurance Corporation of India.

(iv) Pension Fund

The Company has a defined contribution pension scheme to provide pension to the eligible employees. The Company makes monthly contributions equal to a specified percentage of the covered employees' salary to a notified pension scheme under National Pension Scheme of the Government of India. The Company's contributions are charged to the statement of profit and loss in the period they are incurred - ₹ 89.34 Lakhs (2025 - ₹ 101.82 Lakhs).

In addition to the above, the Company has a funded defined benefit pension scheme for its employees in the workmen category. Liability with regard to such defined benefit plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined. This plan is administered by the Company's own Trust which has subscribed to "Group Pension Scheme" of Life Insurance Corporation of India.

(v) Leave Encashment

The Company has a leave encashment scheme whereunder, leaves are both accumulating and non-accumulating in nature. The expected cost of accumulating leaves expected to be paid/availed as a result of the unused entitlement that has accumulated as at the balance sheet date is determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to the statement of profit and loss in the period determined . The Scheme is fully funded by way of subscription to the "Leave Encashment' of Life Insurance Corporation of India. Compensation, if any, for non-accumulating leaves is charged to the statement of profit and loss in the period in which the absences occurs.

₹ in Lakhs

Particulars		As at 31st March 2026		As at 31st March 2025	
		Gratuity	Pension	Gratuity	Pension
A	**Components of Employer Expense**				
	Recognised in the Statement of Profit and Loss				
i)	Current Service Cost	210.86	3.60	189.50	3.85
ii)	Past Service Cost	473.37	-	-	-
iii)	Net Interest Cost	(16.68)	(0.17)	(3.23)	(0.40)
iv)	**Total expense recognised in the Statement of Profit and Loss**	**667.55**	**3.43**	**186.27**	**3.45**
	Remeasurements recognised in Other Comprehensive Income				
v)	Return on plan assets (excluding amounts included in Net interest cost)	(9.79)	(0.65)	(14.71)	(0.04)
vi)	Effect of changes in demographic assumptions	-	-	-	-
vii)	Effect of changes in financial assumptions	-	-	236.47	1.52
viii)	Changes in asset ceiling (excluding interest income)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

₹ in Lakhs

Particulars		As at 31st March 2026		As at 31st March 2025	
		Gratuity	Pension	Gratuity	Pension
ix)	Effect of experience adjustments	(119.40)	(5.98)	(276.39)	(1.37)
x)	**Total remeasurements included in Other Comprehensive Income**	**(129.19)**	**(6.63)**	**(54.63)**	**0.11**
xi)	**Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (iv+x)**	**538.36**	**(3.20)**	**131.64**	**3.56**
	The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 22. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.				
B	**Net Asset/(Liability) recognised in Balance Sheet**				
i)	Present value of Defined Benefit Obligation	4208.36	107.35	3806.64	102.55
ii)	Fair Value of Plan Assets	4178.00	109.00	3775.00	101.00
iii)	Status [Surplus/(Deficit)]	(30.36)	1.65	(31.64)	(1.55)
C	**Changes in Defined Benefit Obligation (DBO)**				
i)	Present value of DBO at the beginning of the year	3806.64	102.55	4162.93	91.89
ii)	Current Service Cost	210.86	3.60	189.50	3.85
iii)	Past Service Cost	473.37	-	-	-
iv)	Interest Cost	251.93	7.18	273.56	6.66
v)	Remeasurement (gains)/ losses:				
	Effect of changes in demographic assumptions	-	-	-	-
	Effect of changes in financial assumptions	-	-	236.47	1.52
	Changes in asset ceiling (excluding interest income)	-	-	-	-
	Effect of experience adjustments	(119.40)	(5.98)	(276.39)	(1.37)
vi)	Curtailment Cost/(Credits)	-	-	-	-
vii)	Settlement Cost/(Credits)	-	-	-	-
viii)	Benefits paid	(415.04)	-	(779.43)	-
ix)	**Present value of DBO at the end of the year**	**4208.36**	**107.35**	**3806.64**	**102.55**
D	**Change in Fair Value of Assets**				
i)	Plan Assets at the beginning of the year	3775.00	101.00	4152.00	93.90
ii)	Interest Income	268.61	7.35	276.79	7.06
iii)	Remeasurement gains/ (losses) on plan assets	9.79	0.65	14.71	0.04
iv)	Actual Company Contributions	539.64	-	110.93	-
v)	Benefits paid	(415.04)	-	(779.43)	-
vi)	**Plan Assets at the end of the year**	**4178.00**	**109.00**	**3775.00**	**101.00**
E	**Estimate of Employers' Expected Contribution for the next year**	**57.95**	**43.96**	**62.25**	**37.28**
F	**Actuarial Assumptions**				
	i) Discount Rate (%)	7.00	7.00	7.00	7.00
	ii) Expected Return on Plan Assets (%)	7.00	7.00	7.25	7.25

The estimates of future salary increases between 6% - 9%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

NOTES TO THE FINANCIAL STATEMENTS

G Investment details of the Plan assets

In the absence of detailed information regarding plan assets which are funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets is not disclosed.

H Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

I Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

₹ in Lakhs

	DBO as at 31st March 2026	DBO as at 31st March 2025
1. Discount Rate + 100 basis points	3952.72	3653.52
2. Discount Rate - 100 basis points	4495.43	4206.70
3. Salary Increase Rate + 1%	4454.17	4159.70
4. Salary Increase Rate - 1%	3981.39	3686.40
Maturity Analysis of the Benefit Payments		
Year 1	448.35	334.96
Year 2	647.85	639.33
Year 3	560.02	458.18
Year 4	528.02	358.93
Year 5	443.43	504.37
Next 5 Years	1754.54	1682.01

Labour Codes

The Government of India has consolidated existing labour legislations into four comprehensive labour codes effective 21st November 2025. These codes include Code on wages 2019, Code on Social Security 2020, Industrial Relation Code 2020, and Occupational Safety, Health and Working Condition Code 2020 (collectively referred to as the New Labour Codes). However, the final rules under these codes are yet to be notified. Pending notification, the Company has evaluated the incremental impact of these changes in accordance with the guidance issued by the Institute of Chartered Accountants of India and has estimated and recognised the additional gratuity and leave liability of ₹ 601 Lakhs basis the actuarial valuation. The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Codes and would provide appropriate accounting effect on the basis of such developments as needed.

NOTES TO THE FINANCIAL STATEMENTS

31. EMPLOYEE SHARE BASED PAYMENT

(a) Information in respect of Options granted under the Company's Employee Stock Option Scheme ('Scheme")

S. No.		VST Employees Stock Option Scheme - 2020	
1	Date of Shareholders' approval	5th February 2021	
2	Total number of Options approved under the Scheme	Options equivalent to 84,70,000 Ordinary Shares of ₹ 10.00 each.	
3	Vesting Schedule	The vesting period for conversion of Options is as follows: On completion of 12 months from the date of grant of the Options : 30% vests On completion of 24 months from the date of grant of the Options : 30% vests On completion of 36 months from the date of grant of the Options : 40% vests	
4	Pricing Formulae	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Remuneration Committee (NRC). Currently, NRC has envisaged grant of share option to eligible employees at 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.	
5	Maximum term of Options granted	4 years from the date of vesting	
6	Source of Shares	Secondary Market	
7	Variation in terms of Options	None	
8	Method used for accounting of share based payment plans	The employee compensation cost has been calculated at fair value using Black Schole's option pricing model after applying the following key assumptions on a weighted average basis.	
	Date of Grant	**26th April 2022**	**27th April 2021**
	No. of options granted *	385660	346500
	Exercise Price per option - ₹	290.73	301.70
	Expected volaitility	25.54% - 26.67%	28.33% - 29.07%
	Risk-free interest rate	5.73% - 6.16%	4.70% - 5.16%
	Weighted average fair value per option - ₹	54.49	60.59
		Expected volatility : Volatility was calculated using standard deviation of daily change in historic stock price.	
		Expected option life : The expected option life for each tranche shall be different depending on its vesting period and contractual term. Accordingly, the expected option life is calculated as (Year of Vesting + Contractual Option Term)/2	
		Risk-free interest rate : Zero coupon sovereign bond yields were utilised with maturity equal to expected term of the option.	

* This includes 3,83,460 options granted to key managerial personnel.

NOTES TO THE FINANCIAL STATEMENTS

S. No.	Particulars	VST Employees Stock Option Scheme - 2020			
		No. of options	Range of fair value per option ₹	Weighted average fair value per option ₹	Weighted average remaining contractual life (years)
9	**Movement in options granted**				
	2025-26				
	Outstanding at the beginning of the year	302764	50.46 - 65.16	57.53	2.97
	Granted during the year	-	-	-	
	Cancelled during the year	243980	50.46 - 65.16	-	
	Expired during the year	-	-	-	
	Exercised during the year	-	-	-	
	Outstanding at the end of the year	58784	58.20	58.20	3.07
	Vested and exercisable at the end of the year	58784	58.20	58.20	3.07
	2024-25				
	Outstanding at the beginning of the year	57220	555.11 - 716.81	629.27	3.73
	Granted during the year	-	-	-	
	Cancelled during the year	2672	640.17	-	
	Expired during the year	-	-	-	
	Exercised during the year	27024	555.11 - 716.81	-	
	Outstanding at the end of the year*	302764	50.46 - 65.16	57.53	2.97
	Vested and exercisable at the end of the year*	192588	50.46 - 65.16	57.16	2.27

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

For the year ended 31st March 2026, the Company has accounted expense of ₹ 1.73 Lakhs (2025-₹ 27.71 Lakhs) as employee benefit expenses (see note 22) on the aforesaid employee stock option plan. The balance in share based payment reserve account is ₹ 174.08 Lakhs as of 31st March 2026 (2025 - ₹ 172.35 Lakhs).

(b) Information in respect of Options granted under the Company's Employee Phantom Stock Option Scheme ('Plan')

The Phantom stock option plan creates an opportunity to link the employee reward to Company's share price performance. Under this plan, the Company grants phantom stock option to select employees. Cash pay-out equivalent to the appreciation in the value of shares will be made when exercised after vesting period.

The fair value of the Phantom Option scheme was determined using the Black-Scholes model based on the following inputs:

Grant date	17th October 2023	26th April,2024	25th April,2025
Maximum terms of option granted	**4 years from the date of vesting**		
2025-26			
Outstanding at the beginning of the year	567050	253660	-
No. of phantom options granted during the year*	-	-	81190
Cancelled / lapsed during the year	175010	64680	6350

NOTES TO THE FINANCIAL STATEMENTS

Grant date	17th October 2023	26th April,2024	25th April,2025
Exercise price - ₹	313.45	339.27	279.64
Outstanding at the end of the year	392040	188980	74840
Vested and exercisable at the end of the year	235224	56694	Nil
2024-25			
Outstanding at the beginning of the year	714450	-	-
No. of phantom options granted during the year *	-	316800	-
Cancelled / lapsed during the year	147400	63140	-
Exercise price - ₹	313.45	339.27	-
Outstanding at the end of the year	567050	253660	-
Vested and exercisable at the end of the year	178662	Nil	-

* Includes Options granted to key managerial personnel during the year- Nil (2025 - 93390)

For the year ended 31st March 2026, the Company has accounted expense of ₹ (9.58) Lakhs (2025- ₹ 470.07 Lakhs) as employee benefit expenses (see note 22) on the aforesaid employee phantom stock option plan. The balance accrued under financial liabilities is ₹ 554.20 Lakhs as of 31st March 2026 (2025 - ₹ 563.78 Lakhs).

32. RATIOS

S. No.	Particulars	Numerator	Denominator	31st March 2026	31st March 2025
1	Current Ratio (in times)[1]	Current Assets*	Current Liabilities	2.5	2.0
2	Debt-Equity Ratio (in times)	Not Applicable			
3	Debt Service Coverage Ratio (in times)	Not Applicable			
4	Return on Equity (%)	Profit for the year	Average Equity	21.1	22.6
5	Inventory Turnover Ratio (in times)[1]	Cost of materials consumed	Average Inventory	1.2	1.7
6	Trade Receivables Turnover Ratio (in times)[2]	Sales (on credit)	Average Trade Receivables	5.6	8.6
7	Trade Payables Turnover Ratio (in times)	Purchases	Average Trade Payables	6.0	6.8
8	Net capital Turnover Ratio (in times)[1]	Sales	Working Capital * (Total Current Assets less Total Current Liabilities)	2.5	3.8
9	Net Profit Ratio (%)	Profit for the year	Sales	14.3	16.1
10	Return on Capital employed (%)	Profit before tax	Capital Employed (Net worth less Deferred tax Assets)	27.8	28.3
11	Return on Investments (%)	Income from Investments	Time Weighted Average Investments	6.1	7.0

Reason for change more than 25% :

[1] With effect from 1st Febuary, 2026, the Government of India reduced the levy of Compensation Cess on cigarettes to 'Nil' and at the same time GST and Excise Duty on the subject product was increased significantly. Due to these amendments, the value of sales and excise for the current year and inventory as at 31st March 2026 is significantly higher, impacting the said ratios.

[2] Decrease in credit sales due to low customer demand.

* for computation of ratio, Asset held for sale has been excluded from Current Assets.

NOTES TO THE FINANCIAL STATEMENTS

33. EXCEPTIONAL ITEMS

During the previous year ended 31st March 2025, exceptional item comprise an amount ₹ 10048.81 Lakhs (net of tax ₹ 8688.29 Lakhs) on account of net gain realised on sale of one of its immovable property being land along with structures situated at Hyderabad, Telangana.

As per our report of even date.

For **B S R & Associates LLP**
Firm Registration No.: 116231W/ W - 100024
Chartered Accountants

BALKISHAN KABRA
Partner
Membership No.: 221202

Hyderabad, 16th April 2026

On behalf of the Board,

NARESH KUMAR SETHI — Chairman
DIN: 08296486

PIYUSH SRIVASTAVA — Managing Director
DIN: 10775803

ANISH GUPTA — Chief Financial Officer

PHANI K. MANGIPUDI — Company Secretary

Hyderabad, 16th April 2026

OPERATING RESULTS

OPERATING RESULTS 2017 - 2026

₹ in Lakhs

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue from Operation - Cigarette	198325	110788	94382	113034	127173	134662	134169	139186	133292	173204
Less: Excise Duty	133891	41106	8510	13107	36191	38250	38007	41703	41167	58121
Net Revenue from Operation - Cigarette	64434	69682	85872	99927	90982	96412	96162	97483	92125	115083
Revenue From Opeartion - Others	27805	25076	24029	24008	20116	21404	33082	44564	47651	31371
Total Revenue From Operation - Net	92239	94758	109901	123935	111098	117816	129244	142047	139776	146454
Operating Profit	21082	25483	31177	37289	37551	38154	35249	31509	23432	34874
Other Income (Net)	2008	2462	3890	4736	4179	4667	7640	7960	3480	4130
Profit Before Tax & Exceptional Item	23090	27945	35067	42025	41730	42821	42889	39469	26912	39004
Exceptional Item	-	-	-	-	-	-	-	-	10049	-
Profit Before Tax	23090	27945	35067	42025	41730	42821	42889	39469	36961	39004
Profit After Tax & Exceptional Item	15153	18189	22684	30409	31079	32023	32698	30157	29039	29225
Other Comphrensive Income After Tax	(129)	62	(63)	(418)	162	(72)	53	104	92	26
Total Comphrensive Income	**15024**	**18251**	**22621**	**29991**	**31241**	**31951**	**32751**	**30261**	**29131**	**29251**

EQUITY, LIABILITIES AND ASSETS 2017 - 2026

₹ in Lakhs

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Share Capital	1544	1544	1544	1544	1544	1544	1544	1544	16986#	16986
Other Equity	52353	56665	64859	77165	92500	105886	116426	123697	115283	127581
Shareholder's Funds	53897	58209	66403	78709	94044	107430	117970	125241	115283	144567
Property, Plant And Equipment, Intangible Assets And Capital Work-In-Progress (Net)	22083	22930	21371	19975	20601	20542	59049	31524	30821	24434
Other Assets (Net of Liabilities*)	31814	35279	45032	58734	73443	86888	58921	93717	101448	120133
Net Assets Employed	**53897**	**58209**	**66403**	**78709**	**94044**	**107430**	**117970**	**125241**	**132269**	**144567**

Company alloted Bonus shares in the ratio 10:1 - ₹ 15442 Lakhs

PERFORMANCE 2017 - 2026

₹ in Lakhs

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Earnings Per Share (₹)#	8.9	10.7	13.4	17.9	18.3	18.9	19.3	17.8	12.0$	17.2
Dividend Per Share (₹)#	6.8	7.0	8.6	9.4	10.4	12.7	13.6	13.6	10.0	12.0
Dividend^	11581	11967	14670	15905	17604	21619	23163	23163	16986	20383
Return On Capital Employed (%)	44.8	50.1	55.4	55.3	45.6	40.7	36.9	31.9	28.3	27.8

Adjusted for issue of Bonus shares in 2025 to facililate like to like comparision
$ After considering exceptional item - ₹ 17.1
* Borrowings - Nil
^ Excludes Income Tax on Dividend, if any

VST INDUSTRIES LIMITED

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