



**STRONG ROOTS.  
STRONGER TOMORROW.**

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## FY24 HIGHLIGHTS

### Financial

₹ 1,83,750 Lakhs Revenue      ₹ 30,157 Lakhs Net profit

₹ 195.3 Earnings per share      17.2% EBIT margin

₹ 1,25,241 Lakhs Net assets employed      ₹ 150 Dividend per share

31.9% RoCE

### Non-Financial

₹ 829 Lakhs CSR expenditure      125 Solar streetlights

4 School building blocks      575 Smart toilets

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# STRONG ROOTS STRONGER TOMORROW

At VST Industries, we are building on our strong roots and shaping a stronger tomorrow through our unwavering commitment to drive excellence and our relentless pursuit of innovation.

With a firm belief in the power of forward-thinking investments, we have strategically focused on four pillars that form the cornerstone of our success: **Brands, Digitalization, Distribution, & Technology.**

## Four Pillars of Success

### Brands

We are continuously augmenting our brand portfolio to cater to diverse and emerging consumer needs with a focus on innovation and future fit portfolio.

### Digitalisation

We have identified digitisation as one of the key drivers of organisational efficiency and agility

### Distribution

We are ramping up our distribution both in our existing and new markets

### Technology

We are investing in the best in class technology to drive operational efficiency and enhance profitability



# VST at a glance

VST Industries Limited is a trusted and responsible Indian cigarette manufacturer, with a rich legacy that spans over nine decades. We take immense pride in our unparalleled and uncompromising commitment to exceptional quality. With an extensive portfolio of renowned and acclaimed brands, we cater to the discerning preferences of our esteemed consumers.

As an associate undertaking of the British American Tobacco Plc, our operations span across facilities in Hyderabad and Toopran, enabling us to deliver unmatched excellence and precision throughout every intricate phase of the manufacturing process.

## Core Strengths

### Brand Portfolio

Our distinctive brand portfolio reflects our commitment to meeting the evolving needs of our adult consumers and has helped us achieve remarkable business success in the last 10 years.

### Innovation

We have established a dedicated product innovation hub to develop and bring to life unique and innovative products that meet the ever-evolving preferences of adult consumers.

### National Distribution

We have increased our distribution network to effectively serve adult consumers across India and enjoy a strong national presence. Our wholesale and retail network spans the length and breadth of the country, thus enabling us to reach adult consumers across large states of the country.

### Led by ambition

The long-term success and growth of our organisation are a collective result of the passion, skill, and ambition of our people. Guided by an effective leadership team and good governance, our people harbour a clear vision to deliver a superior performance.

# Extensive reach across India

With a strong presence across India, VST Industries has established a wide-reaching network that spans the entire country. Our widespread presence enables us to meet the diverse demands of our valued consumers, ensuring that our vibrant brand portfolio are easily accessible throughout India.



**2** Manufacturing facilities in Hyderabad and Toopran

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

**835** Wholesale dealers

**11 Lakhs+** Retail outlets

### Offices and Manufacturing Facilities

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

Map not to scale.



# Board of Directors



**MR. NARESH KUMAR SETHI**

*Non-executive director & chairman of the board*



**MR. S THIRUMALAI**

*Non-executive director*



**MR. RAJIV GULATI**

*Independent non-executive director*



**MR. ADITYA DEB GOPTU**

*Managing director and CEO*



**MS. RAMA BIJAPURKAR**

*Independent non-executive director*



**MR. SUDIP BANDYOPADHYAY**

*Independent non-executive director*



**MR. RAJEEV BAKSHI**

*Independent Non-Executive Director*



# Board of Directors

## 1 MR. NARESH KUMAR SETHI

*Non-executive director & chairman of the board*

Mr. Sethi joined the Board of Directors of VST Industries Limited as a Non-Executive Director to represent the interests of the Promoter Group - British American Tobacco (BAT) in 2018. Mr. Sethi is a Member of the Nomination and Remuneration Committee,

Stakeholders Relationship Committee and Corporate Social Responsibility Committee and an invitee to the Audit Committee of the Company. Mr. Sethi holds a Degree in Chemical Engineering from IIT, Varanasi and completed his Post Graduate Diploma in Management

from IIM, Calcutta. He is a Global Consumer Products General Manager and Strategy/Transformation Leader with a strong track record of leading large, complex businesses, consistently delivering exceptional results and sustainable shareholder value.

## 2 MR. S. THIRUMALAI

*Non-executive director*

Mr. Thirumalai has been a Non-Executive Director on the Board of VST Industries Limited since 2019. Prior to this, he was the Independent Non-Executive Director of the Company. Mr. Thirumalai is a Member of the Audit, Stakeholders Relationship Committee and Corporate

Social Responsibility Committees of the Company. Mr. Thirumalai is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India, a Certified Associate of the Indian Institute of Bankers and a law graduate. He has also

attended the Advanced Management Programme at Harvard Business School, Boston, USA. He has diversified experience of over four decades and specialises in Finance, Taxation and Legal affairs, especially in the tobacco sector.

## 3 MS. RAMA BIJAPURKAR

*Independent non-executive director*

Ms. Bijapurkar joined the Board of Directors of VST Industries Limited as an Independent Non-Executive Director in 2019. Ms. Bijapurkar is the Chairperson of the Nomination and Remuneration Committee and Stakeholders Relationship Committee and a Member of the Audit and Corporate Social Responsibility Committees of the Company.

Ms. Bijapurkar holds a B.Sc. (Hons) degree in Physics from Delhi University and a Post Graduate Diploma in Management from IIM Ahmedabad. Ms. Bijapurkar is a recognised thought leader on market strategy and India's consumer economy and has over 30 years of experience in market strategy consulting and market research. She has her own independent market

strategy consulting practice, is a widely experienced independent director and is also a visiting faculty at IIM Ahmedabad. Ms. Bijapurkar is a Director on the Boards of Gokaldas Exports Limited, Apollo Hospitals Enterprise Limited, Cummins India Limited, Mahindra & Mahindra Financial Services Limited and Sun Pharmaceutical Industries Limited & Sun Pharma Distributors Limited.

## 4 MR. SUDIP BANDYOPADHYAY

*Independent non-executive director*

Mr. Bandyopadhyay joined the Board of Directors of VST Industries Limited as an Independent Non-executive director in 2019. Mr. Sudip is the Chairman of the Audit and Risk Management Committees and a Member of the Nomination and Remuneration Committee of the Company. Mr. Bandyopadhyay is a rank holder Chartered Accountant and Cost

Accountant with over 31 years of rich and diverse experience in various areas of finance and financial services. He is also a Gold Medallist from Calcutta University. Mr. Bandyopadhyay is currently the Group Chairman of Inditrade (JRG) Group of Companies. Inditrade has a significant presence in Agri Commodity Financing, Micro Finance business and MSME lending.

He sits on the Boards of a number of listed and unlisted domestic companies. He is also an investor in many Fintech and other Technology-related ventures. He has a significant presence in business media through his regular interaction on leading business channels, business newspapers and magazines.

## 5 MR. RAJIV GULATI

*Independent non-executive director*

Mr. Gulati joined the Board of Directors of VST Industries Limited as an Independent Non-Executive Director in 2019. Mr. Gulati is the Chairman of the Corporate Social Responsibility Committee and Strategy Committee and Member of the Audit, Nomination and Remuneration Committee

and Stakeholders Relationship Committees of the Company. Mr. Gulati has completed his Masters in Pharmaceutical Technology from IIT, Varanasi and his Post Graduate Diploma in Management from IIM, Ahmedabad. He is a well-known veteran with three decades of rich Pharma industry experience.

Mr. Gulati is an Independent Consultant advising several PE firms in making judicious investments in the pharmaceutical sector and has been the Pharma Chair of the American Chamber of Commerce and Indo-American Chamber of Commerce in the Past. Currently, he serves as a Trustee of Delhi Pharmaceutical Trust.

## 6 MR. ADITYA DEB GOOPTU

*Managing director and CEO*

Mr. Gooptu is the Managing Director & CEO of VST Industries Limited. He is a Member of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. Mr. Gooptu holds

a bachelor's degree in engineering from Jadavpur University and a Post Graduate Diploma in Management from IIM, Ahmedabad. He has also attended the Advanced Management Programme at the Harvard Business School.

Mr. Gooptu has spent over 17 years in Godfrey Phillips India in various roles and most recently as Executive Vice President & Business Head - Cigarettes before joining the Company.

## 7 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 with effect from 1<sup>st</sup> July, 2024.

Mr. Bakshi holds a BA (Hons.) degree in Economics from St. Stephens College, Delhi and a Post Graduate Diploma in Management from IIM, Bangalore specialises in Marketing. He has over

40 years of experience in sales and marketing including leadership positions in several renowned companies viz., PepsiCo, Cadbury Schweppes and Lakme overseeing key commercial and operational strategies. He has been a Board Member of multiple companies in different sectors viz. Marico India, Omniactives Health Technologies Ltd., Raymond Consumer Care, Ola Foods, etc.

Mr. Bakshi is presently the Non-Executive Director in Cummins India, Macrotech Developers, Dalmia Bharat Sugar Ltd. and Mother Dairy India Ltd. He is also an Advisor in the areas of Strategy, General Management and Marketing. He has been awarded the 'Distinguished Alumni Award' in recognition of his contribution to business and society in the year 2014.



# Management team



**MR. ADITYA DEB GOPTU**  
Managing Director & CEO



**MR. SANJAY WALI**  
Chief Operating Officer



**MR. KALYAN BASU**  
President-Marketing



**DR. T. LAKSHMI NARASIAH**  
Vice President-Leaf



**MR. AMIT ARORA**  
Chief Human Resource Officer



**MR. TARUN MALHOTRA**  
Vice President-Marketing



**MR. S. SRIRAM**  
Vice-President - Technical



**MR. ANISH GUPTA**  
Chief Financial Officer



**MR. AJAY CHAUDHARY**  
Vice-President-Digital Transformation



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



# Chairman's statement



We contribute to a greener future while maintaining operational efficiency and set a positive example in our community".

## Dear shareholders,

I am pleased to share the FY24 Annual Report of your Company. Despite challenges, your Company worked with exemplary resilience and focus, towards the goal of building a stronger tomorrow, leveraging our decades-long foundation.

### Financial performance

In a challenging business environment characterised by premiumisation of the industry and price escalation of key raw materials, your Company reported a 9.82% growth in revenues, from ₹ 1,670 Crores in FY23 to ₹ 1,834 Crores in FY24. Total comprehensive income for the year stood at ₹ 303 Crores. Profit after tax stood at ₹ 302 Crores, a decline of 7.77% over ₹ 327 Crores reported in FY 2022-23. The tobacco leaf business has achieved a remarkable 24% growth in profitability, reaching an impressive ₹ 51 Crores this year.

This outstanding performance is a testament to your Company's expertise in cultivating niche tobaccos and commitment to building strong and sustainable relationships with the farmers.

### Industry dynamics

In the last 2 years, the industry has witnessed heightened competitive intensity. Prolonged price stability of premium trademarks has accentuated structural changes in the industry towards mainstream premium segments, putting pressure on some of our popular trademarks. Further, a sharp escalation in input prices, particularly in tobacco leaf, has impacted profitability.

### Agile responses, consistent focus

Your Company has responded to the changing industry dynamics by increasing its focus and investments on strengthening the brand portfolio and on new innovative launches in the mainstream premium segment. Our credo continues to be to provide delightful value for money to our consumers – and we are continuously innovating, improving our products and adjusting pricing to ensure that we continue to deliver that. Over the following years, we will be delivering an innovation pipeline to create a strong future-fit portfolio.

Your Company has an impressive track record of innovative new launches and successfully refreshing its portfolio. As a company with nearly a century behind us, we are proud to observe that more than a third of our volume comes from new launches of the last decade and nearly a tenth from launches of the

last 5 years. Since new brands have a multi-year gestation period in our industry, we will consistently back our innovations and new launches with appropriate investments, to emerge with a stronger portfolio.

### Strengthening our fundamentals

Another area of focus has been in strengthening our core geographies and investing in our distribution engine with digitisation and improved activation capabilities. 'Smarter feet on street' with data-based decision making is resulting into better portfolio deployment in our core markets. Our depth of rural penetration is also being increased, to ensure we benefit from the green shoots in the rural economy.

We are in the process of shifting to our new manufacturing facilities in Toopran. Investments in technology as well as in people and processes have ensured that we will be able to bring out more innovative products and further improve our product quality, along with ensuring operational efficiency.

### Care at the core

At VST Industries, sustainability is ingrained in our core ethos. We prioritise renewable energy adoption, energy conservation and transitioning to cleaner alternatives to replace fossil fuels. Your Company's robust waste and water management practices ensure responsible resource utilisation. I am thrilled to share that we have been awarded the "Alliance for Water Stewardship Certification Gold Rating" for our Toopran unit which underscores our commitment to the sustainable management of water resources. By integrating

sustainability into our operations, we contribute to a greener future while maintaining operational efficiency and set a positive example in our community.

### Rewarding our shareholders

Continuing the tradition of rewarding shareholders, your Company has declared an equity dividend of ₹ 150 per share. This underscores our commitment to delivering value to our shareholders.

### Focused on people capital

I take this opportunity to extend my gratitude to our team of 750+ proud employees, who have shown exemplary grit and demonstration that helped us navigate challenging times and look positively to the future. Your Company is dedicated to advancing people excellence. By investing in our people, we ensure they are equipped to drive innovation, efficiency, and success across the organisation, reinforcing our commitment to sustainable growth and organisational excellence.

### Stronger Tomorrow

Your Company has made significant strides in the last year. With a dedicated focus on execution, bolstered by a strong culture, aligned capabilities and a clear vision, we are poised to realise our potential and strengthen our market position. On behalf of the Board, I express gratitude to the management team and all employees for their efforts in overcoming challenges and advancing the Company towards growth and shared value creation.

Regards,

Naresh Sethi  
Non-executive Chairman



# MD and CEO's message



**Our commitment to sustainability is evident in our responsible business practices and environmental initiatives that have yielded tangible outcomes".**

## Dear shareholders,

I am happy to share the performance overview of the Company, delivered in the context of a challenging operating environment. In FY24, the industry witnessed slower growth on a higher base. There was accelerated premiumisation of the industry on account of continued price stability of large trademarks. The year also saw high price escalation of critical raw materials such as tobacco leaf and filters. A combination of these factors impacted your Company's performance in the short term. While total revenue for the year increased by 9.82% in FY24 over FY23, our EBITDA witnessed a drop of 10.02%.

A strong plan is in place to recover our growth momentum, through strengthening our brand portfolio and enhancing our performance in our core geographies. Our focus remains on creating an innovation pipeline to drive our premium product portfolio while maintaining our position in the existing popular

brands. Enhancing operational efficiency, re-engineering costs and growing our leaf export business are other cornerstones of our growth plan. Our human capital and our culture has been at the heart of every rejuvenation in the Company's history - and it gladdens me to see the energy and passion of our team in the current journey.

### Strengthening our brand portfolio

It is critical that our portfolio of brands remains extremely relevant amidst evolving consumer preferences. In the last 2 years, we have contemporised each of our heritage brands through new brand architecture and product upgradation. In addition, your Company launched innovative new variants at multiple price points. Our entry into the mainstream premium segment through innovative launches is being ably supported by actionable local consumer insights.

Portfolio deployment in each geography is another area of focus. We have expanded the width of our portfolio across key geographies, covering more price points and consumer segments. Several of our brands have had strong regional presence historically - an opportunity exists to expand their footprint through innovation. As an example, the footprint of our king size brand Editions has increased from 3 states to over 20 states over the past year, with encouraging consumer response.

### Distribution and sales force effectiveness

Our sales force plays an extremely important role in driving growth and strengthening trade and customer relationships. We have embarked on a journey of continuously improving sales force effectiveness through role alignment, ownership and empowerment at every level. There is a strong thrust on data-based decision making. Rural penetration is our competitive advantage and approaches are in place to drive further growth from rural markets. We are effectively leveraging digitisation to streamline our sales processes, improve productivity and retail activation.

### Technology investments

We have taken rapid strides in fortifying our manufacturing capabilities by seamlessly transitioning to our new factory with best-in-class machinery and quality standards. We are driving operational efficiency and aggressively striving for improvements in asset utilisation which will partially offset ongoing volatility in input raw material costs.

### Tobacco Leaf Business

Our tobacco leaf business has registered an impressive growth in FY 24. Along with decades of expertise in growing tobacco, our loyal farmer relationships with deep involvement in the community and improved marketing and customer servicing

capabilities have propelled this growth. We will make appropriate investments to continue to drive growth in this area.

### People and culture

A talented workforce is pivotal for an organisation to grow from strength to strength. We believe in nurturing and recognising our talented workforce and are well prepared in making VST future ready. Frontline empowerment is an area of emphasis. The mantra of "Each individual as a CEO" (Collaboration, Empowerment and Ownership) has been well received across the organisation and resulted in positive outcomes. We continue to prioritise training and capability building as tools for career growth.

### Sustainability: Creating a better tomorrow

Our commitment to sustainability is evident in our responsible business practices and environmental initiatives that have yielded tangible outcomes. We have increased our use of renewable energy and strengthened our efforts to enhance energy efficiency. Our efforts have yielded a 3% reduction in total absolute energy consumption, while 26% of our overall electricity consumption is through solar energy. I am delighted to share that our Toopran facility was honoured with the AWS 'Gold certification,' a milestone we view as a significant contribution to sustainable water management.





# MD and CEO's message

Our efforts have resulted in early achievement of our 2025 target of reducing absolute total water consumption by 5% and we have now achieved a 12.5% reduction.

We have expanded our community engagement through a variety of initiatives that span rural development, healthcare and sanitation, education, and environmental sustainability. We are proud to announce that we have been able to positively impact of about 1 million lives in Telangana and Andhra Pradesh.

### Way forward

Our responsibility and our source of inspiration is the VST community and vast ecosystem

comprising shareholders, consumers, employees, farmers, factory workers, distributor representatives, suppliers and partners. We recognise the need to ensure best possible outcomes for all our stakeholders while navigating evolving market dynamics and challenges of external business environment. We will continue to focus on executing our strategies successfully to achieve sustainable growth, improve market share and strengthen our brand portfolio.

Finally, I extend my sincere gratitude to the Board for their invaluable guidance, expertise, and support and would also

like to express my heartfelt thank you to each and every employee of our organisation for the remarkable dedication and resilience exhibited during challenging times. By leveraging our market standing and successfully implementing our strategies, I am confident that we will not only return to our growth momentum but also accelerate and create long-term value for our stakeholders.

Thank you,

*Aditya Deb Gooptu,*  
Managing Director & CEO



Toopran Factory, Telangana



Diwali gathering at HO

Strengthening

# brand portfolio

In last 10 years, we have successfully created brands that captivate the hearts and minds of consumers.

Our commitment to brand excellence is unwavering. We meticulously craft products to delight consumers and inspire loyalty, and stand the test of time. We are continuously expanding our brand portfolio and investing in new innovative launches in the mainstream premium and emerging segments.



# Amplifying our portfolio

At VST Industries, we are not just a tobacco company; we are pioneers in crafting a multi-faceted experience for our consumers. With our extensive range of brands, we have positioned ourselves strategically to meet evolving consumer preferences. Embracing innovation and quality as our guiding principles, we relentlessly challenge the status quo to reshape the industry.

Our portfolio reflects our firm dedication committed to setting new standards to meeting the ever-evolving needs of our consumers. It comprises a collection of five dynamic brands, each with its unique essence and purpose. Among them, two are New-Age Brands, embodying the spirit of contemporary preferences. The remaining three are esteemed Growth Heritage Brands, carrying forward a legacy of excellence.

## New-age brands

### Total

Total, our most vibrant brand over the last decade is evidence of our capacity to innovate and fulfil the elevated experience sought by adult consumers.



### Editions

Editions is your company's first successful king size brand. Standing for refinement and modernity, it has a strong presence in South India and now expanding pan India.



## Growth Heritage Brand

### Charms

As a brand spanning multiple generations and regions, Charms has been a reliable fixture in the Indian cigarette industry for many years. The enduring loyalty of its customer base serves as proof of its exceptional quality and has strong presence in key states-East & South.



### Special

Special is known for its distinct flavour and is popular in the Eastern parts of the country.



### Moments

Moments presents a unique combination of quality tobacco, taste and value for money. It has a strong presence in North India.



## Brand Launches in Recent Years

### Editions

Editions Trio offers an innovative 3-in-1 flavour experience in a stylish super kings format. It is gaining traction among young adult consumers seeking a combination of flavor and style. Editions Trio is currently available in 22 states across the country.



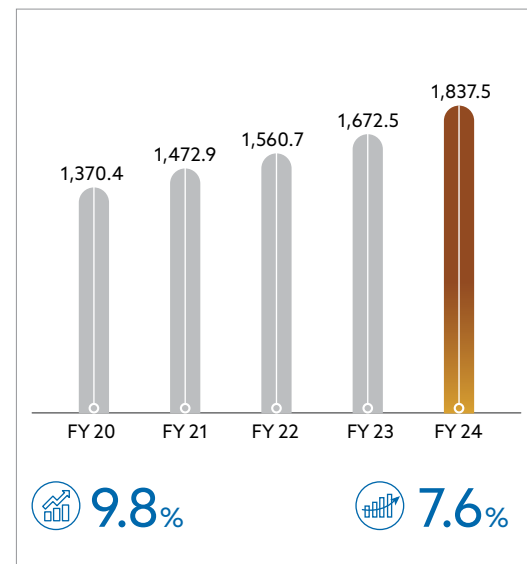


# Key performance indicators

## Financial

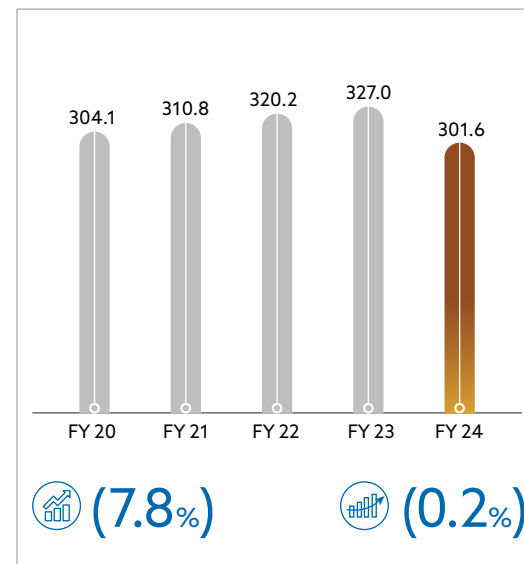
### Revenue from Operations

(₹ in Crores)



### PAT

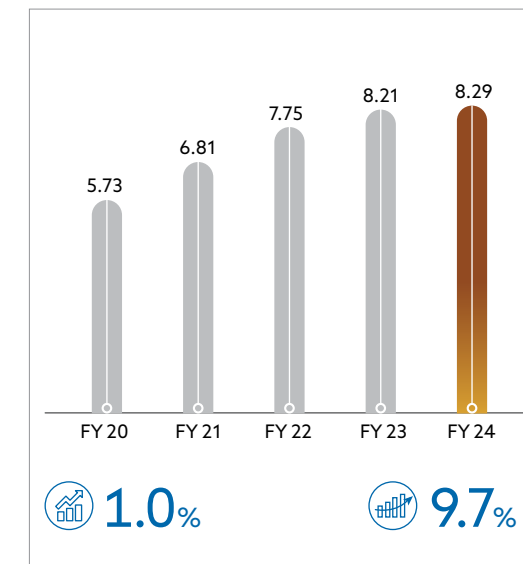
(₹ in Crores)



## Non-financial

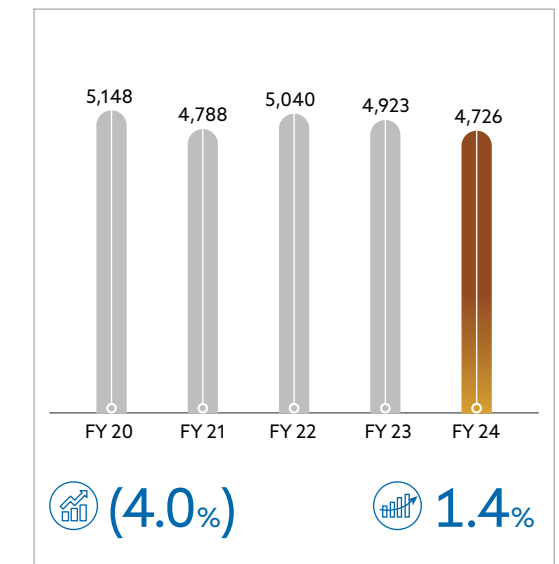
### CSR expenditure

(₹ in Crores)



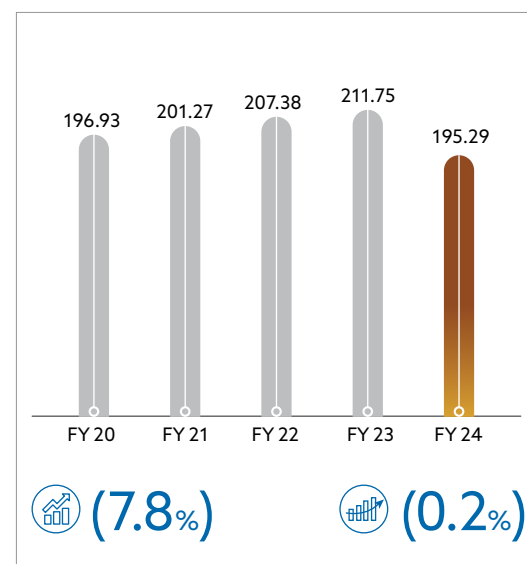
### Consumer spend

(₹ in Crores)



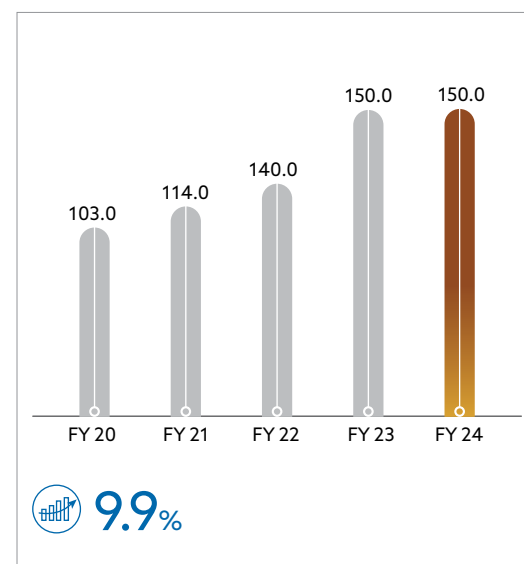
### Earnings per share

(₹)



### Dividend per share

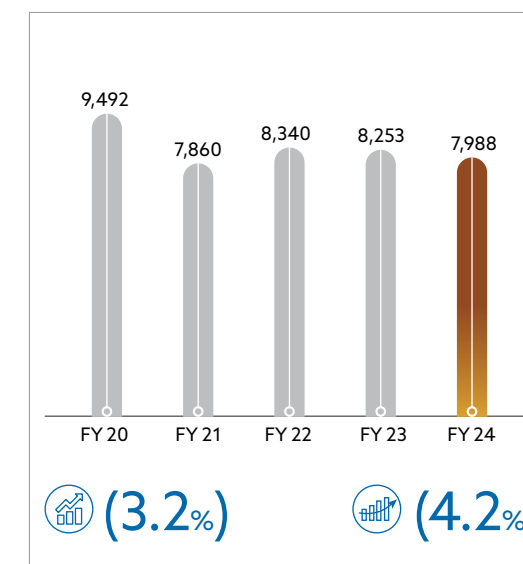
(₹)



## Operational

### Volumes

(Million cigarettes)



y-o-y growth | 5-year CAGR

y-o-y growth | 5-year CAGR

Leveraging  
digitalisation to drive

# organisational efficiency

In an increasingly interconnected world, we recognise the transformative power of digitalisation. We boldly embrace cutting-edge technologies, harnessing their potential to propel us into the future. By staying ahead of the curve, we leverage digital solutions to optimise our operations, enhance customer experiences, and drive innovation across our entire value chain. Through digitalisation, we empower ourselves and drive the culture of data based decision making.



# Value creation model

## Sourcing

The tobacco leaf is pivotal to our manufacturing process. We directly source cured tobacco from our contracted farmers across Andhra Pradesh, Telangana, Karnataka, Gujarat, and Maharashtra. This sourcing supports both our domestic operations and export activities. Additionally, we procure FCV Andhra and Mysore tobaccos through suppliers who participate in year-round auctions, aimed at meeting both domestic and international demands.

A considerable proportion of our contracted farmers are smallholders. In FY24, our farmer network included 10,700 farmers across 410 villages. These long-term contracts not only secure the livelihoods of these farmers but also enhance the stability and resilience of our supply chain, ensuring a reliable and consistent supply of high-quality tobacco.

To reach the end product stage, we require materials like paper and filter which are sourced from both domestic and international markets.

## Operations

The PMD or the Primary Manufacturing Division operations include the threshing of procured leaves into stems and laminas. Then, the individual lines go through a blending phase where they are graded while also going through series of mechanical operations that include sieving, cutting and drying after which the blended lamina and stems are treated and stored in humidified conditions.

The cut tobacco then heads towards Secondary Manufacturing Division (SMD) operations that involve making, packing, wrapping and parcelling.

## Off to markets

Our products are distributed to markets that constitute more than 80% of India with the help of our trusted distributors.

The wholesale dealers and retailers are provided with VST products by the distributors.

A segment of the unmanufactured tobacco is exported to buyers in foreign markets.

## FINANCIAL RESOURCES

Our strong financial performance allows us to persist in allocating funds to our key growth initiatives, fostering consistent and sustainable revenue expansion. Consequently, we can uphold a forward-looking dividend strategy.

**1,544.19 Lakhs**  
Equity share capital

## MANUFACTURING AND OTHER ASSETS

**2** Factories                      **7** Regional offices

## HUMAN RESOURCES

383 employees and 389 workmen who collaborate with a mindset geared towards growth to assist us in accomplishing our mission.

## INTANGIBLE ASSETS

Our range of brands, pioneering product development, and commendable workplace ethos enable us to attain and maintain our position as market leaders.

## Industry Landscape

### STRATEGIC PRIORITIES

Market expansion	Enhancing equity of our brands
Driving volume and market share growth	Improving sales processes and sales effectiveness

### ENABLERS

Research and development	People development
Quality control	Digitisation

### STAKEHOLDER RELATIONSHIPS

People	Consumers
Dealers	Farmers
Partners	

## THE VALUE WE CREATE

**₹ 1,42,047 Lakhs**  
Net revenue

**₹ 30,261 Lakhs**  
Total comprehensive income

**₹ 195.29**  
Earnings per share

**₹ 150**  
Dividend per share

**31.9%**  
Return on capital employed

**17.2%**  
EBIT

**04**  
New products launched

**02**  
of the top 10 cigarette brands are owned by VST



# Strategic priorities

At VST Industries, we are driven to build a stronger and more resilient organisation. Our strategic priorities revolve around driving sustainable growth and becoming an industry leader in products innovation. Through our relentless pursuit of excellence, we are determined to surpass expectations and achieve remarkable success.

## Enhancing equity of our brands

A strong brand portfolio is most critical to deliver sustainable top & bottomline growth. We have upgraded our portfolio to address the evolving needs of adult consumers.

In addition, new product launches basis consumer relevant innovation remains a core priority.

## Improving Sales Processes and Sales Effectiveness

Improving efficiency and effectiveness of our sales force remains a top priority. Digitisation, on the job training, product knowledge are some of the tools that have been deployed to achieve this goal.

## Market expansion

We have made significant progress in strengthening our market presence, entering new markets and appealing to diverse customer segments.

By leveraging our robust distribution network and implementing market specific strategies, we are well positioned for sustained growth.

## Driving volume and market share growth

We stay strongly committed to grow our volume and market share and have deployed multiple levers to achieve growth.

### Industry Landscape

#### Ongoing investments in Digitalisation and Analytics

Through continued investments in digitisation in last four years, we have increasingly become a data-driven organisation. Our critical data decision-making is driven by insights from analytics.

Progressing  
towards a

# tech-driven future

At VST Industries, we firmly believe that technology is the catalyst for progress. We invest heavily in pioneering technologies that push boundaries, disrupt industries, and create new possibilities. From advanced manufacturing processes to cutting-edge research and development, we embrace technology as a driving force behind our growth. By harnessing innovation, we unlock new opportunities, enhance productivity and shape the future of our industry.





# Emphasis on the ESG

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

## Key ESG highlights



### Environment

**0.48**  
tCO<sub>2</sub>eq/million cigarettes GHG intensity (Scope 1+2)

**4.40**  
GJ/million cigarettes energy intensity

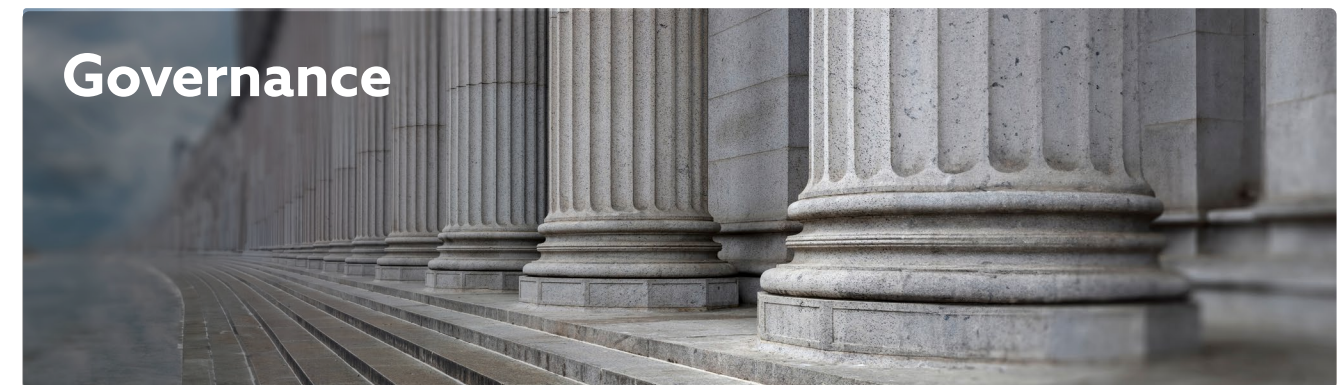
**3.33**  
KL/million cigarettes water intensity

**1.2 MW**  
Renewable energy capacity



### Social

<b>₹ 829 Lakhs</b> CSR expenditure	<b>2,000</b> Students benefitted from solar rooftops	<b>125</b> solar lights installed in Cherlapally Jail	<b>16</b> Schools in Telangana equipped with solar rooftops	<b>5,000</b> Students benefitted from the Mid-day meal initiative directly
<b>350</b> Students benefitted directly from the electric food van	<b>200</b> Inmates benefitted from solar light installation	<b>1,600</b> school children benefitted from the school infrastructure project	<b>1,200</b> students will benefit from the Hindi Maha Vidyalaya school project	<b>650</b> Students encouraged to take up arts, sports, etc.



### Governance

**17%**  
Gender diversity in the Board

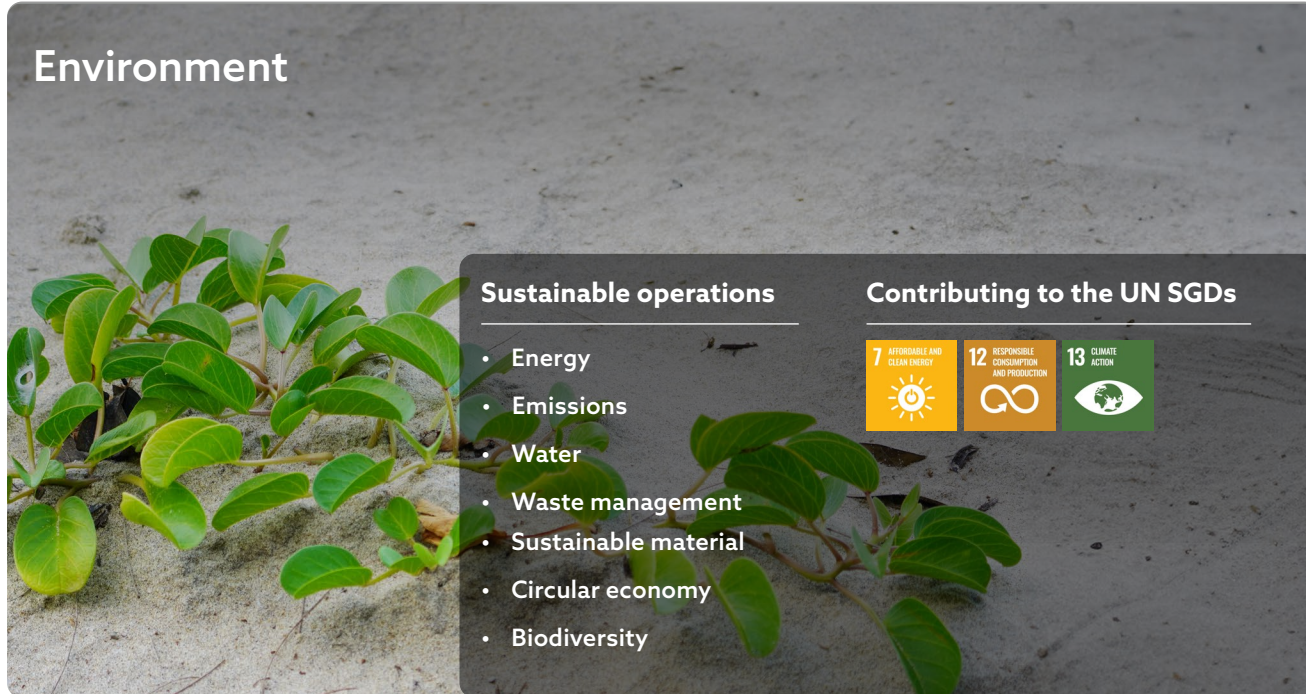
**50%**  
of the Board is Independent



# Emphasis on the ESG

VST's strategic ESG pillars and identified material topics




## Environment



**Sustainable operations**

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

**Contributing to the UN SDGs**

## Social



**Care for people**

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

**Contributing to the UN SDGs**








## Inclusive growth



**Sustainable operations**

- Community initiatives
- Consumer welfare
- Littering prevention

**Contributing to the UN SDGs**









## Sustainable agriculture



**Care for people**

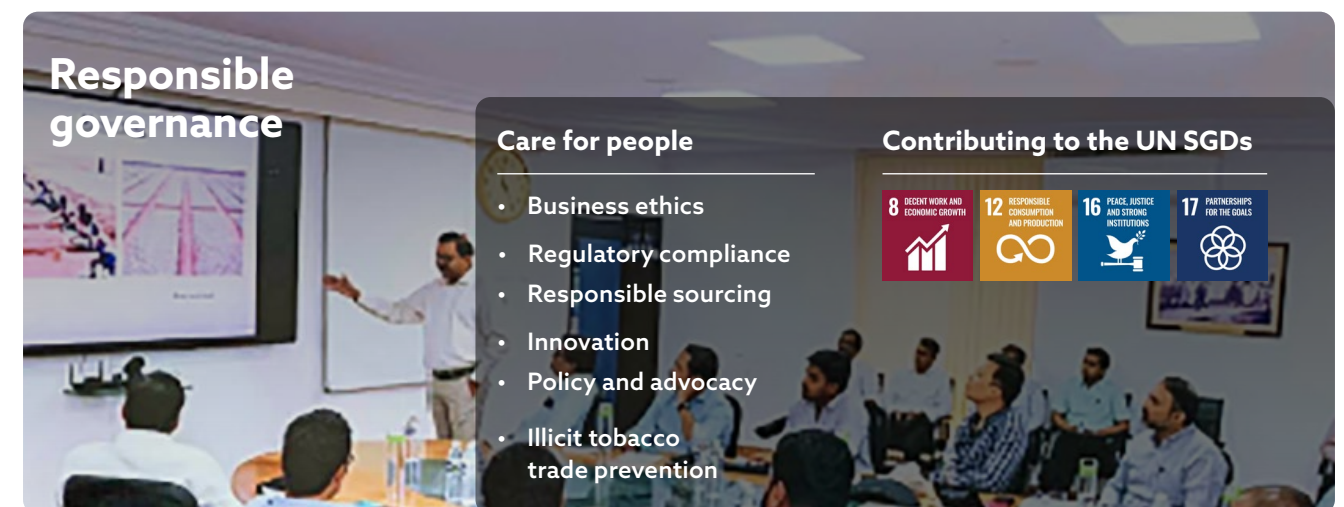
- Farmer livelihood
- Climate resilience
- Water
- Waste management

**Contributing to the UN SDGs**









## Responsible governance



**Care for people**

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

**Contributing to the UN SDGs**



# Emphasis on the ESG

## ESG Roadmap 2030

Our commitment to sustainability and generating value for all stakeholders is redirected in our ESG goals. We are dedicated to achieving excellence in every aspect of ESG, aiming to bring about positive change and leave a lasting impact.

ESG Pillar	Material Topic	Targets for FY30
Sustainable operations	Energy	<ul style="list-style-type: none"> <li>50% renewable energy in the overall energy mix (subject to the regulatory environment)</li> <li>Aim to operate 100% of fleet (owned and third-party passenger vehicles) on electric vehicles by 2030</li> </ul>
	Emissions	Carbon neutrality/offsetting: 100% carbon offset for VST's operations (Scope 1+2 emissions) by 2030
	Water	Rainwater Harvesting Potential equivalent to over 3x the Net Water Consumption in own operations
	Waste	<ul style="list-style-type: none"> <li>100% of packaging to be reusable, recyclable, or biodegradable by 2030</li> <li>100% offsetting of plastic packaging (plastic neutrality) through post-consumer plastic waste collection and processing under Extended Producer Responsibility (EPR)</li> </ul>

ESG Pillar	Material Topic	Targets for FY30
Sustainable operations	Climate resilience	<ul style="list-style-type: none"> <li>30% of contracted farmers (for Talmari and Oriental crops) to use drip irrigation by 2030</li> <li>30% of crop protection agents used by contracted farmers to be biofertiliser/biochemicals based by 2030</li> <li>20% improvement in soil organic matter by 2030 through green manuring crops for better water-holding capacity</li> </ul>
	Farmer livelihood	<ul style="list-style-type: none"> <li>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</li> <li>We shall continue to ensure minimum legal wage is provided to farm workers</li> <li>Implement mechanisation of field preparation and removal of stubbles for 100% of the area under tobacco by 2030</li> <li>Explore and implement mechanisation of other farm operations (harvesting and plantation) for at least 20% of tobacco area by 2030</li> </ul>

ESG Pillar	Material Topic	Targets for FY30
Care for people	Diverse and inclusive work environment	Promote an inclusive work environment by: <ul style="list-style-type: none"> <li>Being an equal opportunity employer and providing equal opportunity to all employees based on merit and ability</li> <li>Provide inclusiveness training to management staff to promote a work environment free from discrimination, sexual harassment and undue biases in compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or affiliation with a political, religious, or union organisation or majority/minority group</li> </ul>
	Employment	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
	Health and Safety	Zero accidents in own operations
Responsible governance	Regulatory compliance	Continue to comply with applicable regulatory requirements





# Cleaner tomorrow for a sustainable future

At VST Industries, we remain committed to a cleaner future by investing in renewable energy, greenhouse gas reduction, waste management programs, responsible water management, and stakeholder engagement, striving to lead in environmental sustainability.

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

## Energy and Emissions Management

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

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

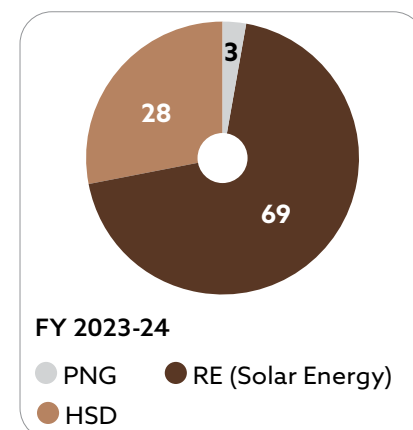
**Indirect energy** – Electricity which is purchased from utilities.

In FY24, we purchased grid electricity accounted for 45% of the total energy requirements.

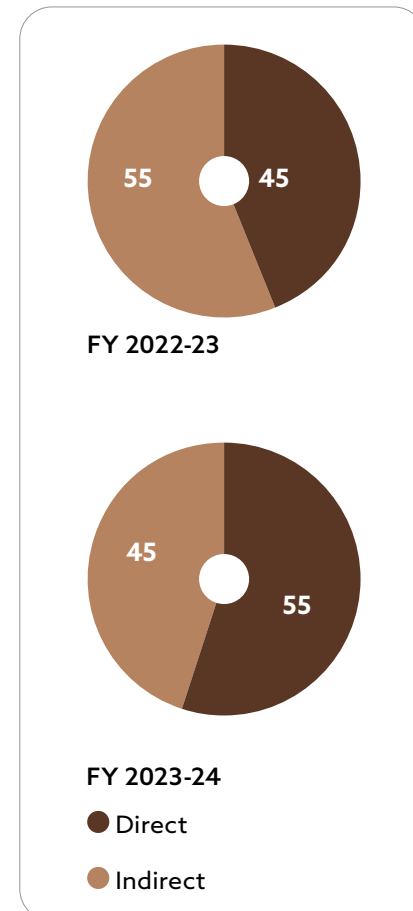
Similarly, fossil fuels, including High-Speed Diesel (HSD) and Piped Natural Gas (PNG), accounted for approximately 72% of the total direct energy

consumption, while on-site solar plants contributed 28% of the energy needs. The rise in renewable energy utilisation is attributed to the installation of an additional 200 KW solar plant, expanding our existing 1 MW solar capacity. This capacity increase brings our total solar capacity to 1.2 MW.

### Categorisation of Direct Energy Consumption by Type (%)



### Energy Consumption Mix (%)



### Our energy consumption for the past three financial years

Financial year	Direct energy consumption (TJ)	Indirect energy consumption (TJ)	Total energy consumption (TJ)
FY 2023-24	19.25	15.57	34.83
FY 2022-23	15.32	12.53	27.85
FY 2021-22	12.8	16.2	29

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

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

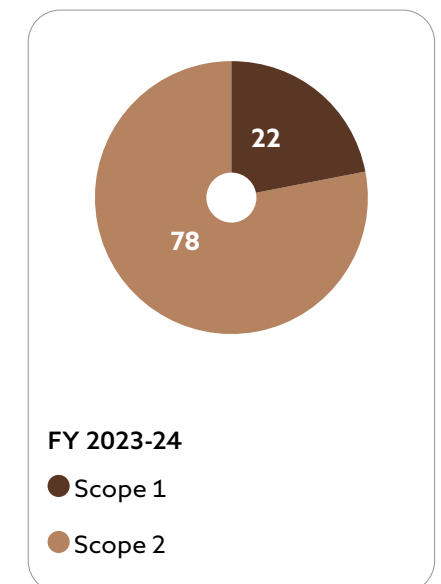
Financial year	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Total GHG emission (tCO <sub>2</sub> e)
FY 2023-24	899	3,097	3,996
FY 2022-23	642	2,819	3,461
FY 2021-22	762	3,559	4,321

### AWS Certification

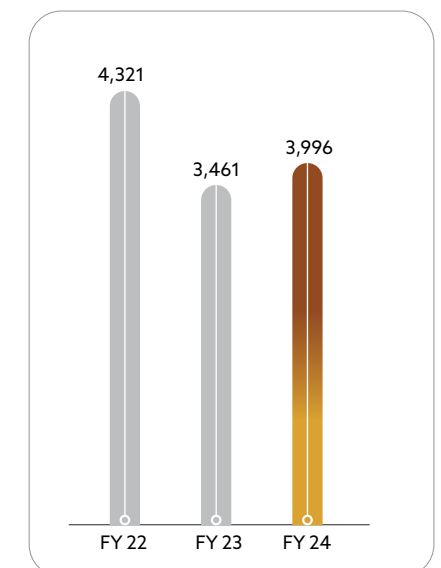
VST Toopran facility has been awarded AWS Certification for Water Stewardship (Gold Rating). This is a step forward in our sustainability endeavours. We are one of the few companies in India to be AWS certified.



### Scope 1 and Scope 2 Mix (%)



### GHG Emissions (tCO<sub>2</sub>e)





# Foundations of teamwork, growth, responsibility

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

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



## People-First Empowerment Approach

We believe that a personalised approach goes beyond a one-size-fits-all model. We are creating an environment of recognition, respect and empowerment by valuing each employee's individuality and offering customised growth opportunities.

At VST, every employee brings a unique perspective and approach, contributing to our Company's success. We are instilling a vibrant and well-balanced culture by leveraging each individual's strengths, enriched by diverse thoughts, ideas, and actions.

Our culture embraces traits that drive collaboration, empowerment, and ownership at all levels, fostering growth with purpose and uniting us under the power of One VST.

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

The trio of elements within our Human Capital Strategy that will facilitate in fulfilling our pledge are:

### Capability & Talent

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

### Employee Communication and Connect

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

### Driving Performance Culture

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

### Material Topic

Diverse and inclusive work environment

### Targets for FY30

Diversity and inclusion are at the forefront of our organisation's values. We foster an open culture that promotes equal opportunities for career advancement and development.

Additionally, we actively support individuals from diverse backgrounds, ensuring they have the necessary resources and opportunities to participate fully in the decision-making processes.

Employment

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

Health and Safety

Successfully maintaining a zero-accident record in operations.



# Foundations of teamwork, growth, responsibility

## Enhancing Capabilities for Continuous Improvement

We have established a culture that nurtures our employees' personal and professional development through comprehensive training programmes, workshops, and skill-building initiatives. We empower them to reach their full potential and achieve their career goals. Our comprehensive L&D structure enables our team to achieve their professional goals and contribute meaningfully to our organisation.

We have made significant progress in capability building and talent development, offering opportunities for employees to enhance their business skills and foster well-rounded growth.

Highlights include building and strengthening talent at all levels, development centres, employee potential development programs, and focused leadership roadmap for future preparedness.



## Reward & Recognition

At VST Industries, recognition is a core part of our culture. We celebrate team successes and individual efforts through various measures that drive collective success. By valuing employee contributions, we facilitate a positive, motivating work environment that inspires

innovation and promotes loyalty. Our Gold Star Recognition program highlights desired behaviours, awards employees quarterly and communicates their achievements across the organisation.



## Innovation

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

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

## Problem-solving Skills

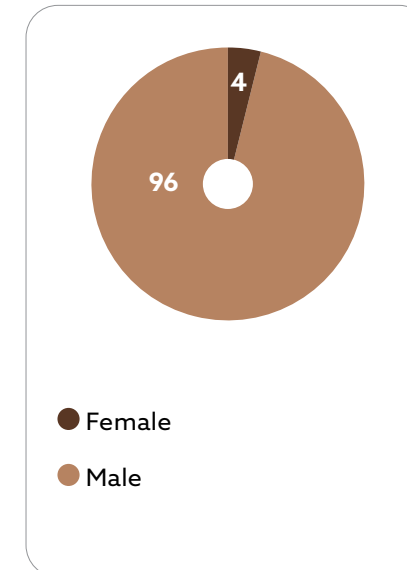
We help our employees develop problem-solving skills through targeted training. We empower individuals to face challenges confidently, building their ability to overcome obstacles and foster a collaborative environment that leverage diverse perspectives to drive innovative solutions that push beyond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

Our employee base as of 31<sup>st</sup> March, 2024 is 772 which includes both permanent employees and workers.

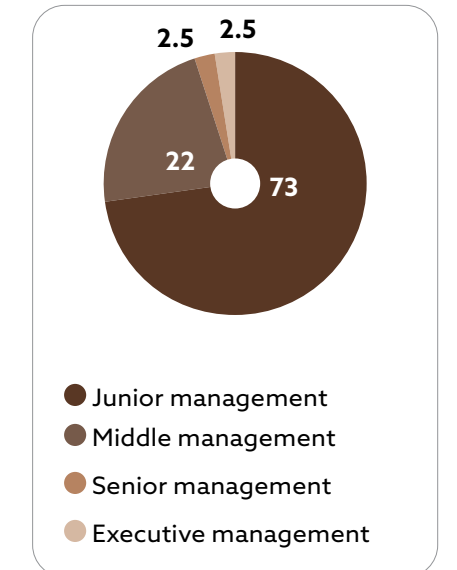
Employee-Worker Classification (%)



Gender Diversity (%)



Employee Categorisation (%)





# Empowering Change through our CSR vision

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

Together, with our employees, stakeholders, and partners, we are committed to driving positive change and impact. Through our CSR vision of 'Empowering Change', we seek to inspire others and be a catalyst for transformative social and environmental progress.

## CSR Focus Areas

### Skill Development Programme

- Training rural women for self-sustenance – Women Entrepreneurs
- Vocational skill training programme for youth

### Swachh Ghar Mission

- Household toilet construction
- Creating awareness of safe hygiene habits

### Project Gyandeeep

- Providing infrastructural support for schools – benches, classrooms, etc.

### Menstrual Hygiene

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

### Providing Medical Support

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

### Nutrition Support

- Feed underprivileged children (Mid-day meals)

### Sustainability

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

**₹ 829 Lakhs**  
CSR expenditure during FY24

**1 Million lives**  
Benefitted through our CSR programmes



## Thematic Areas identified

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

### Health and Sanitation

- Facilitate government health insurance coverage
- Health screening camps and referral linkages with hospitals
- Toilet Construction

### Education & Sports

- Education support through infrastructure for schools, mobile libraries and IT infrastructure
- Mid-day meals for students
- Sponsor sports activities representing the nation

### Rural Development

- Women farmer self-help groups
- Farmer training on modern farming techniques
- Vocational training to youth for employment
- Training on personal hygiene and menstrual cycle hygiene

### Environment & Sustainability

- Solar energy solutions for irrigation pumps, street lights, Primary Health Care Centres and Schools



# Empowering Change through our CSR vision



## Health and Sanitation

We made significant strides in improving community well-being through our Health and Sanitation Project in FY24. In Kurnool, Telangana, we constructed household toilets, enhancing sanitation and hygiene. In Toopran, Hyderabad, our partnership with the Red Cross Society facilitated impactful healthcare camps, delivering

essential services to residents. We also collaborated with L.V. Prasad Eye Hospital to organise eye care camps, addressing eye health needs. Additionally, we sponsored a Mobile Medical Unit (ambulance) in the villages of Kurnool to ensure prompt and effective healthcare response and improve healthcare accessibility in the region.

**575** Household toilets were constructed in 4 villages during FY24

**9,100** Household toilets have been constructed in 39 villages till date



## Promoting Education

In FY24, we launched programmes focused on promoting education and vocational skills, particularly for children, women, senior citizens, and specially-abled individuals.

## School Infrastructure

We upgraded the infrastructure at a government school near Brahmanpally Village, Toopran Mandal, Medak District, by adding three new classrooms, improving the learning environment for a brighter future. Additionally, we sponsored the construction of a new building at Hindi Maha Vidyalaya School in Vidyanagar, Hyderabad. We also supported Devnar School for the Blind in Hyderabad by providing six Braille printing machines, enhancing educational opportunities for visually impaired students.

## Rural Development

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





# Empowering Change through our CSR vision



## Mid-day Meals

### Nutrition for Schoolchildren

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

**6,542**

Students benefitted from the mid-day meal initiative

**1,600**

School children benefitted from the school infrastructure project

**1,200**

Students will benefit from the Hindi Maha Vidyalaya school project

**650**

Students encouraged to take up arts, sports, etc.

## Environmental Sustainability

We contributed to environmental sustainability by installing 125 solar street lights in Cherlapally Central Jail, addressing the crucial need for continuous power supply within the jail campus and enhancing safety and convenience for the inmates. We also sponsored two electric vehicles for M/s Akshaya Patra Foundation and M/s Devnar School for the Blind to support their services for children in Hyderabad.

**350**

Students benefitted directly from the electric food van

**200**

Inmates benefitted from solar light installation

**2,000**

Students benefitted from solar rooftops



**125**

Solar streetlights installed

**16 Schools**

in Telangana were equipped with solar rooftops



# Ensuring ESG-compliant Governance

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

**Environmental responsibility**

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

**Governance excellence**

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

**Stakeholder engagement**

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

**Social impact**

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

**Constant advancement**

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

## Our ESG governance

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

- Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) Committee: This committee operates at the Board level and is led by an Independent Director. Its role includes assessing performance, offering strategic guidance, and providing essential

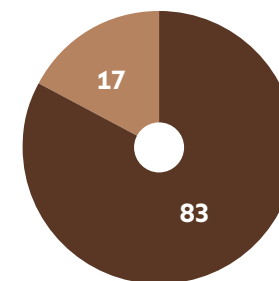
feedback to the Corporate ESG committee.

- ESG Strategy Committee: Headed by our Managing Director & CEO, this committee is responsible for formulating the ESG strategy, conducting a comprehensive performance evaluation, offering strategic updates, and providing operational direction.
- ESG Council: At the unit level, this committee, led by the respective unit heads,

oversees the monitoring of ESG Key Performance Indicators (KPIs), conducts performance evaluations specific to the unit's ESG efforts, and manages the implementation and monitoring of projects.

- The execution of our comprehensive ESG strategy and the preparation of reports are overseen by our Company Secretary, who directly reports to the Managing Director & CEO.

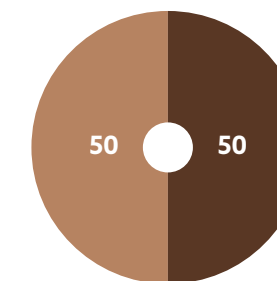
## Our board diversity (%)



- Male
- Female

**17%**  
Gender diversity in the Board

## Board independence (%)



- Independent Directors
- Non-independent Directors

**50%**  
Proportion of the Board is Independent

# Corporate Information

## BOARD OF DIRECTORS

### Naresh Kumar Sethi

Chairman  
(DIN 08296486)

### Aditya Deb Gooptu

Managing Director & CEO  
(DIN 07849104)

### S. Thirumalai

Non-Executive Director  
(DIN 00011899)

### Rama Bijapurkar

Independent Non-Executive Director  
(DIN 00001835)

### Sudip Bandyopadhyay

Independent Non-Executive Director  
(DIN 00007382)

### Rajiv Gulati

Independent Non-Executive Director  
(DIN 06820663)

## BOARD COMMITTEES

### AUDIT COMMITTEE

Sudip Bandyopadhyay	Chairman
Rama Bijapurkar	Member
Rajiv Gulati	Member
S. Thirumalai	Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Rama Bijapurkar	Chairperson
Rajiv Gulati	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Aditya Deb Gooptu	Member

### NOMINATION AND REMUNERATION COMMITTEE

Rama Bijapurkar	Chairperson
Rajiv Gulati	Member
Sudip Bandyopadhyay	Member
Naresh Kumar Sethi	Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Rajiv Gulati	Chairman
Rama Bijapurkar	Member
Naresh Kumar Sethi	Member
S. Thirumalai	Member
Aditya Deb Gooptu	Member

## RISK MANAGEMENT COMMITTEE

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

## CORPORATE EXECUTIVE COMMITTEE

Aditya Deb Gooptu	Managing Director & CEO
Sanjay Wali	Chief Operating Officer
Ajay Chaudhary	Vice President Digital Transformation
Amit Arora	Chief Human Resource Officer
Anish Gupta	Chief Financial Officer
Kalyan Basu	President-Marketing
T. Lakshmi Narasaiah	Vice President-Leaf
Phani K. Mangipudi	Company Secretary & Vice President-Legal & Secretarial
S. Sriram	Vice President-Technical
Tarun Malhotra	Vice President-Marketing

## AUDITORS

BSR & ASSOCIATES LLP  
Chartered Accountants  
Hyderabad - 500 034

## REGISTERED OFFICE

### PLANT LOCATIONS

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

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

Statutory Reports  
52-149

Financial Statements  
150-202



## NOTICE

NOTICE is hereby given that the Ninety third Annual General Meeting of VST INDUSTRIES LIMITED will be held on **Thursday, 29<sup>th</sup> August, 2024** at 11.00 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 31<sup>st</sup> March, 2024, and the Reports of the Board of Directors and Auditors thereon.
2. To declare a final Dividend of ₹150/- per Equity Share for the financial year ended 31<sup>st</sup> March, 2024.
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.

### SPECIAL BUSINESS

#### APPOINTMENT OF INDEPENDENT DIRECTOR

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Mr. Rajeev Bakshi (DIN : 00044621), who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee as an Additional Non-executive Director under Section 161(1) of the Act, designated as an Independent Director, who has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to

retire by rotation, to hold office for a term of five years on the Board of the Company commencing from 1<sup>st</sup> July, 2024 up to 30<sup>th</sup> June, 2029 (both days inclusive) ."

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Act read with the Rules made thereunder and Regulation 17(6) of the Listing Regulations, Mr. Rajeev Bakshi (DIN: 00044621), be paid such fees and remuneration and profit-related commission as the Board may approve from time to time and subject to such limits prescribed from time to time.

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

#### RECLASSIFICATION OF AUTHORISED SHARE CAPITAL

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61, 64 and all other applicable provisions, if any, of the Companies Act, 2013 (along with any Rules thereunder, including any statutory modification(s) or re-enactment thereof for time being in force) ("the Act"), and the Memorandum and Articles of Association of the Company, as agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee and sub-committee which the Board may have constituted or shall hereinafter constitute to exercise its powers including the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to re-classify the existing authorized share capital of the Company being ₹100,00,00,000/- (Rupees One Hundred Crores) divided into 5,00,00,000 (Five Crores) Equity shares of ₹10/- (Rupees Ten) each, and 50,00,000 (Fifty Lakhs) Preference Shares of ₹100/- (Rupees One hundred only) each to -

₹100,00,00,000/- (Rupees One Hundred Crores) divided into 10,00,00,000 (Ten Crores) Equity shares of ₹10/- (Rupees Ten) each."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized do all such acts, deeds, things and matters as it may in its absolute discretion deem necessary, proper, or desirable and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

#### INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION

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

"RESOLVED THAT pursuant to the provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder, including any statutory modification(s) or re-enactment(s) thereof, and other provisions of Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to increase the Ordinary Equity Shares in the authorised share capital of the Company from ₹100,00,00,000/- (Rupees One hundred Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of ₹10/- (Rupees Ten) each to ₹170,00,00,000/- (Rupees One Hundred and Seventy Crores) divided into 17,00,00,000 (Seventeen Crores) Equity Shares of ₹10/- (Rupees Ten) each, by creation of additional 7,00,00,000 (Seven Crores) equity shares of ₹10/- (Rupees Ten) each ranking paripassu with the existing Equity Shares.

RESOLVED FURTHER THAT Capital Clause (Clause 5) of the Memorandum of Association of the Company be and is hereby altered by substituting with the following Clause:

5. The Authorised Share Capital of the Company is ₹170,00,00,000/- (Rupees One Hundred Seventy Crores) divided into 17,00,00,000 (Seventeen Crores) Equity Shares of ₹10/- (Rupees Ten) each, with power to classify or reclassify, increase or reduce such capital from time to time and power to divide the shares in the capital in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the

time being into several classes and to attach thereto respectively preferential, qualified or special rights, privileges or conditions including as to voting and to vary, modify, or abrogate the same in such manner as may be permitted by the Act or as may for time to time being be provided for by these presents and the Articles of Association of the Company."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized do all such acts, deeds, things and matters as it may in its absolute discretion deem necessary, proper, or desirable and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

#### TO CONSIDER AND APPROVE ALTERATION OF ARTICLES OF COMPANY WITH RESPECT TO CHANGES IN CAPITAL CLAUSE

7. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 of Companies Act, 2013 and other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment(s) thereof), the Articles of Association be amended by deletion of the existing Article 5 and substituting therefor with the following:

**5. The Authorised Share Capital of the Company shall be such amount as may be set out in the Memorandum of Association of the Company."**

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized do all such acts, deeds, things and matters as it may in its absolute discretion deem necessary, proper, or desirable and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

#### TO CAPITALIZE RESERVES OF THE COMPANY AND TO ISSUE BONUS EQUITY SHARES

8. To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 63 and all other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital and Debentures) Rules, 2014, Article 129 of the Articles of Association



of the Company and recommendation of the Board of Directors and subject to Regulations and guidelines issued by the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("the ICDR Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and other applicable regulations, rules and guidelines issued by SEBI and the Reserve Bank of India ("RBI") from time to time, and subject to such approvals, consents, permissions, conditions and sanctions as may be necessary from appropriate authorities and modifications, if any, as may be specified while according such approvals, consent of the Members be and is hereby accorded to the Board of Directors of the Company ('the Board'), which term shall include any Committee authorised by the Board to exercise its powers including powers conferred on the Board by this resolution for capitalization of a sum of ₹1,54,41,92,000/- [Rupees One Hundred Fifty Four Crores Forty One Lakhs Ninety Two Thousand] standing to the credit of the General reserves and/or Retained earnings of the Company as determined by the Board as may be necessary, for the purpose of issue of Bonus Equity Shares in the proportion of viz., 10 [Ten] new fully paid-up equity shares of ₹10/- (Rupees Ten) each for every 1 [One] existing fully paid-up equity share of ₹10/- (Rupees Ten) each to the eligible Members of the Company whose names appear in the Register of Members of the Company/ List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the 'Record Date' to be determined by the Board for this purpose, and that the new Bonus Equity Shares so issued and allotted shall, for all purposes, be treated as an increase in the Nominal amount of Share Capital of the Company held by each such Member, and not as income of Members.

RESOLVED FURTHER THAT all such new Bonus Equity Shares as and when allotted shall rank pari passu and carry the same rights with the existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT the Bonus Equity Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT no letter of allotment shall be issued to the allottees, and in the case of Members who hold equity shares in dematerialized form, the Bonus Equity Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participant(s) and in the case of Members who hold equity shares in physical form, the Bonus Equity Shares shall be allotted in compliance with the guidelines issued by SEBI.

RESOLVED FURTHER THAT the allotment of new Equity Bonus Shares to the extent that they relate to non-resident [including Non-Resident Indians (NRIs), Overseas Citizen of India, Overseas Corporate Bodies (OCBs), Foreign Portfolio Investors (FPIs) and other foreign investors] Members of the Company, shall be subject to the approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999, as amended or any other Regulatory authority, if any, as may be deemed necessary.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Bonus Equity Shares so allotted on the Stock Exchanges where the securities of the Company are listed as per the Listing Regulations, as amended and other applicable laws, rules, regulations and guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board including any Committee of the Board, be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary, proper, expedient or desirable and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to delegate all or any of the powers conferred by this resolution to Committee(s) or any other Director(s), Company Secretary or any other Officer(s) of the Company to give effect to the foregoing resolution, with power to such Committee(s) to further delegate all or any of its powers."

By Order of the Board

**Phani K Mangipudi**

Company Secretary &

Vice President-Legal & Secretarial

ACS 17557

Dated this 25<sup>th</sup> day of July, 2024  
Hyderabad

#### NOTES:

1. Ministry of Corporate Affairs ("MCA") vide its Circular No. 9/2023 dated September 25, 2023 (In continuation with the Circulars issued earlier in this regard) ("MCA Circulars") has allowed conducting Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) without the physical presence of Members at a common venue till September 30, 2024. The MCA Circulars prescribe the procedures and manner of conducting the AGM through VC/OAVM. In compliance with the applicable provisions of the Act and MCA Circulars, the 93<sup>rd</sup> AGM of the Members will be held 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 Ninety Third AGM shall be the Registered Office of the Company.
2. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorising their representative to attend the AGM through VC/OAVM on their behalf and vote through remote e-voting. The Resolution shall be sent to the Scrutinizer by email through its registered email address to [saravana1015@gmail.com](mailto:saravana1015@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com).
3. M/s. KFin Technologies Limited (KFintech) will be providing facility for voting through remote e-voting, for participation in the Ninety Third AGM through VC/OAVM and e-voting during the AGM.
4. Members may join the Ninety Third AGM through VC/OAVM by following the procedure which shall be kept open for the Members from 10.45 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 Ninety Third AGM. The detailed instructions for participating in the Ninety Third AGM through VC/OAVM are given as a separate attachment to this Notice.

5. Members may note that the VC/OAVM provided by KFintech allows participation of at least 1000 Members on a first-come-first-serve 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-serve principle.
6. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. The Register of Members of the Company remained closed from Saturday, 15<sup>th</sup> June, 2024 to Friday, 21<sup>st</sup> June, 2024 (both days inclusive) for 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 14<sup>th</sup> June, 2024 or to their mandatees, subject however to the provisions of Section 126 of the Companies Act, 2013 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 14<sup>th</sup> June, 2024, as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

SEBI vide Master Circular No. SEBI/HO/MIRSD/POD-1/P/COR/2024/37 dated 7<sup>th</sup> May, 2024 has mandated that with effect from 1<sup>st</sup> April, 2024 dividend to Members who are holding shares in physical form shall be paid only through electronic mode. Such payment shall be made only after the Members furnish their PAN, contact details (postal address with PIN and mobile number), bank account details and specimen signature ('KYC') and choice of Nomination. Further, relevant FAQs published by SEBI In on its website can be viewed at the link: [https://www.sebi.gov.in/sebi\\_data/faqfiles/jan-2024/1704433843359.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf) As per the aforesaid SEBI Circular, Members holding shares in physical form may note that any future dividend payable against their shareholding would be withheld if their KYC and choice of Nomination are not updated with the RTA.



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

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

8. Brief profile of the Directors proposed to be reappointed is given towards the end of this Notice pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard issued by Institute of Company Secretaries of India. None of the directors is related to one another.
9. The shares of the Company are under compulsory demat trading. SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January, 2022 has further mandated issuance of securities in dematerialised form while processing service requests viz., issue of duplicate securities certificate; claim from unclaimed suspense account; renewal / exchange of securities certificate; endorsement/splitting/sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly Members are requested to make service requests by submitting a duly filled Form ISR-4, the format of which is available on the Company's website at [www.vsthyd.com](https://www.vsthyd.com) and on the website of Company's RTA at [www.kfintech.com](https://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.
10. Members who have multiple folios in identical names or joint names in the same order are requested to intimate the Registrar and Transfer Agents, KFinTech

about these folios to enable consolidation of all such shareholdings into one folio.

11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed under the Companies Act, 2013 can be obtained from the Registrar and Share Transfer Agent or can be downloaded from the Company's website [www.vsthyd.com](https://www.vsthyd.com).
12. Members are requested to refer to the "Shareholder Referencer" of the Report on Corporate Governance which inter-alia contains details regarding unclaimed dividend. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents as mentioned above, or the Company Secretary, at the Company's registered office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's unclaimed dividend account, will, as per Section 124 of the Companies Act, 2013, 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.
13. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays, between 11.00 a.m. and 1.00 p.m. up to the date of AGM, i.e. August 29, 2024. Members seeking to inspect such documents can send an email to [investors@vstind.com](mailto:investors@vstind.com).
14. Pursuant to Section 108 of Companies Act, 2013 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 Listing Regulations, the Company is pleased to offer voting by electronic means to the Members to cast their

votes electronically on all items of business set forth in this Notice. The detailed instructions for e-voting are given separately to this Notice. Members who have cast their vote by remote e-voting prior to the Ninety Third 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 Ninety Third AGM through VC/OAVM and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM by following the same procedure as in the remote e-voting.

Voting rights will be reckoned on the paid-up value of the shares registered in the name of the Members on 22<sup>nd</sup> August, 2024 (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.

15. 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 Scrutinizer who will Scrutinize the electronic voting process in a fair and transparent manner. The Scrutinizer 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 authorized by the Chairman and the result of the same will be disclosed forthwith. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vsthyd.com](https://www.vsthyd.com) and on the website of KFinTech, [www.kfintech.com](https://www.kfintech.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.
16. In compliance with the MCA circulars and the SEBI circulars, Notice of the AGM along with the Annual Report 2023-24 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 2023-24 will also be available on the

Company's website [www.vsthyd.com](https://www.vsthyd.com), and websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](https://www.bseindia.com) and [www.nseindia.com](https://www.nseindia.com) respectively.

#### 17. TDS ON DIVIDEND

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

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No.15G/15H, to avail the benefit of non-deduction of tax at source by email to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) by 11.59 p.m. on 14<sup>th</sup> June, 2024. Members are requested to note that in case their PAN is not registered or having invalid PAN or Specified Person as defined under Section 206AB of Income Tax Act, 1961, the tax will be deducted at a higher rate prescribed under Section 206AA or Section 206AB of the Income Tax Act, 1961, as applicable.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11.59 p.m. IST on 14<sup>th</sup> June, 2024.

20. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID No./Folio No. and Mobile No. to reach the Company's email address [investors@vstind.com](mailto:investors@vstind.com) in advance by 23<sup>rd</sup> August, 2024 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](mailto:investors@vstind.com) by 23<sup>rd</sup> August, 2024 5.00 P.M. (IST). Those Members who have registered themselves as a speaker shall be allowed to ask questions during the AGM, depending upon the availability of time.

### INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER

- a. Pursuant to SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with e-voting service provider.
- b. Members are advised to update their mobile number and email address in their demat accounts in order to access remote e-voting facility.
- c. **Login Method for shareholders other than individual shareholders holding shares of the Company in demat mode and shareholders holding shares in physical mode.**
  1. Use the following URL for e-voting from KFinTech website: <https://evoting.kfintech.com>.
  2. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with KFinTech for e-voting, use your existing User ID and password for casting your votes.
  3. After entering the details appropriately, click on LOGIN.
  4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall

comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVEN i.e. VST Industries Limited.
7. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR/AGAINST' as the case may be or partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
8. Members holding multiple folios / demat account shall choose the voting process separately for each folio / demat account. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
9. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.
10. Members of the Company who have purchased their shares after the dispatch of the Notice but before the cut-off date (22<sup>nd</sup> August, 2024) may contact KFinTech at Tel No. 1800 309 4001 (toll free) to obtain login id and password or send a request to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com).
11. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.kfintech.com> or contact KFinTech at Tel No. 1800 309 4001 (toll free).

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

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

NSDL	CDSL
<p><b>1. Users already registered for IDeAS facility of NSDL</b></p> <ol style="list-style-type: none"> <li>i. Click on URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii. Click on the "Beneficial Owner" icon under 'IDeAS' section.</li> <li>iii. Enter your User ID and Password for accessing IDeAS.</li> <li>iv. On successful authentication, click on "Access to e-Voting".</li> <li>v. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.</li> </ol> <p><b>2. Users not registered for IDeAS facility of NSDL</b></p> <ol style="list-style-type: none"> <li>i. To register, click on URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii. Select "Register Online for IDeAS".</li> <li>iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc.</li> <li>iv. After successful registration, please follow steps given under Sr.No.1 above to cast your vote.</li> </ol> <p><b>3. Users may directly access the e-voting module of NSDL as per the following procedure :</b></p> <ol style="list-style-type: none"> <li>i. Click on URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>ii. Click on the icon "Login" available under "Shareholder/Member" section.</li> <li>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.</li> <li>iv. On successful authentication, you will enter the e-voting module of NSDL.</li> <li>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.</li> </ol>	<p><b>1. Users already registered for Easi/Easiest facility of CDSL</b></p> <ol style="list-style-type: none"> <li>i. Click on URL: <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>ii. Enter your User ID and Password for accessing Easi/Easiest.</li> <li>iii. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.</li> </ol> <p><b>2. Users not registered for Easi/Easiest facility of CDSL</b></p> <ol style="list-style-type: none"> <li>i. To register, click on URL: <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a></li> <li>ii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc.</li> <li>iii. After successful registration, please follow steps given under Sr.No.1 above to cast your vote.</li> </ol> <p><b>3. Users may directly access the e-voting module of CDSL as per the following procedure :</b></p> <ol style="list-style-type: none"> <li>i. Click on URL: <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a></li> <li>ii. Provide demat account number and PAN.</li> <li>iii. System will authenticate user by sending OTP on registered mobile &amp; email as recorded in the demat account.</li> <li>iv. On successful authentication, you will enter the e-voting module of CDSL.</li> <li>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.</li> </ol>
<p><b>Procedure to login through their demat accounts/website of Depository Participant</b> 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 remote e-voting period.</p>	
<p><b>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.</b></p>	
<p><b>Contact details in case of technical issue on NSDL website</b> Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022-4886 7000 and 022-2499 7000.</p>	<p><b>Contact details in case of technical issue on CDSL website</b> Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call at toll free no. 1800 22 55 33.</p>

#### The 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.



## Annexure to the Notice

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

### Item No. 4

#### APPOINTMENT OF INDEPENDENT DIRECTOR

The Board of Directors ("the Board") on the recommendation of Nomination and Remuneration Committee [NRC], appointed Mr. Rajeev Bakshi [DIN : 00044621] as an Additional Independent Director of the Company with effect from 1<sup>st</sup> July, 2024 to hold office up to 30<sup>th</sup> June, 2029 (both days inclusive) and further he fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the Listing Regulations.

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

The Board vide Circular Resolution on 24<sup>th</sup> June, 2024 based on the recommendation of NRC, recommended for the approval of the Members in terms of Sections 149, 152 and other applicable provisions of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, Listing Regulations, as amended, the appointment of Mr. Rajeev Bakshi for a term of five years with effect from 1<sup>st</sup> July, 2024 up to 30<sup>th</sup> June, 2029 [both days inclusive], subject to the approval of the shareholders by way of Special Resolution.

In the opinion of the Board and based on its evaluation, Mr. Rajeev Bakshi fulfils the conditions specified in the Act, and Rules made thereunder and Listing Regulations for his appointment as an Independent Director of the Company and he is independent of the Management of the Company.

Mr. Rajeev Bakshi [67 years] holds a BA (Hons.) degree in Economics from St. Stephens College, Delhi and a Post

Graduate Diploma in Management from IIM, Bangalore majored in Marketing. He has over 40 years of experience in sales and marketing and has been a Board Member of multiple companies in different sectors viz. Marico India, Omniactives Health Technologies Ltd., Raymond Consumer Care, Ola Foods, etc. He is presently the Non-Executive Director in Cummins India, Macrotech Developers, Dalmia Bharat Sugar Ltd. and Mother Dairy India Ltd. He is also an Advisor in the areas of Strategy, General Management and Marketing. He has been awarded the 'Distinguished Alumni Award' in recognition of his contribution to business and society in the year 2014.

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

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

The letter of appointment of Mr. Rajeev Bakshi setting out the terms and conditions of appointment shall be available for inspection by the Members electronically. Members seeking to inspect the same can send an email to [investors@vstind.com](mailto:investors@vstind.com).

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

The Board commends this item of business for your approval.

### Item No. 5

#### RECLASSIFICATION OF AUTHORISED SHARE CAPITAL

The existing Authorized Share Capital of the Company is ₹100,00,00,000/- (Rupees One Hundred Crores only) comprising of ₹50,00,00,000/- divided into 5,00,00,000 Ordinary Equity Shares of ₹10/- each and ₹50,00,00,000/- divided into 50,00,000 Preference Shares of ₹100/- each.

The Preference Capital as given under the Authorised Capital of the Company is not being used and as such it is felt that it would be appropriate to reclassify the same into Ordinary Equity Shares of the Company.

Hence, the Board at its meeting held on April 26, 2024, considered and approved the reclassification of the authorised Share Capital of the Company and consequent amendment to the Memorandum of Association of the Company, subject to the approval of the shareholders. The Authorised Capital post reclassification will be as follows:

10,00,00,000 Ordinary Equity Shares of ₹10/- each amounting to ₹100,00,00,000.

None of the Directors / Key Managerial Personnel / their relatives is in any way concerned or interested, financially or otherwise in the aforesaid resolution except to the extent of their shareholding.

The Board recommends the resolution as set out in item No. 5 above for your consideration and approval by way of a Special resolution.

### ITEM NO.6

#### INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION

The present Authorized Share Capital of the Company is ₹100,00,00,000/- (Rupees One hundred Crore) comprising of ₹50,00,00,000/- divided into 5,00,00,000 Ordinary Equity Shares of ₹10/- each and ₹50,00,00,000/- divided into 50,00,000 Preference Shares of ₹100/- each. In order to facilitate the issue of Bonus Equity Shares and requirements of the Company for the operations in future, if any, the Board at its meeting held on July 25, 2024 approved the increase in the Authorized Share Capital of the Company from ₹100,00,00,000/- (Rupees One hundred Crore) divided into 10,00,00,000 (Ten Crore) Equity Shares

of ₹10/- each to ₹170,00,00,000/- (Rupees One Hundred Seventy Crores) divided into 17,00,00,000/- (Seventeen Crores) Equity Shares of ₹ 10/- (Rupees Ten) each by creation of additional 7,00,00,000 (Seven Crores) Equity shares of ₹ 10/- each (Rupees Ten) subject to approval of Members. The increase in the Authorized Share Capital as aforesaid would entail consequential alteration of the existing Clause 5 of the Memorandum of Association of the Company. The proposed increase in the Authorised share capital shall rank pari-passu with the existing equity shares in all respects and shall be subject to the provisions of the Memorandum and Articles of Association of the Company. The increase in the Authorized Share Capital and consequential alteration to Clause 5 of the Memorandum of Association of the Company require Members' approval in terms of Sections 13 and 61 of the Companies Act, 2013 and any other applicable statutory and regulatory requirements and requests the Members to accord their consent to the proposed resolution.

None of the Directors / Key Managerial Personnel / their relatives is in any way concerned or interested, financially or otherwise in the aforesaid resolution except to the extent of their shareholding.

The Board recommends this resolution as set out in Item no. 6 of the Notice for your approval as an Ordinary Resolution.

### ITEM No.7

#### TO CONSIDER AND APPROVE ALTERATION OF ARTICLES OF COMPANY WITH RESPECT TO CHANGES IN CAPITAL CLAUSE

In consequence to change in authorized share capital of the Company, the corresponding Article 5 of Articles of Association also required to be substituted. The amendment to the Article 5 of Articles of Association requires Members' approval in terms of Section 14 of the Companies Act, 2013 and any other applicable statutory and regulatory requirements and requests the Members to accord their consent to the proposed resolution.

None of the Directors / Key Managerial Personnel / their relatives is in any way concerned or interested, financially or otherwise in the aforesaid resolution except to the extent of their shareholding.

The Board recommends this resolution as set out in Item no. 7 of the Notice for your approval as a Special Resolution.



**ITEM NO. 8****ISSUANCE OF EQUITY BONUS SHARES**

The equity shares of your Company are listed and traded on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Over the period, reserves and surplus of the Company have grown significantly. Considering the substantial amount of Reserves and Surplus and with a view to reward the Members and rationalize the paid-up share capital, the Board of Directors of the Company in its meeting held on July 25, 2024, proposed to issue Bonus Equity Shares in the proportion of 10:1 i.e. 10 (Ten) new fully paid Equity Shares of the Company of ₹10/- each for every One (1) existing fully paid Equity Share of the Company of ₹10/- each held by the Members on the Record Date, subject to approval of the Members and any other statutory and regulatory approvals, as may be applicable, by way of capitalization of the Capital Redemption Reserve, Free Reserves or any other permitted reserves / surplus of the Company, as may be considered appropriate for this purpose, as per the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2024.

Article 129 of Articles of Association of the Company permits issuance of unissued shares to the Members of the Company as fully paid bonus shares. Capitalisation of any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including capital redemption reserve account), or to the credit of the profit and loss account, or otherwise available for distribution by applying the same towards payment of unissued shares to be issued to the Members as fully paid bonus shares. The proposed issue of bonus

shares will be made in line with the provisions of Section 63 of the Companies Act, 2013, ICDR Regulations, Listing Regulations and any other applicable regulations for the time being in force [including any statutory modifications or re-enactment for the time being in force] and subject to such approvals, if required, from the statutory authorities.

Further, it is proposed to authorize the Board of Directors of the Company including any Committee of the Board to complete all the regulatory formalities as prescribed by SEBI, Stock Exchanges on which the Company's shares are listed and/or any other regulatory or statutory authority in connection with the issue of bonus shares.

The Company has not accepted any fixed deposits; has not defaulted in respect of the payment of statutory dues of the employees; has no partly paid-up shares; and the proposed issue of bonus shares is not in lieu of dividend.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is deemed to be concerned or interested, financially or otherwise in the aforesaid resolution, except to the extent of their shareholding.

The Board recommends the resolution as set out in item No. 8 above for your consideration and approval by way of an Ordinary resolution.

By Order of the Board  
**Phani K Mangipudi**  
Company Secretary &  
Vice President-Legal & Secretarial  
ACS 17557

Dated this 25<sup>th</sup> day of July, 2024  
Hyderabad

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT****[Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings]**

Name of the Director	Mr. Naresh Kumar Sethi (As a Non-Executive Director)	Mr. Rajeev Bakshi (As an Independent Director)
DIN	08296486	00044621
Age	58	67
Date of first appointment on the Board	14.12.2018	1.7.2024
Qualifications	- Chemical Engineer from IIT Varanasi - MBA from IIM Kolkata	B.A. (Hons.) in Economics from St. Stephens College, Delhi, MBA (specialised in Marketing) from IIM Kolkata
Expertise in specific functional areas	Governance, Marketing and Business Strategy	Business Strategy, Marketing & Governance
Number of Meetings of the Board attended during the year	7	NA
Last drawn remuneration	₹2,00,40,000	-
Remuneration proposed to be paid	- Sitting Fees, Commission and other remuneration as approved by the Board of Directors/Shareholders.	- Sitting Fees, Commission and other remuneration as approved by the Board of Directors/Shareholders.
List of Directorships of other listed entities	Nil	<ul style="list-style-type: none"> <li>Cummins India Ltd.</li> <li>Dalmia Bharat Sugar and Industries Ltd.</li> <li>Macrotech Developers Ltd.</li> </ul>
List of Memberships/Chairmanships of Committees of other listed entities	Nil	<ul style="list-style-type: none"> <li>Cummins India Ltd. - Member of Audit Committee &amp; Stakeholders Relationship Committee</li> <li>Macrotech Developers Ltd. - Member of Audit Committee</li> </ul>
Listed entities from which resigned/retired in the past three years	Nil	Nil
Shareholding in the Company	Nil	Nil
Relationship with other Directors and Key Managerial Personnel of the Company.	None	None



## REPORT OF THE BOARD OF DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31ST MARCH, 2024

The Directors of your Company have pleasure in presenting the 93rd Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2024.

### FINANCIAL SUMMARY

	(₹ Lakhs)	
	2023-24	2022-23
Revenue from Operations	183750	167251
Profit after Tax	30157	32698
Balance available for Appropriation in Retained Earnings	109605	103894
Amount transferred to General Reserves	3000	3000
Dividend paid	23077	21538
Balance in retained earnings	83528	79356
<b>Key Ratios</b>		
Earnings per Share (₹)	195.29	211.75
Dividend per Share (₹)	150.00	140.00

Value creation during the decade has been Compounded Annual Growth Rate (CAGR), 7.1% in Earnings Per Share (EPS) and 7.9% in Dividend Per Share (DPS).

### DIVIDEND AND TRANSFER TO GENERAL RESERVE

The Directors are pleased to recommend a dividend of ₹ 150/- per equity share of ₹ 10/- each on the paid up equity share capital of the Company, for consideration and approval of Members at the ensuing Annual General Meeting (AGM). It is proposed to carry forward an amount of ₹ 3000 Lakhs to General Reserve. Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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>

### 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, 2024 was ₹ 1544.19 Lakhs. The Company has neither issued shares with differential rights as to dividend, voting or sweat equity shares.

### EMPLOYEE STOCK OPTION PLAN

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

During the year under review, the VST Employee Phantom Stock Option Plan (VST EPSOP-2023) of the Company with respect to the grant of phantom options to the eligible employees of the Company including the KMPs and Senior Management was approved.

### 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

Industry volumes grew incrementally in 2023-24 after a higher-than-normal growth the preceding year. The regulatory environment including taxation remained largely stable. With the stable tax regime, the leading brands in the industry have kept prices unchanged for several years, causing structural change of premiumisation in the industry. The industry has witnessed intensified competition, with price-based competition from both new brands as well as existing players.

Illegal non-duty paid cigarettes continue to pose a threat to legal players as they benefit from a large price gap versus legally taxed cigarettes. Though, the Government through a co-ordinated effort of various agencies is taking action on an ongoing basis to control the menace of illicit cigarettes, this continues to be an ever-present threat to the legal industry.

Some of the other challenges faced by the industry during the year were hyper-inflation of raw material, particularly tobacco leaf and filter tow and muted demand in rural markets.

### COMPANY PERFORMANCE

Your Company's strength has historically been in the low-price segment of the industry. Within this operating price segment your Company's performance was better than the industry. However, with the trend of premiumisation emerging, it is necessary to invest into new brand launches in higher price segments. Accordingly, we have taken rapid steps to launch new brands and innovative varieties in the mid-price segment, where significant headway has been made in establishing a presence.

The unprecedented raw material cost inflation and intensified competition put pressure on the Company's margins in the short run. However, these were mitigated partially through restructuring business processes and leveraging digitisation for efficiency improvements.

TOTAL, your Company's national trademark, continues to be among the top 10 brands in the industry. Your Company is focused on strengthening TOTAL's consumer appeal through relevant brand upgradations & variants. In addition, EDITIONS has been launched in many parts of the country at a mid-price segment during the year. Your Company is continuously strengthening the overall brand portfolio through a combination of product upgradations and launch of new consumer relevant variants. Heritage brands such as CHARMS, SPECIAL and MOMENTS have been refreshed in this manner during the year.

Our Distribution has been strengthened over the last 3 years, with significant strides in leveraging digital infrastructure for informed decision making and driving market specific initiatives. This has also helped in driving portfolio depth in both existing and new geographies.

With green shoots in rural markets being visible and the expectation of a favourable monsoon, we look forward to a greater buoyancy in rural demand for the entire brand portfolio.

### LEAF TOBACCO

In 2023-24, our leaf tobacco business has once again proven its exceptional resilience and delivered an outstanding performance, achieving the highest ever turnover of ₹ 442.37 Crores and a PBIT of about ₹ 51 Crores. We have also been successful in broadening our customer base and the geographies to which we export. This remarkable performance was made possible through exemplary teamwork and dedicated efforts of the team and stands as a testament to our ability to overcome challenges posed by adverse weather conditions and an aggressive competitive landscape.

We have concentrated our efforts on enhancing our green tobacco procurement processes by adopting a digital approach. A special emphasis has been placed on traceability to ensure transparency and accountability in our operations. Additionally, your Company focused on developing new varieties, particularly high-nicotine tobaccos, and high-nicotine burley types, to meet the dynamic demands of international markets. Our commitment to innovation and quality positions us to meet the evolving preferences of our customers.

The Company acknowledge the challenges that changing climatic conditions pose to tobacco cultivation and have prioritised the interests of our farmers to sustain it. We take pride in the fact that our contracted farmers cultivate



tobacco with the lowest pesticide residue levels and low TSNAs (Tobacco Specific Nitrosamines), adhering to international standards. This commitment not only ensures the quality of our products but also contributes to the development of less-advanced regions in the leaf-growing areas.

In our continuous effort to uplift the social and economic conditions of our tobacco-growing communities, we have sustained our sponsorship of initiatives such as Women empowerment, Mobile health clinics, Household smart toilets, Digital classrooms in government secondary schools, infrastructure upgrades in government schools, and Solar Street lighting. These initiatives are part of our holistic approach to supporting the farming society and ensuring sustainable growth.

As we move forward, the Leaf Function remains dedicated to evolving and growing our business in alignment with changing customer preferences and penetrating new geographies.

### PRODUCTION AND PLANT MODERNISATION

Your Company is in the process of shifting its production to a new modern facility at Toopran near Hyderabad. Along with machinery upgradation, this will enable us to make further big improvements in product quality, capital efficiency and cost optimisation.

### RESEARCH & DEVELOPMENT ACTIVITY

Your Company's Research & Development Centre has played a vital role in developing and offering first of its kind new age innovative products which have been well appreciated by consumers and gaining traction in markets.

The R&D Centre Laboratory of your Company has received "Certification of Continuation" of ISO 17025:2017, from NABL, Quality Council of India, Government of India, for the year 2023-24.

### HUMAN RESOURCE DEVELOPMENT

On the journey towards building a Winning organisation, your Company takes pride in its unique culture, rooted in a deep sense of purpose, a passion for winning, and a personal connection to the brands and with each other. Collaboration, Empowerment, Ownership with a performance orientation approach – these are the attributes that are deeply ingrained in each and every employee of the organisation.

Your Company's strategic people charter is completely aligned with the business priorities and its long-term goals. With this as a backdrop your Company continues to build the right capabilities at all levels, strengthen its talent to drive superior business results.

The capability building and talent development plan was extended this year through Development Centers, focused leadership roadmaps and action plan and change management initiatives.

We strengthened our flagship recognition program that encourages employee efforts and right behaviors to shape the culture of the organisation. "Pragathi" – a quarterly sales incentive plan to drive superior business results was also introduced during the year.

To create a safe environment for its female employees, your Company has constituted an Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed there under. However, no cases were filed during the year under the above Act.

As of 31st March, 2024, your Company's workforce was 772 employees, with 383 Management staff and 389 Workmen.

### ENVIRONMENT, HEALTH & SAFETY (EHS) AND COMMUNITY SERVICES

330 employees and 100 contract workmen have undergone EHS training, mock drills were also conducted for workers and management during the period to comply with the Company's EHS guidelines. Half-yearly and Annual EHS audits of the Company's operations were carried out to ensure compliance of EHS requirements. ISO 14001:2015 & ISO 45001:2018 Recertification Audit was held at Azamabad & Toopran premises which was carried out by M/s. Rina India Pvt. Ltd. and received a continuation certificate for ISO 14001:2015 & ISO 45001:2018 for both Azamabad & Toopran locations.

Your Toopran facility is awarded "Gold rating" in Water Stewardship Certification from Water Stewardship and Assurance Services, AWS, Scotland.

### RENEWABLE / GREEN ENERGY

Your Company has Installed PV technology solar power plant 1.2MW (900 KW for Azamabad and 300KW for Toopran plants). The solar plant has been commissioned in September 2022, which is VST's initiative on renewable energy towards the sustainable development. Your

Company's focus is on accelerating the usage of renewable sources of energy and contributing to the goals of sustainability adopted by the Company.

With better maintenance and managing the solar Plant, efficiency has improved by 6.5% compared to FY 2022-23. This Solar power plant generates 32% of our electricity requirement and reduces 36% of Carbon foot print.

Your Company has setup EV charging stations in Azamabad and Toopran Plants (two & four wheelers).

### CLEANER FUEL FOR BOILER/INCINERATOR

As a part of reducing the emissions and carbon footprint, your Company has Converted Incinerator primary fuel from High Speed Diesel (HSD) to cleaner eco-friendly fuel Piped Natural gas (PNG) in incinerator operations instead of using HSD. PNG is economical, safer and one of the cleanest burning fuel and helps improve the quality of air.

Your Company has taken this conversion towards environmental benefits in order to reduce the Carbon foot print of overall 49% and fuel cost saving by ₹ 165 Lakhs per Annum for Boiler and Incinerator.

### FINANCE

#### a) Profits

The Profit after Tax of your Company for the year is ₹ 301.57 Crores.

#### b) Treasury Operations

Your Company follows a SLR model (Safety, Liquidity and Return) in deployment of earmarked funds. 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) and 53(f) of the Listing Regulations, as amended are disclosed in Note No. 32 of Notes on Financial Statements to the Accounts in the Annual Report.

c) The financial statements have been prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 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 Companies Act, 2013 during the year.

### FIXED DEPOSITS

The Company has not accepted any deposits from public as per the provisions of the Companies Act, 2013 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.

### UNCLAIMED SHARE CERTIFICATES

The Company has communicated to the Members whose share certificates have been returned undelivered to the Company that these would be transferred to the Unclaimed Suspense Account if not claimed by them, as required under Regulation 34(3) read with Schedule V(F) of the Listing Regulations as amended. The status of unclaimed shares as on 31st March, 2024 is given in the Report on Corporate Governance.

### CORPORATE GOVERNANCE

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

### MEETINGS

The Board met seven times during the financial year. The Board and Committee Meetings are pre-scheduled and a tentative calendar of the Meetings finalised in consultation with the Directors 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. 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 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 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 endeavored 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 labeling, 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 designs, 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 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 data back-up mechanism, Disaster recovery centre, authorisation verification, firewalls, etc.



## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

The Company has with the help of Gramalaya, a non-profit organisation, was involved in creating awareness and training women on menstrual hygiene and usage of cloth sanitary pads under project Naari Shakti as part of our Rural development initiative. Towards this initiative women were mobilised and self-help groups were formed for better execution of the project and make this project a self-sustaining one. Your organisation also supported women entrepreneurs and aspiring entrepreneurs in skill development programs conducted by the FTCCI, Hyderabad. In addition to this Vocational skill programs were planned for youth to provide employment opportunities in Toopran, near Hyderabad

Your Company has also in collaboration with Gramalaya constructed toilets in individual homes (of farmers living) in and around Jogulamba-Gadwal district of Telangana where your Company has its operations, under the 'Swachh Ghar' programme of your Company. These villages and the communities in the area were also sensitised regarding the importance of health & sanitation. Over 575 household toilets have already been constructed during the financial year, and your Company has plans to extend it further to other houses in the same area and thereafter extend it to other areas.

In addition to toilets under Health, your Company has supported villages in Toopran with Health checkups and Eye checkups in partnership with Red Cross society and M/s L.V.Prasad eye hospital respectively. Your Company has a robust plan to address the health care needs in Kurnool region through its Mobile Dispensary program (Ambulance), with this the villagers shall have access to health checkups regularly.

In the field of Education, your Company supported the sponsoring of Pan India Chess tournament for the Blind children at M/s Devnar school for Blind, Hyderabad and also supported construction of school infrastructure

at Hindi Mahavidyalaya School, Hyderabad and Three Government Schools at Toopran and Brahmanpally.

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

In the field of sports your Company has sponsored for Coaching to Asian & Olympics Yacht games participant.

Your Company has taken up an initiative of supporting environment sustainability by installing 125 solar street lights in Cherlapalli Jail, Hyderabad in Telangana. Apart from this, installation of solar roof tops in 16 schools in Toopran were also set up.

In order to protect environment, your Company has sponsored two electric vehicles to M/s Akshaya Patra foundation and M/s Devnar School for Blind for their causes to service children in Hyderabad.

Your Company has also supported conservation of Wildlife and protection of biodiversity by sponsoring the conservation of M/s Whale sharks project in Kerala.

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

The CSR Policy of the Company 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 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 Companies Act, 2013 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, 2024 is annexed herewith as "Annexure C" and forms part of this Report.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 as amended and Listing Regulations, the performance evaluation of the Board, the committees of the Board and individual Directors [including Independent Directors and Chairperson] has been carried out. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report. The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

## REMUNERATION POLICY

Nomination and Remuneration Committee has formulated a policy relating to remuneration of directors, key managerial personnel and other employees which has been revised and approved by the Board. The Remuneration Policy and the criteria for determining qualification, position, attributes and independence of a Director as required under Section 178(3) of Companies Act, 2013 are disclosed in the Corporate Governance Report. The policy is also placed on the website of the Company at <https://www.vsthyd.com/mainsite/documents/remuneration-policy.pdf>

## MEETING OF INDEPENDENT DIRECTORS

During the financial year under review, all the Independent Directors of the Company met on 25th April, 2023, *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 Companies Act, 2013, and Regulation 22 of Listing Regulations, the Company has formulated a Whistle Blower Policy as a vigil mechanism to encourage all employees and Directors to report any unethical behavior, 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

### Directors retiring by rotation

#### 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 Annual General Meeting 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 [58 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 CSR Committee, Stakeholders Relationship Committee, Risk Management Committee and the Nomination & Remuneration Committee. Mr. Naresh Kumar Sethi 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 Companies Act, 2013, the Members at the Annual General Meeting of the Company held on 28<sup>th</sup> August, 2019 have approved the appointment of Mr. Rajiv Gulati as Independent Director of the Company with effect from 26<sup>th</sup> July, 2019 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 1<sup>st</sup> April, 2024 and 1<sup>st</sup> June, 2024 respectively to hold the office for a further term of five consecutive years from their respective dates.

All the Independent Directors have given a declaration in terms of Section 149(6) of the Companies Act, 2013 as amended and Regulation 25 and 16(1)(b) of the Listing Regulations as amended for the financial year ended 31<sup>st</sup> March, 2024, that they meet the criteria of independence. They also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties as an Independent Director with an objective independent judgment and without any external influence. The Board carried out an assessment of the declarations and took the same on record. None of the Independent Directors are related to any other director of the Company.

### KEY MANAGERIAL PERSONNEL

The Managing Director & CEO Mr. Aditya Deb Gooptu, the Chief Financial Officer Mr. Anish Gupta and the Company Secretary Mr. Phani K. Mangipudi are the Key Managerial

Personnel as per the provisions of Section 203 of the Companies Act, 2013.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 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 31<sup>st</sup> March, 2024 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 Companies Act, 2013 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 West Bengal, 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. In the State of West Bengal, during the year, the Company has settled its Entry Tax matter under amnesty scheme by paying 50% of the disputed tax amount.

#### ii. Excise

##### a) Wrapping Materials

The Excise department has issued show cause notices demanding payment of duty of ₹ 4.51 Crores on the ground that Gay Wrappers (printed

paper used for wrapping cigarette packets) had been manufactured and consumed by your Company without payment of duty during the period April 1996 to July 2015. Demand for the period till March 2002 has been adjudicated and the CESTAT decided in favour of your Company. Department preferred an appeal before the Supreme Court was dismissed on monetary limits. Demands for period after March, 2002 till July, 2015 are yet to be adjudicated by the original authority.

#### b) Tobacco Refuse

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

#### c) 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 favor of your Company. Some of them have been disputed. Except for 3 show cause notice periods, all the matters that were pending before the CESTAT were adjudicated and Final Orders passed in favour of your Company.

### PUBLIC INTEREST LITIGATION (PIL)

- 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.
- Petitions have also been filed in other courts such as High Court of Madhya Pradesh - Jabalpur, National Green Tribunal, Delhi seeking ban on sale of



cigarettes and before High Court of Madhya Pradesh – Indore Bench seeking directions to mention tar and nicotine content on cigarette packs by the manufacturers. All of the above are being effectively contested by your Company.

### FINANCIAL SERVICES BUSINESS

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

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

i. In view of the provisions of COTPA, various restrictions such as ban on advertising in print, visual media and outdoors, regulation of in-store advertising, prohibition of sale of cigarettes to persons below the age of 18 years, etc. have been in force. Printing of pictorial warnings on cigarette packets, came into effect from 31st May, 2009 were further revised and the pictorial warning covering 85% of the front and back side of the packets was implemented w.e.f. 1st April, 2016 and is being duly complied with by your Company.

ii. Your Company also filed a writ petition in the Hon'ble High Court of Andhra Pradesh (now Telangana High Court) challenging The Cigarettes and Other Tobacco Products (Packaging & Labelling) Rules, 2006 and the Amendment Rules 2008, on the grounds *inter-alia* that they are ultra vires of COTPA and therefore the notifications issued there under (including those seeking implementation of graphic health warnings) should be quashed. The said writ petition has been admitted but no interim orders were passed by the Hon'ble Court. The matter came up for hearing and the same was dismissed as infructuous.

iii. Before the High Court of Karnataka, a Writ Petition was filed by Tobacco Institute of India (TII) on behalf of your Company and other manufacturers against the proposed notification dated 15th October, 2014 by Health Ministry to print health warning on both sides of the pack occupying

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

### REAL ESTATE

The then Government of Andhra Pradesh had filed a land grabbing case against your Company in 1991 in relation to a piece and parcel of vacant land which has been under possession and occupation by your Company for over four decades. By its judgment 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 judgment 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 judgment 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 aid land. Judgment was pronounced on the vacate stay petition allowing your Company to construct but with certain conditions. The State Government preferred an appeal before the Supreme Court which was dismissed.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) of the Companies Act, 2013 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.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information as regards the number of cases filed and their disposal under this Act is given in the Business Responsibility and Sustainability Report.

### ANNUAL RETURN

As required under Section 92(3) of Companies Act, 2013 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 Companies Act, 2013 and hence, no details is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Tumuluru and Company Firm as Secretarial Auditor of the Company for the financial year 2023-24. 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 Companies Act, 2013 are not applicable for the business activities carried out by the Company.

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

Information in accordance with clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 is given in the "Annexure F" forming part of this Report.

**SUBSIDIARY/ASSOCIATES/JOINT VENTURES**

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

**INSOLVENCY AND BANKRUPTCY CODE 2016**

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

**UTILISATION OF FUNDS**

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

**WAY FORWARD**

A highly consumer relevant brand portfolio remains a top priority for your Company. This will be rigorously driven by market level consumer insights, innovative product pipeline, best-in-class quality standards, execution excellence at market level fully supported by a cohesive digital ecosystem to deliver superior top & bottom-line performance.

**ACKNOWLEDGEMENTS**

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

On behalf of the Board,

**NARESH KUMAR SETHI**

Dated this 26th day of April, 2024  
Hyderabad

Chairman  
DIN : 08296486

**ANNEXURE A****REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2024.

**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 <sup>#</sup>
Mr. Naresh Kumar Sethi <sup>§</sup>	Non-Executive Director	Nil	Nil
Mr. Aditya Deb Gooptu	Managing Director & CEO	1	Nil
Ms. Rama Bijapurkar	Independent - Non-Executive Director	5	4
Mr. Sudip Bandyopadhyay	Independent - Non-Executive Director	2	2
Mr. Rajiv Gulati	Independent - Non-Executive Director	Nil	Nil
Mr. S. Thirumalai	Non-Executive Director	Nil	Nil

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

Except Mr. S. Thirumalai who holds 25 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, 2024.

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

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

<sup>§</sup>Representing equity interest of promoter group - British American Tobacco, U.K.

**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
Ms. Rama Bijapurkar	Mahindra & Mahindra Financial Services Limited - Independent Director	Audit Committee	Member
		Stakeholders Relationship Committee	Chairperson
	Cummins India Limited - Independent Director	Audit Committee	Member
		Stakeholders Relationship Committee	Member
	Sun Pharmaceuticals Industries Limited - Independent Director	-	-
	Apollo Hospitals Enterprise Limited - Independent Director	-	-
Gokaldas Exports Limited - Independent Director	-	-	





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

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

#### 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, 2023	16th May, 2023 (Through VC)	14th July, 2023 (Through VC)	29th July, 2023	17th October, 2023	22nd January, 2024	27th March, 2024 (Through VC)	AGM held on 21st August, 2023
Mr. Naresh Kumar Sethi	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Aditya Deb Gooptu	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Rama Bijapurkar	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Sudip Bandyopadhyay	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

#### c) Other details

The Board of Directors of your Company is routinely presented with all requisite information *inter-alia* as required under the Companies Act, 2013 and the Listing Regulations. 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 Companies Act, 2013, Memorandum & Articles of Association, the 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. The Board meets at least four times a year and the gap between two meetings is not more than 120 days.

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 Listing Regulations.

In terms of Regulation 25(8) of the 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 Listing Regulations and that they are independent of management.

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

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

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

#### d) Familiarisation Programme for Independent Directors

In order to familiarise the Independent Directors with the Company and to inform them about their roles, rights and responsibilities, the Company conducts orientation programs 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-Directors.pdf>.

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

### 3. AUDIT COMMITTEE

#### 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 Companies Act, 2013 and those enumerated in Regulation 18 of the Listing Regulations. The terms of reference of the Audit Committee are as under:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - 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 Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Modified Opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;



7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the Company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up thereon;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e. the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  21. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
- The Audit Committee mandatorily reviews the following information:
1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
  3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses;
  5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
  6. Statement of deviations:
    - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
    - b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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

Name of the Director	Category	Attendance at the Audit Committee Meetings held on			
		25th April, 2023	14th July, 2023 (Through VC)	17th October, 2023	22nd January, 2024
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director [Chairman]	Yes	Yes	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes	Yes	Yes

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

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### i. Terms of Reference

Pursuant to Section 178 of Companies Act, 2013 read with Regulation 19 of the Listing Regulations as amended, the terms of reference 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 and removal of Directors;

##### ii. Composition, Meetings held and Attendance during the financial year

Name of the Director	Category	Attendance at the Nomination and Remuneration Committee Meetings held on			
		25th April, 2023	29th July, 2023	17th October, 2023	22nd January, 2024
Ms. Rama Bijapurkar	Independent Non-Executive Director [Chairperson]	Yes	Yes	Yes	Yes
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes	Yes	Yes

##### iii. 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.

- 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 every Director's performance;
- 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.

##### 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 behaviors 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

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, criteria for performance evaluation of individual Directors, Board as a whole as well as the Board Committees has been formulated.

Performance of the Directors was evaluated on broad criteria such as contribution to the Board and Committees thereof; contribution to effective Board governance; contribution to the Company and management to achieve its plans, goals, corporate strategy and risk mitigation; level of preparedness;

level of participation in the Board and Committee Meetings etc. In addition to the above parameters, the performance of Executive Director was also evaluated against his Key Responsibility Areas (KRAs). The Chairman's performance was evaluated by Independent Directors on above parameters after considering the views of Executive and Non-Executive Directors. Independent Directors were also assessed by the entire Board (excluding the person being evaluated), based on their performance, fulfillment of the Independence criteria and their independence from the management vis-à-vis Code for Independent Directors under Schedule IV of the Companies Act, 2013. 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.

#### iv. Details of remuneration paid to all the Directors for the financial year ended 31st March, 2024

Name	Position	Salary / Remuneration ₹	Allowances, benefits and contributions to Provident/ Pension and Other Funds ₹	Performance Linked Bonus ₹	Other Remuneration ₹	Commission ₹	Sitting Fees ₹	Total ₹
Mr.Naresh Kumar Sethi	Chairman- Non-Executive Director	-	-	-	1,25,00,000	60,00,000	15,40,000	2,00,40,000
Mr. Aditya Deb Gooptu	Managing Director & CEO	1,40,62,896	1,42,78,407	1,51,47,236	-	-	-	4,34,88,539
Ms. Rama Bijapurkar	Independent Non-Executive Director	-	-	-	-	45,00,000	18,60,000	63,60,000
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director	-	-	-	-	50,00,000	16,60,000	66,60,000
Mr. Rajiv Gulati	Independent Non-Executive Director	-	-	-	-	34,00,000	17,80,000	51,80,000
Mr. S. Thirumalai	Non-Executive Director	-	-	-	25,00,000	37,00,000	15,40,000	77,40,000

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.

During the year, the Company has adopted the VST Employee Phantom Stock Option 2023 ('VST-EP SOP 2023') for the benefit of the Senior Management and/or Directors.

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



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

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

#### v. 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

#### Composition, Meetings held and Attendance during the financial year:

Name of the Member	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		24th April, 2023	14th July, 2023 (Through VC)	17th October, 2023	22nd January, 2024
Ms. Rama Bijapurkar	Independent Non-Executive Director [Chairperson]	Yes	Yes	Yes	Yes
Mr. Rajiv Gulati	Independent Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes	Yes	Yes
Mr. Aditya Deb Gooptu	Managing Director & CEO	Yes	Yes	Yes	Yes

The Company Secretary acts as the Secretary to the Committee.

- Name and designation of Compliance Officer: Phani K. Mangipudi, Company Secretary
- Number of shareholders' complaints received and attended during the financial year ended 31st March, 2024

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 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 31<sup>st</sup> March, 2024.

#### 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

In terms of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations as amended, the Committee *inter-alia* looks after the redressal of investors' complaints, issue of duplicate shares, reviews the work of Registrar and Share Transfer Agents, etc.

Nature of complaints / queries	Received	Attended	Pending
Non-receipt of annual reports	0	0	Nil
Non-receipt of dividend warrants	33	33	Nil
Non-receipt of share certificates	9	9	Nil
Letters from stock exchanges / SEBI	7	7	Nil

The shareholders/investors complaints and other complaints are normally responded to as prescribed by SEBI under general norms for processing documents, transfers etc., 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 Companies Act, 2013, 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, programs 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, 2023
Mr. Rajiv Gulati	Independent Non-Executive Director [Chairman]	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes
Mr. Aditya Deb Gooptu	Managing Director & CEO	Yes

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 Company has laid down procedures to inform Board Members about the risk assessment and minimisation procedures.



The terms of reference of the Committee are as under:

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

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

Name of the Member	Category	Attendance at the Risk Committee Meetings held on	
		16th June, 2023	7th December, 2023
Mr. Sudip Bandyopadhyay	Independent Non-Executive Director [Chairman]	Yes	Yes
Ms. Rama Bijapurkar	Independent Non-Executive Director	Yes	Leave of Absence
Mr. Naresh Kumar Sethi	Non-Executive Director	Yes	Yes
Mr. S. Thirumalai	Non-Executive Director	Yes	Yes
Mr. Aditya Deb Gooptu	Managing Director & CEO	Yes	Yes
Mr. Anish Gupta	Senior Management	Yes	Yes
Mr. Kalyan Basu	Senior Management	Yes	Leave of Absence
Mr. S. Sriram	Senior Management	Yes	Yes

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 Listing Regulations are as follows:

S. No.	Name	Designation
1	Mr. Sanjay Wali	Chief Operating Officer
2	Mr. Kalyan Basu	President - Marketing
3	Mr. Ajay Chaudhary	Vice President - Digital Transformation
4	Mr. Amit Arora	Chief Human Resource Officer
5	Mr. Anish Gupta	Chief Financial Officer
6	Dr. T. Lakshmi Narasaiah	Vice President - Leaf
7	Mr. Phani Mangipudi	Company Secretary and Vice President - Legal & Secretarial
8	Mr. S. Sriram	Vice President - Technical
9	Mr. Tarun Malhotra	Vice President - Marketing

## 10. GENERAL BODY MEETINGS

### i. Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2022-23	Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad-500 034	21.08.2023	10.30 a.m.
2021-22	Through Video Conference	29.07.2022	10.00 a.m.
2020-21	Through Video Conference	27.07.2021	01.30 p.m.

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

#### 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

#### Annual General Meeting held on 29th July, 2022

No special resolutions were passed

#### Annual General Meeting held on 27th July, 2021

No special resolutions were passed

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

The Company sought approval of Members by way of Special Resolution through notice of Postal Ballot dated 22nd January, 2024 for:

- Re-appointment of Ms. Rama Bijapurkar as an Independent Director for a second term of five consecutive years.
- Re-appointment of Mr. Sudip Bandyopadhyay as an Independent Director for a second term of five consecutive years.

Both the above resolutions were duly passed and the results of which were announced on 4th March, 2024.

Mr. B.V. SaravanaKumar (Membership No.ACS26944) Partner of Tumuluru & Co, Practising Company Secretaries, was appointed as the Scrutiniser to scrutinise the postal ballot process by voting through electronic means only (remote e-voting) in a fair and transparent manner. Details of the voting pattern are provided below:

Resolution passed through postal ballot	Votes in favour of the resolution	Votes against the resolution	Invalid votes
Re-appointment of Ms. Rama Bijapurkar as a Non-Executive Independent Director for a second term of five consecutive years	12568102	26780	15
Re-appointment of Mr. Sudip Bandyopadhyay as a Non-Executive Independent Director for a second term of five consecutive years	12585617	9267	13

### 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 and 9/2023 dated 25th September, 2023, respectively issued by the Ministry of Corporate Affairs.

## 11. MEANS OF COMMUNICATION

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

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

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

## 12. GENERAL SHAREHOLDER INFORMATION

### Date, Time and Venue of the Annual General Meeting

29th August, 2024 at 11.00 a.m. (IST) through Video Conference (VC)/Other Audio Visual Means (OAVM)

**Financial year:** 1st April, 2024 to 31st March, 2025

### Financial Calendar 2024-25 [Tentative]

First quarter results	July, 2024
Second quarter and half yearly results	October, 2024
Third quarter results	January, 2025
Annual results	April, 2025



**Dates of Book Closure:** 15.6.2024 to 21.6.2024 [both days inclusive]

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

**Listing on Stock Exchanges with Stock Code:**

S. No.	Name of the Stock Exchange	Stock Code
1.	BSE Limited 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.

**Market Price Data: High/Low during each month in the last Financial Year (2023-24)**

Period	<sup>1</sup> BSE		<sup>2</sup> NSE	
	High	Low	High	Low
	₹	₹	₹	₹
April, 2023	3,449.00	3,156.95	3,449.80	3,145.55
May, 2023	3,409.15	3,231.10	3,415.00	3,236.00
June, 2023	3,545.55	3,305.15	3,559.95	3,306.60
July, 2023	3,819.70	3,456.05	3,821.00	3,452.60
August, 2023	3,859.95	3,362.50	3,862.00	3,400.00
September, 2023	3,681.75	3,391.00	3,696.70	3,387.50
October, 2023	3,454.50	3,159.90	3,458.95	3,159.00
November, 2023	3,336.00	3,174.50	3,343.00	3,174.85
December, 2023	3,431.70	3,216.00	3,440.00	3,251.00
January, 2024	4,328.45	3,360.75	4,324.70	3,374.15
February, 2024	3,750.00	3,458.00	3,758.00	3,460.00
March, 2024	3,838.00	3,451.05	3,856.00	3,510.40

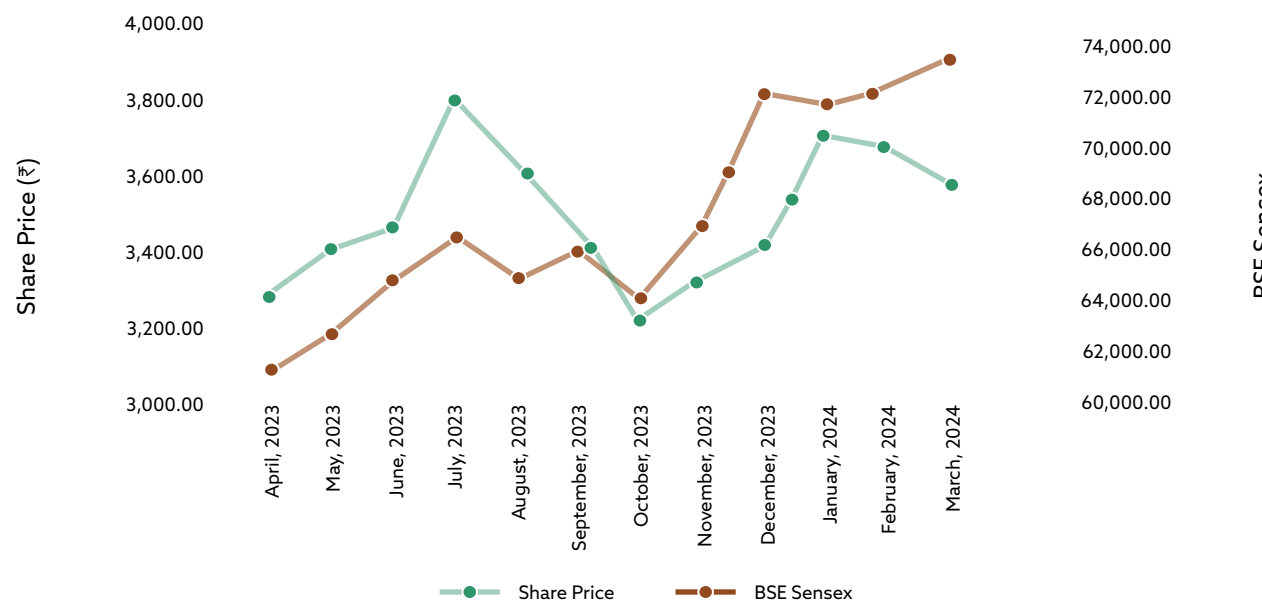
<sup>1</sup>Source - [www.bseindia.com](http://www.bseindia.com)

<sup>2</sup>Source - [www.nseindia.com](http://www.nseindia.com)

**Performance in comparison with BSE Sensex**

[based on closing price/Sensex] [Source: [www.bseindia.com](http://www.bseindia.com)]

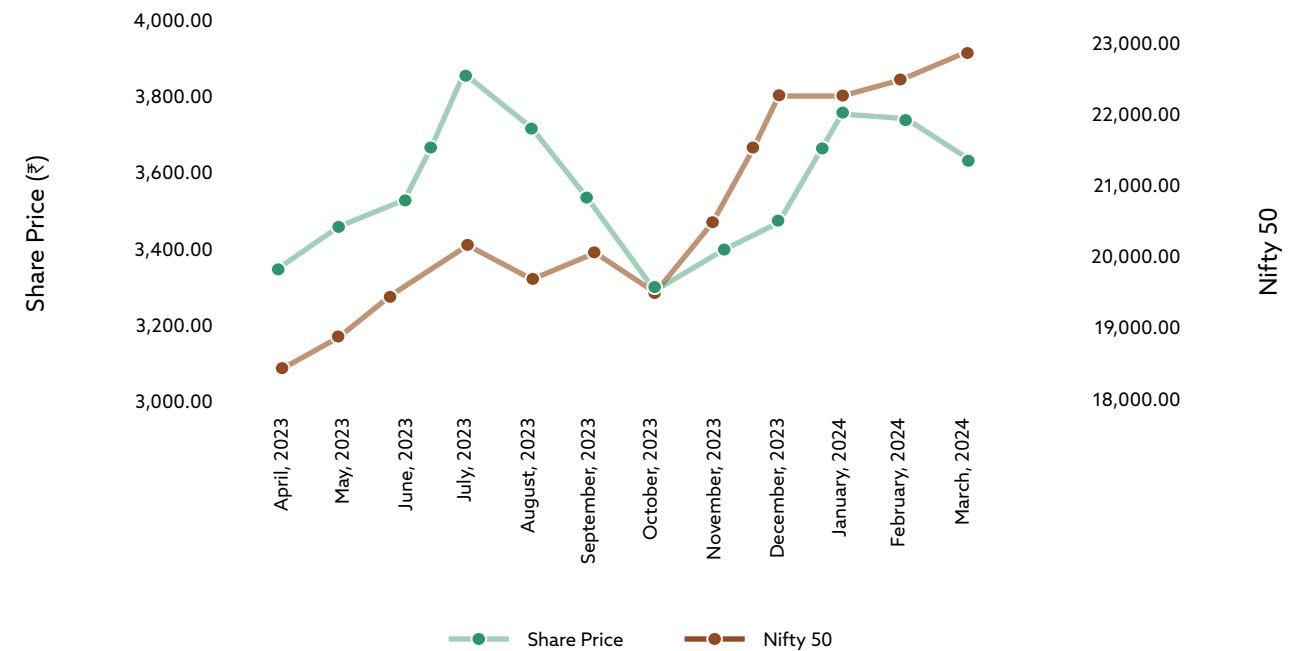
**VST Industries Limited**



**Performance in comparison with Nifty 50**

[based on closing price/Nifty 50] [Source: [www.nseindia.com](http://www.nseindia.com)]

**VST Industries Limited**



**Registrar and Transfer Agents**

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

**KFin Technologies Limited**

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

Tel: + 91-40-67161606  
 Fax: + 91-40-23420814  
 email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Contact Person:**

Mr. Praveen Chaturvedi -  
 General Manager - Corporate Registry

Mr. Raghunath Veedha -  
 Deputy Manager - Corporate Registry

**Share Transfer System**

In terms of Regulation 40(1) of Listing Regulations, as amended from time to time, securities can be transferred only in dematerialised form with effect from 1st April, 2019. The requests for effecting transfer/transmission/transposition of securities shall not be processed unless the securities are held in dematerialised mode. Members holding shares in physical form are requested to convert their holdings in dematerialised form. A summary of transmission of shares of the Company approved is placed at the Meeting of the Stakeholders' Relationship Committee.

Pursuant to SEBI Circular dated 25th January, 2022, the listed companies are required to issue the securities in dematerialised form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. Post completing



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

There are no pending share transfers as at 31st March, 2024.

#### Distribution of shareholding as on 31st March, 2024

Slab	No. of Shares	%	No. of Shareholders	%
1-500	11,42,651	7.40	32,812	97.52
501-1000	3,36,707	2.18	469	1.39
1001-2000	2,79,888	1.81	198	0.59
2001-3000	1,66,926	1.08	69	0.21
3001-4000	66,471	0.43	19	0.06
4001-5000	39,607	0.26	9	0.03
5001-10000	1,55,787	1.01	22	0.06
10001 and above	1,32,53,883	85.83	48	0.14
<b>Total</b>	<b>1,54,41,920</b>	<b>100.00</b>	<b>33,646</b>	<b>100.00</b>
<b>Physical Mode</b>	<b>2,67,515</b>	<b>1.73</b>	<b>1,462</b>	<b>4.35</b>
<b>Demat Mode</b>	<b>1,51,74,405</b>	<b>98.27</b>	<b>32,184</b>	<b>95.65</b>

#### Dematerialisation of shares and liquidity

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

As at 31st March, 2024, 1,51,74,405 equity shares of the Company constituting 98.27% 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 2024-2025 has been remitted to NSDL and CDSL, the Depositories, before the due date.

#### Categories of Shareholding as on 31st March, 2024

Category	Number of Shares held	Percentage of Shareholding
Promoters and Associates	49,65,902	32.16
FII's/FPI's	2,10,844	1.36
Insurance Companies	2,32,803	1.51
Mutual Funds	21,77,810	14.10
Nationalised banks and other banks	12,778	0.08
NRI's and OCB's	1,56,807	1.02
Bodies Corporate	49,78,269	32.24
Indian Public and Others	27,06,707	17.53
<b>TOTAL</b>	<b>1,54,41,920</b>	<b>100.00</b>

#### Reconciliation of Share Capital Audit

For each quarter of the financial year 2023-24, 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.

Similarly, the Company obtains from a Company Secretary in Practice, yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and copy of the same is filed with BSE and NSE as required under Regulation 40(10) of the Listing Regulations.

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

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

#### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

During the year, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company uses forward exchange contracts to hedge its foreign currency exposures related to the underlying transactions, firm commitments and highly probable forecasted

transactions. The use of these foreign exchange forward contracts are intended to reduce the risk or cost to the Company and are not intended for trading or speculation purpose. The details of foreign currency exposure are disclosed in Note No.29 to the Financial Statements.

The Principal raw material used by the Company in manufacture of its finished product i.e. Cigarettes, is tobacco. Factors that influence fluctuations in tobacco prices and availability include farm prices, government's 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 Listing Regulations read with SEBI Circular dated 15<sup>th</sup> November, 2018, the disclosure requirements prescribed therein are not applicable to the Company.

#### Plant Locations

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

#### Address for correspondence

##### Registered Office:

VST Industries Limited  
1-7-1063/1065, Azamabad  
Hyderabad - 500 020.  
Tel: +91-40-2768 8000  
Email: [investors@vstind.com](mailto:investors@vstind.com)

Mr. Phani K. Mangipudi  
Company Secretary &  
Compliance Officer

#### 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 Companies Act, 2013. 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 the same for the year ended 31st March, 2024. 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-party-transactions1.pdf>

### ii. Strictures and Penalties

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

Interms of Section 177(9) and 177(10) of the Companies Act, 2013 and Regulation 22 of the 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. The said policy also has provisions for providing a secure environment to such employees acting in good faith and safeguarding them from any adverse action by the management.

The Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person or genuinely raised concerns. A Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee. Any matter can be reported at E-mail ID: [whistleblower@vstind.com](mailto:whistleblower@vstind.com).



In case of disclosure against any Director or in case of no corrective action or non-receipt of response on the disclosure within 30 days, the whistle blower shall have the right to directly approach the Chairman of the Audit Committee. No personnel have been denied access to the Audit Committee in this regard.

During the year, a complaint was received by the Company under the whistle blower mechanism. A detailed investigation was carried out by the designated persons on the allegation raised under the whistle blower mechanism. It was observed that the issues raised in the complaint were found to be non-material in nature.

**iv.** No funds were raised through Preferential Allotment or Qualified Institutional Placement as per Regulation 32(7A) of 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 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 31<sup>st</sup> March, 2024. 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, 2024.

For **VST INDUSTRIES LIMITED**  
**ADITYA DEB GOOPTU**  
MANAGING DIRECTOR & CEO

Hyderabad, 15th April, 2024

**vii. Management**

Pursuant to Regulation 26(5) of the Listing Regulations, for the year ended 31st March, 2024, 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 and 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.

**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 ₹ 55.15 Lakhs for all the services rendered by them during the financial year 2023-24.

**xi. CEO and CFO Certification**

The CEO (Managing Director & CEO) and CFO certification for the year ended 31st March, 2024 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 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 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 Listing Regulations.

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

- 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.
- 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](http://www.vsthyd.com). Significant events if any, are also posted on this website under the 'Investor relations' section.
- The auditors have not qualified the financial statements of the Company.
- The Company is having separate post of Chairman and Managing Director & CEO. Mr.Naresh Kumar Sethi is the Non-Executive

Chairman of the Company and Mr. Aditya Deb Gooptu is the Managing Director & CEO of the Company.

- M/s. Deloitte Touche Tohmatsu India LLP, the firm of Chartered Accountants have been the Internal Auditors for the financial year 2023-24, who report directly to the Audit Committee.

Other discretionary requirements are being reviewed for implementation.

The Company has complied, to the extent applicable to it, and unless otherwise stated, with all the corporate governance requirements specified in Regulation 17 to 27 and Regulation 46(2) of the Listing Regulations as amended, covering the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Vigil Mechanism, Related Party Transactions, obligations with respect to the Directors, Independent Directors and senior management, other Corporate Governance requirements and disclosures on the website of the Company.

- As required under Listing Regulations, a certificate has been received from Tumuluru & Co., 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 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 Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended during the financial year 2023-24, unclaimed dividend for the financial year 2015-16 viz., Dividend No.181<sup>st</sup> amounting to ₹ 1,48,37,130/- has been transferred to the Investor Education and Protection Fund (IEPF) on 20<sup>th</sup> September, 2023 and





4,623 ordinary equity shares in respect of which dividends remained unclaimed for a consecutive period of seven years or more have been transferred by the Company to the IEPF as notified and established by the Central Government. Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2015-16 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](http://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 seven 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 31st March, 2024 ₹	Due for transfer to IEPF on
2016-2017	182	02.08.2017	115,81,44,000	1,68,17,775.00	06.09.2024
2017-2018	183	28.09.2018	119,67,48,800	1,53,84,137.50	03.11.2025
2018-2019	184	28.08.2019	146,69,82,400	1,80,21,690.00	03.10.2026
2019-2020	185	29.07.2020	159,05,17,760	1,57,09,757.00	02.09.2027
2020-2021	186	27.07.2021	176,03,78,880	1,24,27,445.00	31.08.2028
2021-2022	187	29.07.2022	216,18,68,800	1,38,94,886.00	02.09.2029
2022-2023	188	21.08.2023	231,62,88,000	1,53,85,595.00	26.09.2030

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

#### Bank Details

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

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

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

#### Remittance of Dividend through National Automated Clearing House [NACH]

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

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

As directed by SEBI vide its Circular Ref. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, the Members holding shares in physical form are requested to submit duly filled in form ISR 1 *inter-alia* providing particulars of their bank account along-with the original cancelled cheque to RTA/Company to update their KYC

details. Members holding shares in demat form are requested to update their bank account details with their respective Depository Participant to enable the Company to provide timely credit of dividend in their bank accounts. The above stated forms can be downloaded from the Company and RTA's website.

#### Depository Services

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

#### National Securities Depository Limited

4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.  
Telephone: + 91 022-48867000 022-24997000  
e-mail: [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website: [www.nsdl.co.in](http://www.nsdl.co.in)

#### Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25th Floor, N.M. Joshi Marg, Lower Parel, Mumbai - 400 013.  
Telephone: +91222305-8640/8624/8639/8642/8663  
e-mail: [investors@cdslindia.com](mailto:investors@cdslindia.com)  
Website: [www.cdslindia.com](http://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](mailto:investors@vstind.com).

#### Nomination Facility

The facility of nomination can be availed by the Members holding the shares in single name. In cases where the shares are held in joint names, the nomination will be effective only in the event of the death of all the holders. Members are advised to avail of this facility by submitting the nomination

in Form No. SH-13 which could be obtained from Registrars-M/s.KFin Technologies Limited at the address mentioned above or can be downloaded from the Company's website [www.vsthyd.com](http://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 Listing Regulations are given below:

Particulars	No. of shareholders	No. of shares
Outstanding at the beginning of the year - 1st April, 2023	78	5572
No. of Members who approached for transfer of shares	4	197
Members to whom shares were transferred - through rematerialisation	0	0
Transferred to IEPF	1	15
Outstanding shares lying at the end of the year - 31st March, 2024*	73	5360

\*During the year, 164 shares pertaining to 2 shareholders were transferred to Unclaimed Suspense Escrow Account pursuant to SEBI Circular SEBI No.SEBI/HO/MIRSD/MIRSD-RTAMB/P/Cir/2022/8 dated 25th January, 2022. In addition to the above, 5524 shares are lying outstanding in the Unclaimed Suspense Account as at the end of the year 31st March, 2024.

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, 2024 shall remain frozen till the rightful owner of such shares claims the shares.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,  
The Members of  
**VST Industries Limited**  
Azamabad, Hyderabad

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://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, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	DIN	Name of the Director	Designation
1.	08296486	Naresh Kumar Sethi	Non-Executive Chairman
2.	00011899	S. Thirumalai	Non-Executive Director
3.	07849104	Adityadeb Gooptu	Managing Director -CEO
4.	00001835	Rama Bijapurkar	Independent Director
5.	00007382	Sudip Bandyopadhyay	Independent Director
6.	06820663	Rajiv Gulati	Independent Director

for **Tumuluru & Company**  
Company Secretaries

**B V SARAVANA KUMAR**

Partner  
ACS No. 26944  
C. P. No. 11727  
Peer Review Cert. No.: 1159/2021  
UDIN: A026944F000215220

Place : Hyderabad  
Date : 26th April, 2024

**CERTIFICATION BY MANAGING DIRECTOR & CEO (CEO) AND CHIEF FINANCIAL OFFICER (CFO)**

We, Aditya Deb Gooptu, CEO and Anish Gupta, CFO of VST Industries Limited, to the best of our knowledge and belief, certify that:

- We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2024 and that:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the state of affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
- We are responsible for establishing and maintaining internal controls for financial reporting. We evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
- We have indicated to the Company's Auditors and to the Audit Committee that :
  - there are no significant changes in internal control over financial reporting during the year;
  - there are no significant changes in accounting policies during the year; and
  - there are no instances of significant fraud of which we have become aware of that involves management or other employees who have significant role in the Company's internal control system over financial reporting.

**ADITYA DEB GOOPTU**  
MANAGING DIRECTOR & CEO  
DIN : 07849104

Place : Hyderabad  
Date : 26th April, 2024

**ANISH GUPTA**  
CHIEF FINANCIAL OFFICER



## 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 09 April 2024.
2. We have examined the compliance of conditions of Corporate Governance by **VST Industries Limited** ("the Company"), for the year ended 31 March 2024, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

### Management's Responsibility

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

### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2024.
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: 11623W/W-100024

**ARPAN JAIN**

Partner

Place: Hyderabad  
Date: 26 April 2024

Membership No: 125710  
UDIN: 24125710BKZFNN4713

## 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, programs 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 programs including capacity building of the employees/ personnel;
- Specify the projects that would need an impact assessment, where applicable;
- Such other functions as may be delegated by the Board.
- The main functions of the Board of Directors areas under:
- Approving the CSR policy as formulated and recommended by the CSR Committee;

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

### AREAS

The CSR activities, excluding those which are specifically not considered as such, shall be undertaken by the Company in any one or more of the following areas, projects, programs 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; and
- 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 programs shall not form a part of business profit of the Company.

### EXECUTING AGENCIES

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

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 the 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 meetings of CSR Committee held during the year	Number of meeting of CSR Committee attended during the year
1.	Mr.Rajiv Gulati	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.Aditya Deb Gooptu	Managing Director	1	1

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. ₹ 41434.04 Lakhs  
 b) Two percent of average net profit of the company as Per sub-section (5) of section 135. ₹ 828.68 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] ₹ 828.68 Lakhs
6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) ₹ 828.68 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)]. ₹ 828.68 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 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
828.68	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 section135	828.68
ii.	Total amount spent for the Financial Year	828.68
iii.	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv.	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
v.	Amount available for setoff in succeeding financial year[(iii)-(iv)]	Nil

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ Lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (₹ Lakhs)	Amount spent in the Financial Year (₹ Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section(5) of section 135, if any		Amount remaining to be spent in the succeeding financial Years (₹ Lakhs)	Deficiency, if any
					Amount (₹ Lakhs)	Date of transfer		
1	2022-23	249.55	-	249.55	-	-	NIL	NIL

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]	Pincode 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

On behalf of CSR Committee

**ADITYA DEB GOOPTU**  
 MANAGING DIRECTOR  
 DIN: 07849104

**RAJIV GULATI**  
 CHAIRMAN CSR COMMITTEE  
 DIN: 06820663



## 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 Note No.28.

**On behalf of the Board**  
**NARESH KUMAR SETHI**  
 Chairman  
 DIN: 08296486

Hyderabad, 26th April, 2024

## 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 2023-24	Mr. Naresh Kumar Sethi Mr. S. Thirumalai Ms. Rama Bijapurkar Mr. Sudip Bandyopadhyay Mr. Rajiv Gulati Mr. Aditya Deb Gooptu	20.3:1 7.8:1 6.4:1 6.7:1 5.2:1 44.0:1
ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2023-24	<b>Directors</b> Mr. Naresh Kumar Sethi Mr. S. Thirumalai Ms. Rama Bijapurkar Mr. Sudip Bandyopadhyay Mr. Rajiv Gulati  <b>Key Managerial Personnel</b> Mr. Aditya Deb Gooptu Mr. Anish Gupta Mr. Phani K. Mangipudi	5.1% 0.3% 3.3% 7.4% 10.2%  9.3% 14.7% 19.8%
iii. The percentage increase in the median remuneration of employees in the financial year 2023-24		2.9%
iv. The number of permanent employees on the rolls of Company as on 31st March, 2024		772
v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in the salaries of employees other than the managerial personnel in the FY 2023-24 was 16.8% in comparison with 4.8% increase in managerial remuneration.	
vi. Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid/payable during the financial year 2023-24 is as per the Remuneration Policy of the Company.	

Liability for gratuity, leave encashment and group health premiums are provided on actuarial valuation basis or separately for the Company as a whole. Accordingly, payments made to KMPs for the above and Share based payments are not included.



## ANNEXURE E

## SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March, 2024

(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, 2024 (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, 2024 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
- v. Foreign Direct Investment
  - a) Overseas Direct Investment (**not applicable during the Audit period**); and

- b) External Commercial Borrowings (**not applicable during the Audit period**)
- vi. 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 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 period under review the Company has 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 women Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. Adequate notice is given to all directors to schedule the Board Meetings agenda and detailed notes on agenda were sent at least seven days in advance,

and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- iii. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period:

- a) The Company has spent ₹ 1079.23 Lakhs includes an amount of ₹ 249.55 Lakhs spent from Unspent CSR Account pertains to ongoing project of the last financial year (2022-2023). 2% of the average net profits of the three preceding financial years is ₹ 828.68 Lakhs
- b) The Company completed Postal Ballot on 2nd March, 2024 for reappointment of 2 Non-Executive Independent Directors for 2nd consecutive term of Five Years.

for **Tumuluru & Company**

Company Secretaries  
**B V SARAVANA KUMAR**  
Partner  
ACS No. 26944  
C. P. No. 11727

Place: Hyderabad Peer Review Cert. No.: 1159/2021  
Date : 26th April, 2024 UDIN: A026944F000215517

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.

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

for **Tumuluru & Company**

Company Secretaries  
**B V SARAVANA KUMAR**

Partner  
ACS NO. 26944  
C. P. No. 11727

Peer Review Cert No.1159/2021  
UDIN: A026944F000215517

Place: Hyderabad  
Date : 26th April, 2024

## 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 31<sup>st</sup> March, 2024.

### A. CONSERVATION OF ENERGY

- 1.2% energy saved in DRF Plant by doing suction balance in the system.
- 0.9% energy saved in lighting by installing all LED Light fittings with occupancy sensors.
- 7% Specific energy consumption was reduced by improving the machines productivity.
- Conducted energy conservation awareness program for 315 employees.

### B. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption

- New high speed packer  
Benefit - Improved quality and productivity and quick size change
- New high speed Packer  
Benefit -Innovative fresh seal pack style, improved quality and productivity

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

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

- Expenditure incurred on Research and Development

	(₹ Lakhs)
- On capital account	42.70
- On revenue account	1020.10
	1062.80
As a % of Gross Turnover	0.58

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

	(₹ Lakhs)
<b>Total foreign exchange used*</b>	
Raw Materials	1965.03
Spare Parts	250.23
Capital Goods	8606.02
Travel, Advertisement, etc.	579.69
Dividends Paid	6703.97
<b>Total</b>	18104.94
*Net of withholding taxes, if any	
<b>Total foreign exchange earned</b>	
Tobacco - CIF	27593.39
<b>Total</b>	27593.39
Tobacco - FOB	27454.31
<b>Total</b>	27454.31





## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L29150TG1930PLC000576
2. Name of the Listed Entity	VST Industries Limited
3. Year of incorporation	10 <sup>th</sup> 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 2023-24
10. Name of the Stock Exchange(s) where shares are listed	BSE/NSE
11. Paid-up Capital	₹ 15,44,19,200/-
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, 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
	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	76%
2	Unmanufactured tobacco	46202	24%

#### 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	2 factories at Azamabad and Toopran	13	15
International	-	-	-

##### 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?

15.04%

###### c. A brief on types of customers

Our customers are primarily adult consumers and new-age consumers who have an open mindset and are willing to try new brands introduced by us. We have a robust brand portfolio that caters to needs of diverse adult smoker groups across socio-economic strata through our New Age Brands (NABs) and Growth Heritage Brands (GHBs)

#### IV. Employees

##### 20. Details as at the end of Financial Year (FY 2023-24):

###### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	383	369	96%	14	4%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total Employees (D+E)	383	369	96%	14	4%
<b>WORKERS</b>						
4.	Permanent (F)	389	389	100%	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total workers (F+G)	389	389	100%	-	-

###### b. Differently abled Employees and workers:

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

**21. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	16.67%
Key Management Personnel	8	-	-

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

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	21%	-	21%	12.78%	11.76%	12.74%	8.70%	21.43%	9.19%
Permanent Workers	3%	-	3%	8.53%	-	8.53%	10.64%	-	10.64%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****23. 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: ₹ 1,83,750.20 lakhs
- (iii) Net worth: ₹ 1,25,241.37 lakhs

**VIII. 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 2023-24 (Current Financial Year)			FY 2022-23 (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	-	-	None	-	-	None
Investors (other than shareholders)	Yes	-	-	None	-	-	None
Shareholders	Yes	49	-	None	66	-	None
Employees and workers	Yes	-	-	None	-	-	None
Customers	Yes	-	-	None	-	-	None
Value Chain Partners	Yes	-	-	None	-	-	None
Other (please specify)	Yes	-	-	None	-	-	None

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

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy	Risk	1. Energy management reduces costs and risk of energy scarcity associated with energy. 2. Effective energy management reduces the GHGs emissions. 3. Energy management helps to meet the statutory compliance.	We measure the facility's energy consumption and identify opportunities to reduce energy consumption. We are also developing an energy management strategy. We educate our stakeholders i.e., employees, workers, and others on the importance of energy management and provide them guidance on managing the consumption.	Negative
2.	Emissions	Risk	1. Greenhouse gas (GHG) emissions is a vital component of a larger sustainability plan to mitigate the impact of climate change. 2. GHG emissions impose regulatory risk.	We measure emissions on an annual basis and tracking the same to identify opportunities for reduction. We are also Increasing the contribution of renewables at own premises, substituting with cleaner fuels, and promoting sustainable agricultural practice to reduce our scope 3 emissions.	Negative
3.	Water	Risk	Growing tobacco is a very water-intensive process. Hence any scarcity of water is likely to impact the business.	We are supporting various initiatives towards water management & harvesting. Both of our manufacturing units have implemented Zero Liquid Discharge (ZLD). We are also finalizing KPIs on measuring water withdrawal, consumption, discharged, recycled, and track the same on periodical basis to identify opportunities for reduction.  We have also introduced a Water Stewardship Policy and undertaken a water risk assessment study. Our facility at Toopran has obtained the AWS (Alliance for Water Stewardship) Gold certification.	Negative
4.	Health & Safety	Risk	Health and safety impact our practice on responsible organization. Effective H&S performance assist in attracting and retaining quality talent.	We have an effective health and safety practice deployed in accordance with our policies on health and safety measures. We are also in the process of finalizing KPIs on measuring effectiveness of our safety practices including, conducting hazard identification and risk assessment across the value chain.	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)
5.	Responsible Sourcing	Opportunity	<ol style="list-style-type: none"> <li>1. It eliminates sustainability risks in the supply chain.</li> <li>2. It ensures the stakeholders especially investors and customers on the commodities that are sourced from responsible managed resources and responsible suppliers.</li> </ol>	<p>We have processes in place for integrating sustainability aspects in leaf sourcing.</p> <p>For the non-leaf suppliers, we assess performance on quality, delivery and price. We have developed a sustainable supply chain framework and going forward we will integrate sustainability aspects in all sourcing process.</p>	Positive
6.	Waste Management	Risk	<ol style="list-style-type: none"> <li>1. Management of tobacco product wastes (TPW) at the consumer end.</li> <li>2. Waste management infrastructure has an important role in delivering sustainable development.</li> </ol>	<p>Hazardous waste being disposed of through PCB approved recycling vendor. We monitor hazardous wastes in our manufacturing units and the wastes are within permissible limits as laid down by the regulators.</p>	Negative
7.	Farmer Livelihood	Opportunity	<ol style="list-style-type: none"> <li>1. Assisting farmers to cope the challenges related to agricultural practices.</li> <li>2. Increasing their earnings by improving farm productivity</li> <li>3. Supporting farmers to thrive in a marketplace.</li> </ol>	<p>Engaging with key stakeholders for evidence based, non-discriminatory taxation and regulations that safeguard farmer livelihoods.</p> <p>Facilitating financing of agricultural equipment, awareness on reduction of crop losses, quality storage facilities and inventory management.</p>	Positive
8.	Circular Economy	Opportunity	<ol style="list-style-type: none"> <li>1. Achieve global climate and sustainable development commitments.</li> <li>2. Resource efficiency</li> <li>3. Protect human health and biodiversity.</li> </ol>	<p>We collect back plastic from end users across states in India as a part of EPR (Extended Producer Responsibility)</p>	Positive
9.	Employment	Opportunity	<ol style="list-style-type: none"> <li>1. Poverty reduction</li> <li>2. Enhanced productivities</li> <li>3. Boost companies' social performance as an attractive employer</li> </ol>	<p>Employees are provided with skill enhancement training.</p> <p>We also undertake various feedback from employees on our HR practices and understand their need on a regular basis.</p>	Positive
10.	Labour Management Relations	Risk	<ol style="list-style-type: none"> <li>1. Essential for the success of businesses' operations- increased productivity and morale.</li> <li>2. Essential for companies' social performance as an attractive employer.</li> <li>3. Better working relations with the union at the premises ensure better brand image.</li> </ol>	<p>We make contributions to defined contribution schemes such as labor welfare fund which are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the workers. As a Company, we ensure our relationship with our workers union are cordial. We recognize the needs of the workers and address their concerns proactively through long-term solutions post interactions and discussions with the Union.</p>	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11.	Human rights	Risk	<ol style="list-style-type: none"> <li>1. Potential to negatively impact companies ESG performance.</li> <li>2. Violation of Human rights leads to Regulatory, legal, and legislative challenges</li> </ol>	<p>We have all the policies to mitigate the challenges of human rights and track any issues related to child labor, forced labour, involuntary labour, sexual harassment. We also maintain harmonious working environment with the Union at the factory and undertake feedback exercise on a continuous basis. We proactively recognize the needs of the workforce and address their concerns through long-term solutions post interactions and discussions with the Union.</p>	Negative
12.	Business ethics	Risk	<ol style="list-style-type: none"> <li>1. Highly opinionated business segment in terms of ethics</li> <li>2. Regulatory and legal challenges associated with the nature of business we are in.</li> </ol>	<p>We have ensured a strong ethical business culture, undertaken measures to have effective risk management such as responsible marketing and promotion of products.</p>	Negative
13.	Innovation	Opportunity	<ol style="list-style-type: none"> <li>1. Development of new products</li> <li>2. Access to new geographies</li> </ol>	<p>We continue to invest in R&amp;D of new products and often research on flavours to match customer preferences.</p>	Positive
14.	Consumer welfare	Risk	<ol style="list-style-type: none"> <li>1. Our abilities to prevent counterfeit products.</li> <li>2. Our ability to provide consumers with manufactured products that are aligned with societal expectation.</li> <li>3. Access to the new geographies</li> </ol>	<p>To prevent counterfeit products or illegal trade we are partnering with the industry to identify inter-governmental efforts and public-private alliances in adopting appropriate measures like sensible taxation</p> <p>Launching new products to meet consumer expectations through new/ innovative brands</p>	Negative
15.	Community initiatives	Opportunity	<ol style="list-style-type: none"> <li>1. Build strong relationship with the communities where we operate.</li> <li>2. Promote economic growth and improve standard of living in the areas of CSR interventions.</li> </ol>	<p>Our CSR focus areas have been designed to cater to the needs of the community that we operate in.</p>	Positive
16.	Climate resilience	Opportunity	<ol style="list-style-type: none"> <li>1. Disruption in tobacco raw material procurement</li> <li>2. Reduced risk of climate change.</li> <li>3. Building operational resilience</li> </ol>	<p>We are undertaking various steps to facilitate financing of agricultural equipment which are environmentally friendly and economically affordable. We have also started to monitor impact of climate change on our business process.</p>	Positive



S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
17.	Sustainable material	Opportunity	1. Opportunity to mitigate the challenges associated with climate change. 2. Promote circular economy. 3. Reduced environmental implications.		Positive
18.	Training and education	Opportunity	1. Reduced turnover, reduced external hiring costs and a more engaged and committed workforce 2. Mitigate risk of non-compliance 3. Increased productivity 4. High ROI	We provide trainings to our workforce based on the needs assessment that forms a part of their performance evaluation. Our farmers are provided various trainings like training on the ALP Code, training on handling CPA and their safe disposal etc.	Positive
19.	Regulatory compliance	Risk	1. Increase the costs of running a business. 2. Reduce the attractiveness of an investment. 3. Invalidating business model	Responsibilities, accountabilities, and reporting lines are systemically defined in all divisions and conform to meet all the regulatory compliance with applicable regulations. There are also audit procedures to assess compliance preparedness.	Negative
20.	Diverse and inclusive work environment	Opportunity	1. Improve our performance as it increases the likelihood of bringing people with different types of knowledge, views, and perspectives together 2. Better innovative and problem-solving skills, improves talent attraction and retention, increases employee engagement and results in higher efficiency	We encourage the inclusion of more women in our workforce. We practice non-discrimination.	Positive

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
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 decision 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, 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.**

Principles	Targets	Mandatory/ Voluntary	6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.
P2	30% of contracted farmers (for Talmari & Oriental crops) to use drip irrigation by 2030	Voluntary	5% (On Track)
P2	30% of crop protection agents used by contracted farmers to be biofertilizer/biochemicals based by 2030	Voluntary	7% (On Track)
P2	20% improvement in soil organic matter by 2030 through green manuring crops for better water holding capacity	Voluntary	5% of the contracted farmers use green manures to improve soil organic content. The soil will be tested 2-3 years later to measure improvement in soil organic content.
P2	Farm Mechanization: Implement mechanization of field preparation and removal of stubbles for 100% of area under tobacco by 2030. Also, explore and implement mechanization of other farm operations (harvesting & plantation) for at least 20% of tobacco area by 2030.	Voluntary	60% area under tobacco uses mechanization in field preparation and removal of stubbles. We are in the process of researching for the implementation of other farm operations. (On Track)
P2	100% Contracted farmers to be provided with CPA (Crop Protection Agent) boxes for safe storage	Voluntary	48% (On Track)
P3	100% Contracted farmers to be trained on use of agrochemicals and safe disposal	Voluntary	On Track
P3	Zero accident in own operations	Voluntary	Complied with (On Track)



Principles	Targets	Mandatory/ Voluntary	6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.
P4	Promote an inclusive work environment by: <ul style="list-style-type: none"> <li>Being an equal opportunity employer and provide equal opportunity to all employees based on merit and ability</li> <li>Provide inclusiveness training to management staff to promote a work environment free from discrimination, sexual harassment and undue biases in compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group.</li> </ul>	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 labor/forced labour: "We have zero tolerance towards child labor 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)
P5	80% Contracted farmers to be GMS (farm level data recording tool) compliant	Voluntary	48% (On Track)
P6	50% renewable energy in overall energy mix (provided favorable regulatory scenario exists) by 2030 (Baseline 2019-20)	Voluntary	15% (On Track)
P6	Aim to operate 100% of fleet (owned and third party) on electric vehicles by 2030 (Baseline 2019-20)	Voluntary	No EV passenger Fleet. Feasibility study of EV buses in progress; 14 forklifts are battery operated; 1 EV charging stations for 4 wheelers; 3 EV charging stations for 2 wheelers; (On Track)
P6	Achieve carbon neutrality for our own operations by 2030 (scope 1+2 emissions)	Voluntary	No offsets yet-VERRA/Gold standard credits to be purchased and PAS 2060 Assurance to be undertaken subsequently (On Track)
P6	Rainwater Harvesting Potential equivalent to over 3 times the Net Water Consumption from own operations (Baseline 2019-20)	Voluntary	2.47 times (On Track)
P6	95.6% utilisation of tobacco at Primary manufacturing	Voluntary	96% (On Track)
P6	100% of packaging to be reusable, recyclable, or biodegradable by 2030 (Baseline 2019-20)	Voluntary	100% (On Track)
P6	Achieve plastic neutrality through sustainable management of waste equivalent to the amount of plastic utilized in Packaging (Baseline 2019-20)	Voluntary	100% (On Track)
P7	Continue to comply with applicable regulatory requirements	Voluntary	(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)**

Our Business Responsibility and Sustainability Report (BRSR) illustrates a commendable effort to transparently communicate our dedication to sustainability and ethical business practices. By interweaving financial achievements with our non-financial performance, we not only reaffirm our commitment to generating long-term value for stakeholders but also highlight a transparent, accountable approach. Our ESG framework stands on 5 pillars. Here are some essential insights and highlights under each of the 5 ESG pillars:

**Responsible Governance:** We maintain the highest standards of ethics and integrity in dealing with our stakeholders and comply with the applicable laws, rules and regulations, as a responsible corporate citizen. Our policies and risk management framework provide guidance to preemptively identify, manage and mitigate business risks. While product integrity is a key focus area, we put equal impetus on reducing the negative impacts on the environment due to product manufacturing and packaging.

**Sustainable Operations:** We have made significant progress in integrating sustainability practices into our operations across all relevant stages. We continue to optimize natural resource use in our processes and products and aim to further improve our environmental performance aligned with technology-related advancement and evolving stakeholder expectations. Our Environment, Health & Safety (EHS) Policy establishes and showcases our vision to go beyond the required compliances, legislations, and regulations. The management and employees jointly work together to accomplish our common goal of achieving a safe, healthy, and environment-friendly workplace. Both manufacturing facilities have a well-established environment management system which are also ISO 14001:2015 certified. Our Toopran unit received Platinum Rating IGBC Green factory building Certification from CII, IGBC Hyderabad. During the reported period, our Toopran facility was honored with the AWS "Gold certification," a milestone that we view as a significant contribution to sustainable water management. The goals of AWS encompass improving water governance, enhancing water quality, and promoting responsible water usage within industries and communities. Aligned with AWS's principles, we have identified relevant risks, engaged with the appropriate stakeholders, and developed action plans catered on water reduction strategies, as well as increasing water availability through harvesting and recycling techniques. We also maintain our rainwater harvesting share at 2.47 times the net water consumption in our own facilities. Additionally, renewable energy catered to approximately 25% of our electricity requirements during the FY23-24.

**Care for People:** At VST, we have focused at fostering high-performance culture to achieve exceptional business growth. Throughout this endeavor, we harness the pride, passion, and resilience of our dedicated employees, which form an integral part of our organizational culture. We prioritize on the wellness of our employees and provide distinctive career opportunities. As an equal opportunity employer, our recruitment procedures are consistent and fair towards potential employees based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status, or affiliation with a political, religious, or union organisation or majority/ minority group. We are committed towards Zero Harm, we guarantee a workspace that is free from safety hazards by implementing safe work procedures, promoting a robust safety culture, and monitoring and controlling unsafe work conditions. To uphold high standards of health and safety, we have developed and implemented the Health & Safety Management system in accordance with ISO 45001 requirements.



**Sustainable Agriculture:** Our sustainable development strategy revolves around generating value that benefits business, society, and the environment. A primary focus area is sustainable agriculture, which promotes responsible practices across the supply chain. This includes implementing good agricultural practices on a large scale to safeguard the environment, enhance farmer livelihoods, and bolster the resilience and well-being of farming communities.

The Farmer Handbook details these practices, supported by field technicians who offer ongoing guidance to farmers. Utilizing the GMS mobile application, these technicians oversee various farming activities to ensure adherence to agricultural labor practices and environmental standards. Data gathered through the GMS application is analyzed to monitor progress towards achieving sustainability objectives. 48% of our contracted farmers are GMS compliant.

We also take initiatives to enhance farmer resilience and livelihood. In this regard, we have made considerable achievements like, 48% of the contracted farmers have been trained in our ALP code and 48% of the contracted farmers have access to PPE kits to prevent themselves from GTS (Green Tobacco Sickness). In addition to this, we have been able to implement mechanization of field preparation and removal of stubbles for 100% of area under tobacco.

**Inclusive Growth:** We are dedicated to creating shared value and promoting inclusive growth for all our stakeholders throughout the entire value chain. We work closely with the local communities around the manufacturing facilities to identify the direct and indirect impacts of our operations on these communities and undertake development initiatives accordingly. The CSR policy and initiatives reflect our vision, mission, thrust areas and lists out various thematic areas for CSR implementation. We focus on rural development, health & sanitation, education and environment and sustainability through our CSR activities. Additionally, as a responsible corporate citizen, we continue to adhere to COTPA guidelines, for packaging and labelling, advertising, and promotion.

By dedicating resources in these thematic areas, we aim to create a positive and lasting impact that goes beyond immediate business interests. At VST, we work by collaborating with local stakeholders, understanding their needs, and contributing to their well-being while also advancing our ESG goals.

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

1. Mr. Rajiv Gulati (Independent Non-Executive Director; DIN: 06820663) as the Chairman
2. Ms. Rama Bijapurkar (Independent Non-Executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi (Non-Executive Director; DIN: 08296486)
4. Mr. S. Thirumalai (Non-Executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

**Implementation of Business Responsibility policy(ies).**

Mr. Phani K Mangipudi  
 Company Secretary & Vice President - Legal & Secretarial  
 Telephone: +91 040 2768 8000  
 E-mail: phanimangipudi@vstind.com

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

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

1. Mr. Rajiv Gulati (Independent Non-Executive Director; DIN: 06820663) as the Chairman
2. Ms. Rama Bijapurkar (Independent Non-Executive Director; DIN: 00001835)
3. Mr. Naresh Kumar Sethi (Non-Executive Director; DIN: 08296486)
4. Mr. S. Thirumalai (Non-Executive Director; DIN: 00011899)
5. Mr. Aditya Deb Gooptu (Managing Director & CEO; DIN: 07849104)

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

P1	P2	P3	P4	P5	P6	P7	P8	P9
No								

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

	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)	All principles are covered by our policies.								

**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 categorized 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	Familiarization was provided on various topics related to regulatory changes comprising NGRBC principles, economic development, and other various market scenarios.	100%
Key Managerial Personnel	1	ESG awareness programmes by implementation partner.	100%
Employees other than BoD and KMPs	1	EHS Trainings	86.4%
Workers	17		

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

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

**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 do not have any standalone anti-corruption or anti-bribery policy. However, we adhere to the Code of Conduct and Ethics Policy that encapsulates our commitment to ethical practices and integrity. This policy is established to define the fundamental ethical standards, facilitate the detection and prevention of misconduct, and clarify the ethical expectations placed on the employees and directors. Link: code-of-conduct-ethics-policy-and-guidelines-on-recruitment.pdf (vsthyd.com)

**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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors		
KMPs		
Employees	-	-
Workers		

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

	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-		-	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-		-	

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

There has been no fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

**8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:**

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payables	43	31



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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	Purchases from trading houses as % of total purchases	-	-
	Number of trading houses where purchases are made from	-	-
	Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of Sales	Sales to dealers / distributors as % of total sales	100%	100%
	Number of dealers / distributors to whom sales are made	970	943
	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	22%	19%
Share of RPTs in	Purchases (Purchases with related parties / Total Purchases)	-	-
	Sales (Sales related parties / Total Sales)	-	-
	Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	-
	Investments (Investments in related parties / Total Investments made)	-	-

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% Age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	We are committed to fostering strong and mutually advantageous relationships with partners along the value chain. By collaborating closely with suppliers, we identify opportunities for improvement and also provides guidance to retailers and wholesalers on adhering to COTPA regulations related to packaging, labeling, advertising, and sales promotion. A longstanding and vital component of our business growth is the deep-rooted partnership with the tobacco farming community. Our dedication to the sustainable livelihoods of farmers is evident in the promotion of good agricultural practices. These practices not only enhance crop yield but also bring environmental benefits. To support this, we have deployed field technicians who provide training and advice on various agricultural methods, such as soil, water, and nutrient management, cropping techniques, integrated pest management, and environmentally friendly curing processes.	100% of our leaf suppliers

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. We have a Related Party Transactions (RPT) Policy and has 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-on-related-party-transactions1.pdf>. There were no materially significant related party transactions between our Company and the Directors, Promoters, Key Managerial Personnel, and other designated persons which may have a potential conflict with the interest at large. We have obtained all prior approval for all the related party transactions from the Audit Committee of the Board.

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 2023-24)	Previous Financial Year (FY 2022-23)	Details of improvements in Environmental and social impacts
R&D	39%	-	On-line Laser Ventilation unit installed on Demi slim maker, which reduced smoke deliveries by 20%
Capex	7%	0.7%	An integrated system was developed combining an on-line laser ventilation unit, Infralab, ends tester, and humidity chamber for comprehensive testing and analysis.

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

We have established comprehensive procedures for the sustainable sourcing of tobacco leaves and stems, ensuring a responsible supply chain that aligns with both environmental and social standards. By entering long-term contracts with farmers, we mandate compliance with applicable labor laws as outlined in the Agriculture Labour Practices (ALP) code, along with adherence to the good agricultural practices specified in the farmer handbook. Field technicians play a crucial role in educating farmers about these requirements and offer the necessary guidance to implement these practices effectively. To facilitate monitoring and data collection on farmer progress, field technicians utilize the GMS application, which aids in evaluating compliance across various measures such as seedbed management, transplanting, and crop protection, among others.

Our commitment to sustainability in the tobacco supply chain is evident through several key practices:

**Toxicity and Pollution Control:** By securing early purchases from farms and promoting natural conditions for de-raking tobacco leaves, we ensure low levels of tobacco-specific nitrosamines (TSNAs).

**Pesticide Usage:** The provision of Crop Protection Agents (CPAs) approved by the Central Insecticides Board ensures that farmers use only recommended pesticides in prescribed doses, with tobacco leaves undergoing CPA residue analysis to maintain safety thresholds.

**Soil Nutrient Management:** Encouraging practices like crop rotation, usage of left over crop residue to enhance soil's organic carbon and the addition of farmyard manure enhances soil health, contributing to sustainable cultivation.

**Curing Processes:** The adoption of sun curing by most farmers, and the efficient use of fuel in fire curing by others, reflects your efforts to minimize environmental impact while improving curing efficiency.

**Non-tobacco Related Material (NTRM) Removal:** Through vigilant monitoring during the bailing process and the use of NTRM sorters in factories, we ensure the purity and quality of the tobacco bales.

**Health and Safety Measures:** The distribution of Personal Protective Equipment (PPE) kits and the provision of water for sanitation purposes safeguard against Green Tobacco Sickness (GTS) among farmers.

**Human Rights Protection:** Implementing the ALP code allows for regular monitoring and review of the tobacco supply chain to prevent discrimination, child labor, forced labor, and to ensure the payment of minimum wages and safe working conditions.

These practices underline our dedication to promoting sustainable and ethical practices throughout the supply chain, ensuring the well-being of farmers and the environment, and maintaining high standards of quality and safety in our products.





**Sustainable Supply chain framework:** We have also developed a sustainable supply chain framework and associated SOP for our suppliers of raw materials. The framework includes the mechanism to identify the critical suppliers based on set criteria and the assessment of these critical suppliers (both existing and new) for ESG risks.

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

68% of our inputs were 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 authorized recyclers.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, Extended Producer Responsibility (EPR) is applicable to the company. We have partnered with SPCB approved recycler for implementation of EPR plan.

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
No, we have not conducted any Life Cycle Assessments for any of our products during the reporting period.					

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable		

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
None	-	-

**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:**

We utilize processes designed to recover packaging materials, especially plastic waste, ensuring their safe disposal once they reach the end of their lifecycle. In the fiscal year 2023-24, we have engaged in plastic waste management initiatives following Extended Producer Responsibility (EPR) guidelines to properly dispose of all non-multi-layered plastic (non-MLP) waste types. Throughout this period, we successfully gathered 208 metric tons of post-consumer plastic waste from across all states and union territories within India.

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic Waste	-	-	208 MT	-	-	184.94 MT

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

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

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

**Essential Indicators**

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

Category	% of employees covered by										
	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities		
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D / A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	369	369	100	369	100	-	-	-	-	-	-
Female	14	14	100	14	100	14	100	-	-	-	-
<b>Total</b>	<b>383</b>	<b>383</b>	<b>100</b>	<b>383</b>	<b>100</b>	<b>14</b>	<b>100</b>				
<b>Other than Permanent employees</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Category	% of workers covered by										
	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities		
	Total (A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	389	389	100	389	100	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>389</b>	<b>389</b>	<b>100</b>	<b>389</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other than Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format -**

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.16%	0.15%

**2. Details of retirement benefits, for current and previous Financial Year.**

Benefits	FY 2023-24 Current Financial Year			FY 2022-23 Current Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	N	100	100	N
ESI	-	-	Y	-	8	Y
NPS	45.7	-	Y	55	-	Y

**3. Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes, our premises have been designed to ensure inclusivity and accessibility for individuals with disabilities. This commitment is demonstrated through the provision of sufficient wheelchair accommodations and the construction of well-designed ramps, facilitating smooth navigation and movement throughout our sites.

**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.**

Although we do not have an equal opportunity policy in accordance with the Rights of Persons with Disabilities Act, 2016, we strive to recruit the most qualified talent who share our values. We do not discriminate based on age, color, disability, religion, caste, or sexual orientation during the recruitment process. All employees are treated with respect and dignity, and opportunities for development and career advancement are based on performance, ability, and potential in alignment with our business requirements. Most of our establishments are accessible to the differently abled. For easy commute and movements within our locations, adequate wheelchair facilities are available along with ramp structures.

**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	-	-	-	-
Female	-	-	-	-
<b>Total</b>	-	-	-	-

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	We have implemented a structured mechanism to handle grievances from both permanent and non-permanent staff. This system is pivotal in nurturing trust and fostering a positive work culture by encouraging feedback aimed at improving the workplace.
Other than Permanent Workers	
Permanent Employees	Moreover, we undertake employee satisfaction surveys every 3 years, focused on six critical aspects: cultivating a positive work atmosphere, establishing trust in leadership, improving teamwork and communication, ensuring supportive management, engaging employees in meaningful tasks, and creating opportunities for professional development.
Other than Permanent Employees	
	We also interact with our employees through Town Halls on a quarterly basis and have established a whistleblower policy and a POSH policy. We are highly supportive of our employees in addressing their issues and concerns, empowering managers to largely address the challenges employees may face.

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

	FY 2023-24			FY 2022-23		
	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	383	-	-	366	-	-
Male	369	-	-	352	-	-
Female	14	-	-	14	-	-
Total Permanent Workers	389	389	100	402	402	100
Male	389	389	100	402	402	100
Female	-	-	-	-	-	-

**8. Details of training given to employees and workers:**

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	On Health and safety measures		On Skill upgradation			On Health and safety measures		On Skill upgradation		
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	369	269	73	42	11.4	352	42	11.9	352	100
Female	14	12	86	14	100	14	-	-	14	100
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>383</b>	<b>281</b>	<b>73</b>	<b>56</b>	<b>15</b>	<b>366</b>	<b>42</b>	<b>11.9</b>	<b>366</b>	<b>100</b>
<b>Workers</b>										
Male	389	337	86.6	389	100	402	339	84.3	402	100
Female	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>389</b>	<b>337</b>	<b>86.6</b>	<b>389</b>	<b>100</b>	<b>402</b>	<b>339</b>	<b>84.3</b>	<b>402</b>	<b>100</b>

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

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	369	369	100	352	352	100
Female	14	14	100	14	14	100
<b>Total</b>	<b>383</b>	<b>383</b>	<b>100</b>	<b>366</b>	<b>366</b>	<b>100</b>
<b>Workers</b>						
Male	389	389	100	402	402	100
Female	-	-	-	-	-	-
<b>Total</b>	<b>389</b>	<b>389</b>	<b>100</b>	<b>402</b>	<b>402</b>	<b>100</b>

**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 units located at Azamabad and Toopran.

**b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

We undertake Hazard Identification and Risk Assessment (HIRA) on an annual basis and Job Safety Analysis for individual activities on a routine basis to identify work related hazards. We have developed control measures which are designed to mitigate the identified work-related hazards and record the same in the risk register.

**c) Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes. We have processes for workers to report the work-related hazards and to remove themselves from such risks. We encourage our workers to remove themselves from work in unsafe conditions and create awareness amongst other workers on the mechanisms to report near miss cases while bringing to the attention of the management on any unsafe conditions for investigation. We duly undertake subsequent implementation of corrective and preventive actions.

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

Yes. The employees and workers have access to first aid through the health care center available within the premises.

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

Safety Incident/Number	Category*	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	-	-
Number of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

\*Including in the contract workforce

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

We ensure safe and healthy workplace by:

- Implementing a robust emergency response plan in consideration of fire or explosion, electrical failures, chemical and fuel leakage; and conducting mock drills on quarterly basis
- Implementing safety guidelines to mitigate safety risks identified through job safety analysis
- Conducting internal safety audit as per IS 14489 on semiannual basis and external safety audit on biannual basis
- Quarterly reviewing of safety performance by the Board and top management
- Providing continuous training to employees and workers
- Undertaking periodic medical survey and medical checkups
- Inducing a safety culture by motivating and encouraging employees to provide suggestions to improving safety performance.
- Conducting Safety Day competitions for employees and giving rewards and recognition.
- Launch of Annual Safety Training Plan, introduced a Safety AR&VR Learning and development module and training is being conducted to workmen and employees.

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

	FY 2023-24 (Current Financial Year)			FY 2022-23 (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	-	-	None	-	-	None
Health & Safety	-	-	None	-	-	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 are 100% compliant based on the track record.



**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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Employees	-	-	-	-
Workers	-	-	-	-

**4. Does the entity provide transition assistance programs 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	14%
Working Conditions	14%

**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 conduct environmental and social assessments for our tobacco farmers, with a special focus on ensuring their health and safety as well as improving their working conditions. A particular area of concern within the tobacco supply chain is the risk associated with Green Tobacco Sickness (GTS). In efforts to mitigate this risk, we place a strong emphasis on continuous education and supervision of farmers regarding the critical importance of wearing Personal Protective Equipment (PPE) during the harvesting and curing stages. In FY 23-24, we have been able to provide PPE kits to 48% of our farmers. Going ahead, the goal is to assess the farmers through our sustainable supply chain assessment framework.

We also take measures to ensure that the farmers are trained in safe disposal of CPA. Our field technicians are responsible for monitoring compliance of contracted farmers and assisting with crop registration, providing expert guidance on nursery management and plantation activities, overseeing baling operations, and facilitating efficient purchasing transactions. Field technicians use mobile apps for data entry, ensuring accurate information is recorded in GMS, thus driving successful crop outcomes through comprehensive support and monitoring.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

We are committed to nurturing strong relations with our stakeholders. This is driven by a structured plan involving identification of stakeholder groups, assessment of their importance and influence on our growth and success. We understand that our operations impact a wide array of stakeholders encompassing employees, suppliers, farmers, partners, shareholders, and the communities we operate in. Consequently, we pledge to incorporate the insights and viewpoints of our stakeholders into our decision-making processes. Following are the principles based on which we prioritize stakeholders:

Stakeholders who have a fundamental impact on company's performance	Needs of the company's stakeholders	Stakeholders relevance and influence	Mutually beneficial relationship
---	-------------------------------------	--------------------------------------	----------------------------------

**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 & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/Quarterly/ others please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors & Shareholders	No	<ul style="list-style-type: none"> <li>Emails</li> <li>Newspaper</li> <li>Advertisement</li> <li>Website</li> <li>Notice Board</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Our quarterly and annual earnings, plan for the next financial year</li> <li>New market developments</li> <li>Regulatory procedures</li> </ul>
Customers	No	<ul style="list-style-type: none"> <li>Product labelling</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing activities</li> </ul>	<ul style="list-style-type: none"> <li>Information as per COTPA guidelines</li> </ul>
Farmers	Yes	<ul style="list-style-type: none"> <li>Advertisement,</li> <li>Notice,</li> <li>Communications during procurement</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Procurement</li> <li>Quality assessment</li> <li>Grievance redressal</li> <li>Contract and Payment terms</li> </ul>
Communities/ NGOs	Yes	<ul style="list-style-type: none"> <li>Community Meetings</li> <li>Focused group discussion</li> <li>Grievance redressal</li> </ul>	<ul style="list-style-type: none"> <li>Annually and on need basis</li> </ul>	<ul style="list-style-type: none"> <li>Grievances</li> <li>Feedback</li> <li>Program improvement sessions</li> <li>Capacity building</li> </ul>
Employee	No	<ul style="list-style-type: none"> <li>Employee forums</li> <li>Leadership forums</li> <li>Employee surveys</li> <li>Workplace platform</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Need basis</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Learning and development</li> <li>Well-being</li> <li>Grievance redressal</li> <li>Growth opportunities</li> </ul>
Wholesalers	No	<ul style="list-style-type: none"> <li>Emails</li> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>On going</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and availability</li> </ul>
Suppliers	No	<ul style="list-style-type: none"> <li>Vendor meetings</li> <li>Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> <li>Need-basis</li> </ul>	<ul style="list-style-type: none"> <li>Quality</li> <li>Local procurement</li> </ul>
Government and Regulators	No	<ul style="list-style-type: none"> <li>Policy intervention</li> <li>Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>Need basis</li> </ul>	<ul style="list-style-type: none"> <li>Taxation</li> <li>Promotions</li> <li>Best practices</li> </ul>

**Leadership Indicators**

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

We have established a Corporate ESG Committee consisting of the Managing Director (MD), Chief Executive Officer (CEO), and ESG Lead (Corporate Sustainability). This Committee is tasked with several key responsibilities, including the planning and development of our ESG (Environmental, Social, and Governance) strategy, conducting comprehensive reviews of overall performance, and monitoring the operational direction to ensure alignment with our ESG goals. Additionally, the Corporate ESG Committee is responsible for providing regular feedback to the CSR (Corporate Social Responsibility) Committee, ensuring continuous improvement and integration of ESG considerations into our business practices.



**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, we believe that sustainable development requires not only addressing material challenges related to corporate operations and strategy, but also identifying and prioritizing the most important challenges based on stakeholder concerns. We engage in a continuous process of evaluating material topics that are an integral part of our inclusive business strategy. This process involves identifying the common issues across the business, consulting with internal and external stakeholders and prioritizing the material topics. During FY 2023-24 the environmental and social topics were reviewed following the process given below:

- **Identification:** We identified an initial list of material topics through learning from our industry peers, referring to the sector specific material topics recommended by key global and national ESG standards and frameworks.
- **Stakeholder consultations:** We invited key internal and external stakeholders to participate in a structured consultation process and recorded their response on the impact and influence of each material topic.
- **Prioritization:** Post senior management review, followed by recommendations of ESG Council, the Board of Directors reviewed and approved the final list of material topics for the organization.
- **Result:** As a result of stakeholder consultation for material topics, existing policies were modified and new policies were framed, wherever required. Existing policies and SOPs were also relooked at to include the conclusions and observations arising from stakeholder engagement process evaluation of the working of its policies.

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

Our efforts to support vulnerable and marginalized stakeholders' centers on agricultural and horticultural development, complemented by water management and harvesting techniques. By offering training in advanced farming methods, we aim to boost farmers' productivity and sustainability. Additionally, we are also engaged in several initiatives intended to enhance living conditions within tobacco-growing communities. In pursuit to enhance social equity, our CSR programs are focused on rural development, health and sanitation, education and environment and sustainability. Some of the CSR activities include installing household toilets and implementing solar street lighting, upliftment of women farmer self-help groups and farmer training in modern farming techniques. These activities are crafted to elevate the standard of living for farmers and their families by providing essential sanitation facilities and dependable, eco-friendly lighting solutions.

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

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

We consider it our duty to respect and protect human rights and are committed towards creating a workplace that is diverse, inclusive, and fair for everyone. The strategy to ensure a respectful work environment and to safeguard the human rights of every individual includes enhancing our monitoring frameworks and systematically enforcing our policies and procedures. In line with our goal of achieving zero human rights violations, we educate the employees on human rights principles and encourage them to report any

incidents of violation they witness in our workplace through training. We intend to incorporate human rights training into our annual training schedule for the next reporting period to facilitate this initiative.

Category	Current FY (2023-24)			Previous FY (2022-23)		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. employees/ workers covered (D)	%(D/C)
<b>Employees</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
Total Employees	-	-	-	-	-	-
<b>Workers</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
Total Workers	-	-	-	-	-	-

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

Category	Current FY (2023-24)					Previous FY (2022-23)				
	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)
<b>Employees</b>										
<b>Permanent</b>	383	-	-	383	100	366	-	-	366	100
Male	369	-	-	369	100	352	-	-	352	100
Female	14	-	-	14	100	14	-	-	14	100
<b>Other than Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Workers</b>										
<b>Permanent</b>	389	-	-	389	100	402	-	-	402	100
Male	389	-	-	389	100	402	-	-	402	100
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

**3. Details of remuneration/salary/wages**

**a. Median remuneration/wages:**

	Number	Male		Female	
		Number	Median remuneration/ salary / wages of respective category (in INR)	Number	Median remuneration/ salary/ wages of respective category (in INR)
Board of Directors (BoD)	5	1	77,40,000	1	63,60,000
Key Managerial Personnel	2	-	1,27,44,442	-	-
Employees other than BoD and KMP	366	14	9,71,502	14	11,32,082
Workers	389	-	10,15,910	-	-

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

	FY 2023-24 (Current Financial Year)	FY 2022-23 (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 oversees the examination of issues reported by employees through the Whistleblower mechanism. This mechanism encourages employees to voice any concerns regarding human rights abuses, including harassment, victimization, bullying, and discrimination, for thorough investigation and satisfactory grievance resolution.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

We have implemented a Whistleblower mechanism to enable individuals to safely report any issues concerning human rights violations directly to management without the fear of retaliation, through a specified email or contact details. This system also allows employees and Directors to directly reach out to the Chairperson of the Audit Committee in special circumstances. To ensure ethical practices and adherence to human rights standards as defined in the ALP code in our tobacco supply chain, we have deployed field technicians on the ground to continually survey farm holdings for any breaches. When human rights abuses are identified, they are logged through the GMS application. Subsequently, we undertake fitting measures based on severity of the situation to address the issue.

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

	FY 2023-24 Current Financial Year			FY 2022-23 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	-	-	None	-	-	None
Discrimination at workplace	-	-	None	-	-	None
Child Labor	-	-	None	-	-	None
Forced Labor/ Involuntary Labour	-	-	None	-	-	None
Wages	1	1	The matter is under evaluation with Industrial Tribunal, Telangana.	-	-	None
Other human rights related issues	-	-	None	-	-	None

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	-	-
Complaints on POSH as a % of female employees/ workers	-	-
Complaints on POSH upheld	-	-

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Our Whistleblower system allows individuals to safely report cases of discrimination and harassment to management without fear of retaliation or unjust treatment, using the provided email or contact details.

**9. Do human rights requirements form part of your business agreements and contracts?**

Yes, human right requirements are covered in business agreements and contracts with farmers through the Agriculture Labor Practices (ALP) Code. Through implementation of the ALP code, we monitor and reviews the tobacco supply chain to prevent any form of discrimination including child labor, forced labour, payment of minimum wages, as well as adherence to 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 labor	100%
Forced/involuntary labor	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	14%
Discrimination at workplace	14%
Child Labor	14%
Forced Labor/Involuntary Labour	14%
Wages	14%
Others- please specify	14%



**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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A) (GJ)	5357 GJ	5,188 GJ
Total fuel consumption (B) (GJ)	-	-
Energy consumption through other sources (C) (GJ)	-	-
Total energy consumed from renewable sources (A+B+C)	5357 GJ	5,188 GJ
<b>From non-renewable sources</b>		
Total electricity consumption (D) (GJ)	15,573 GJ	12,136 GJ
Total fuel consumption (E) (GJ)	13,895 GJ	11,000 GJ
Energy consumption through other sources (F) (GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F)	29,468 GJ	23,136 GJ
Total energy consumed (A+B+C+D+E+F)	34,825 GJ	28,324 GJ
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations)	0.0000019 GJ/INR	0.0000017 GJ/INR
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/ Revenue from operations adjusted for PPP)	0.000043 GJ/INR adjusted to PPP	0.000039 GJ/INR adjusted to PPP
Energy intensity in terms of physical output	4.40 GJ/Million Cigarettes	4.38 GJ/Million Cigarettes
Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

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

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by Organization for Economic Cooperation and Development (OECD) for India which is 22.88.

**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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	-	-
(ii) Groundwater	27,784 KL	23,527 KL
(iii) Third party water	-	1,332 KL
(iv) Seawater / desalinated water	-	-
(v) Others (Rainwater harvesting)	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	27,784 KL	24,859 KL
Total volume of water consumption (in kilolitres)	27,784 KL	24,859 KL
Water intensity per rupee of turnover (Total Water consumed / Revenue from operations) (L/Rs)	0.0000015 KL/INR	0.0000014 KL/INR
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP)	0.00003 KL/INR adjusted to PPP	0.00003 KL/INR adjusted to PPP
Water intensity in terms of physical output	3.33 KL/Million Cigarettes	3.92KL/Million Cigarettes
Water intensity (optional) - the relevant metric may be selected by the entity	-	-

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

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by Organization for Economic Cooperation and Development (OECD) for India which is 22.88.

**4. Provided the following details related to water discharged:**

Due to our commitment to environmental sustainability and water stewardship, both of our manufacturing facilities have achieved zero liquid discharge status. As a result, there is no water discharge data applicable to VST.

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(ii) To Groundwater	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(iv) Sent to third parties	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
(v) Others	-	-
• No treatment	-	-
• With treatment - please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No



**5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, both the manufacturing units have implemented mechanism for Zero Liquid Discharge. The treated wastewater from the effluent treatment plant is utilized for landscaping purposes.

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

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	Tonnes	23.73	41.03
Sox	Tonnes	20.56	33.67
Particulate Matter (PM)	Tonnes	4.68	9.7
Persistent organic pollutants (POP)	Tonnes	-	-
Volatile organic compounds (VOC)	Tonnes	-	-
Hazardous air pollutants (HAP)	Tonnes	-	-
Others- please specify	Tonnes	-	-

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 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	899 tCO <sub>2</sub> e	642.51 tCO <sub>2</sub> e
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	3097 tCO <sub>2</sub> e	2,819.45 tCO <sub>2</sub> e
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	tCO <sub>2</sub> e/INR	0.00000022	0.00000020
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 <sub>2</sub> e/INR of turnover adjusted to PPP	0.00000497	0.00000474
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO <sub>2</sub> e/Million Cigarettes	0.48	0.54
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity			

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.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by Organization for Economic Cooperation and Development (OECD) for India which is 22.88.

**8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes, we have undertaken projects on GHG reduction. The projects are mentioned below:

1. Implementation of DRF/AHU Closed loop System.
2. Installation of LED lights.
3. Increased in solar power generation.

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

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	28.74 MT	32.91 MT
E-waste (B)	-	-
Bio-medical waste (C)	0.194 MT	0.20 MT
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	0.525 MT	0.96 MT
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	29.46 MT	34.07 MT
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.000000016 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)	0.000000037 MT/INR of turnover adjusted to PPP	0.000000047 MT/INR of turnover adjusted to PPP
Waste intensity in terms of physical output	0.004 MT/Million Cigarettes	0.0053 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	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
(i) Recycled	29.26 MT	33.87 MT
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>		

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)**

Category of waste	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
(i) Incineration	0.194 MT	0.20 MT
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>		

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

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by Organization for Economic Cooperation and Development (OECD) for India which is 22.88.

**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Our environmental management strategies focus on preserving natural resources and implementing effective waste management practices. We consistently oversee the management of hazardous waste in our production facilities, ensuring adherence to regulatory standards by maintaining waste levels within the approved limits.





We invest dedicated efforts for segregating, monitoring and safely disposing of the waste generated at our facilities, with the concept of 3 R (Reuse, Reduce and Recycle) embedded across the value chain. We also duly categorize waste into hazardous and non-hazardous components, with hazardous wastes forming 1.8% of the total waste generated. The non-hazardous waste includes plastic wastes and biomedical waste. Hazardous waste is disposed through authorized third-party recyclers in alignment with relevant waste management guidelines provided by regulatory bodies like the Central / State Pollution Control Board (SPCB). Bio-medical waste is incinerated at a third-party incinerating facility.

**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:**

We ensure compliance with relevant environmental laws, regulations, and guidelines in India, including the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and other legislations in the Environment Protection Act and its rules. By aligning with the protocols of the state pollution control board and enhancing our production through technological advancements, we aim to minimize pollution. We have secured the necessary Consent to Establish and Consent to Operate under the Water Act, Air Act, EPA, and other relevant regulations, with the Consent to Operate being renewed regularly.

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:

- Name of the area:
- Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (In kiloliters)	-	-
Total volume of water consumption (In kiloliters)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kiloliters)	-	-
(i) Into Surface water	-	-
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(iv) Sent to third parties	-	-
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
(v) Others	-	-
• No treatment	-	-
• With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	3,393	-
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent/INR lakh	0.185	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO <sub>2</sub> /million cigarettes	0.406	-

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.

\*Category 9 – Downstream Emissions – The Company has only considered downstream emissions from transportation within India. Emissions from export of goods has not been considered for FY23-24.



**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 (Savings in ₹ Million)
1.	Boiler Fuel conversion from HSD to PNG	Identified sustainability project for conversion of fuel HSD from PNG for our boiler operations in Toopran unit.	Significant reduction of the proportion of HSD consumption to the total direct energy consumption from 48% to 8%, thereby resulting in reduction of 85 tCO <sub>2</sub> e.
2.	Renewable energy	Installation of 1MW solar power plant.	25% of our power consumption is met from Solar power project.
3.	Optimizing water usage	Installed low flow water fixtures at high water use areas. Installed Sensor based water taps to reduce the water consumption. Effective monitoring of water consumption Periodical maintenance of water infrastructure	Improved resource efficiency
4.	Technology Upgradation	Implementation of DRF/AHU Closed loop System. Installation of LED lights. Increase in solar power generation of 2%.	Total saving of 2,57,187 Units
5.	Optimizing tobacco utilization	Experimented with Blend & Process parameters	6% improvement in cut tobacco blend fill power

**5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

We are dedicated to developing and sustaining a comprehensive Business Continuity Management System (BCMS) aimed at ensuring the resilience of our business activities. In pursuit of this goal, we have crafted a holistic BCMS that identifies potential threats to our operations and crafts effective strategies to mitigate their effects. This system is seamlessly integrated with our operational and technological processes throughout the organization, facilitating the swift restoration of business functions post-disruption to minimize adverse impacts on our operations, customers, and stakeholders, while also protecting the brand and reputation.

The goal is to create, implement, practice, and uphold Business Continuity Plans for essential business functions, ensuring they remain operational despite acceptable levels of disruption. Efforts are underway to enhance business continuity awareness among all employees and relevant parties via training sessions and consultations. We are committed to routinely assess the effectiveness of the BCMS to foster continuous enhancement and instill a culture of business continuity within the Company.

**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 promote responsible tobacco sourcing, we mandate adherence to our stringent audit processes defined in the Sustainable Tobacco Programme across the supply chain. Our agreements with farmers are structured to meet these standards, with compliance monitored by field technicians utilizing the GMS application to oversee farmers' adherence to both their contractual responsibilities and audit criteria.

Detailed below are the principal environmental risks tied to our tobacco value chain, alongside our approaches to mitigating these risks:

I. Waste Management: Tobacco cultivation necessitates substantial use of agrochemicals; the containers of these agrochemicals pose environmental risks. Our contracts include directives for the proper disposal of these containers. Farmers must thrice-rinse emptied containers, draining the rinse into the spray tank, then puncture the container to deter reuse. Finally, the container should be disposed of or recycled following the manufacturer's guidelines and/or national laws. Approximately, 48% of our contracted farmers have received training on use of agrochemicals and their safe disposal. Going forward, we are planning to encourage the use of bio-fertilizers and the distribution of CPA storage boxes and CPA waste collection boxes to the contracted farmers.

II. Water Management: A segment of our farmers relies on irrigation for tobacco cultivation. To address this concern, we are enhancing access to micro-sprinklers and drip irrigation systems to reduce water use and augment soil water retention via green manuring. During FY2023-24, 38.6% of our nurseries have been equipped with micro-sprinklers for irrigation.

III. Climate Change: The prevalent method for curing tobacco leaves globally is flue curing, leading to significant deforestation for firewood. In our supply chain, most farmers adopt sun curing, reducing the risk to biodiversity. During FY2023-24 the proportion of tobacco leaf purchased that was cured at no risk of deforestation of primary and protected forests stood at 100%. For the minority employing flue curing, we are reducing the environmental impact by encouraging the use of agricultural by-products like tobacco stalks, maize husk, sawdust, sunflower heads, groundnut shells, and cotton stalks as firewood alternatives. Going forward we also plan to encourage our farmers to use biofertilizers.

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

14% of our value chain partners, including material suppliers and contract farmers, undergo continuous assessment based on environmental criteria.

**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 of the Board Of Directors & Management Discussion Analysis for the year ending 31 <sup>st</sup> March 2024.	-	<a href="http://www.vsthyd.com">www.vsthyd.com</a>

**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 has 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 regularly engage in dialogue with the community and design interventions to address their concerns. We also carry out annual need assessment studies to identify societal needs of target groups. We prioritize the requirements and allocates funds for the various social interventions in alignment with our CSR policy.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs	1.7%	1.49%
Directly from within India	97%	96%

**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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Rural	22%	20%
Semi-urban	14%	5%
Urban	27%	40%
Metropolitan	37%	36%

(Place to be categorized 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 marginalized/vulnerable groups? No  
 (b) From which marginalized / 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.**

We have not engaged with any entity during the reporting period for deriving or sharing any benefits from the intellectual properties owned and acquired by us.

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	Naari Shakti	10,900	100%
2	Swachh Ghar Mission	2,875	100%
3	VST Cares	1,70,000	100%
4	Swachh Roshni	800	100%
5	Mid-day Meal	5,000	100%
6	Gyandeep	8,000	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 implemented a robust consumer grievance handling system. Consumers can register their complaints through a toll-free number, which is prominently displayed on the product label and on our website. Once a complaint is registered, a grievance redressal executive reviews it to understand its nature, after which it is forwarded to the relevant department for prompt resolution.

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

**3. Number of consumer complaints in respect of the following:**

	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	None	-	-	None
Advertising	-	-	None	-	-	None
Cyber-security	-	-	None	-	-	None
Delivery of essential services	-	-	None	-	-	None
Restrictive Trade practices	-	-	None	-	-	None
Unfair Trade Practices	-	-	None	-	-	None
Others	-	-	None	-	-	None

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	-	Not applicable
Forced recalls	-	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 possess a comprehensive framework and policy addressing cybersecurity and data privacy risks. We firmly understand the loss or misuse of sensitive information, or its disclosure to outsiders, including competitors and trading partners, could potentially have a significant adverse impact on our business operations and potentially cause legal challenges in both monetary and non-monetary terms. Considering these potential impacts on us, we have put in place information technology policies and procedures which are reviewed periodically. We also have established information technology controls like data backup mechanism, disaster recovery centre, authorisation verification, etc. to protect the system

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

No cases were raised during the reporting year and hence no corrective actions were taken.

**7. Provide the following information relating to data breaches:**

- Number of instances of data breaches along-with impact - None
- Percentage of data breaches involving personally identifiable information of customers - 0%
- Impact, if any, of the data breaches - None

**Leadership Indicators****1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

We ensure that our product packaging and labelling are in accordance with the Cigarettes and other Tobacco Products (prohibition of advertisement and regulation of trade and commerce, production, supply and distribution) Act, 2003 (COTPA). The labelling on the products carries information on the product's characteristics including health impacts, traceability of product batch.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Our product labelling carries information on the product's characteristics, including health impacts, in strict adherence to COTPA regulations.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

As tobacco and cigarette products are not essential to consumers, hence there is no mandate to communicate any risk due to disruption/discontinuation of essential services to our consumers.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

We do not display product information over and above applicable acts and regulations. However, we ensure product packaging and labelling are in accordance with the COTPA rules (Cigarettes and other Tobacco Products Act).



## 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"), which comprise the balance sheet as at 31st March, 2024, 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 which are included the financial information from VST ESOP Trust ("Trust").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Revenue Recognition

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

The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>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.</p> <p>We considered revenue recognition as a key audit matter because: Revenue is a key performance indicator of the Company. Accordingly, there could be pressure to meet the expectation of investors/other stakeholders. We have considered that there is a risk of fraud related to revenue being overstated by recognition in the wrong period or before control has passed.</p>	<p>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:</p> <p>Evaluated the appropriateness of the Company's. Revenue recognition accounting policies and compliance with the applicable accounting standards.</p> <p>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.</p> <p>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.</p> <p>Other audit procedures specifically designed to address risk of management override of controls including journal entry testing.</p> <p>Assessed the adequacy of the Company's disclosures in the financial statements.</p>

##### Basis for Opinion

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

##### Key Audit Matter

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

##### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Corporate Governance 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

##### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional Skepticism 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:

- 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.
- 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 except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- 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.
- In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- On the basis of the written representations received from the directors on various dates taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
- The modification 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 reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

- 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:
- The Company has disclosed the impact of pending litigations as at 31st March, 2024 on its financial position in its financial statements - Refer Note 6, 17 and 25 to the financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - 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.
    - 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.

- Based on the audit procedures performed 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.
- 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.

- Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
  - The Company has used accounting software for maintaining the books of account relating to purchase of tobacco leaf from



farmer, which is operated by a third party software service provider. In the absence of Independent Auditor's report in relation to the controls at service organisation, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

Further, where audit trail (edit log) feature was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with.

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

**Arpan Jain**

Partner

Place: Hyderabad

Membership No.: 125710

Date: 26th April, 2024

ICAI UDIN: 24125710BKFNZL1656

## Annexure A to the Independent Auditor's Report on the Financial Statements of VST Industries Limited for the year ended 31st March, 2024

(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.
- (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. According to the information and explanations given to us no discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) (refer note 2A) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature



of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in other parties, in respect of which the requisite information is as below. The Company has not made any investments in companies, firms or limited liability partnership.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of 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	5.07

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, *prima facie*, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Sales tax and Value added tax during the year since effective 1st July, 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax (GST), Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

- (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, Service Tax, Entry 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
UP Tax on entry of Goods into Local Areas Act, 2007	Entry Tax	848.24 (275.00)*	January 2007 to March 2011	Supreme Court of India
The Jharkhand Entry Tax on Consumption or Use of Goods Act, 2011	Entry Tax	87.15	August 2006 to March 2007	High Court of Jharkhand
The Assam Entry Tax Act, 2008	Entry Tax	151.08	October 2006 to March 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) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) The Company has not raised any funds on short-term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31st March, 2024. Accordingly, clause 3(ix)(e) is not applicable.





- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order 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) Based on 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 course of the audit.
- (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) We have taken into consideration the whistle-blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (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

**Arpan Jain**

Partner

Place: Hyderabad

Membership No.: 125710

Date: 26th April, 2024

ICAI UDIN: 24125710BKZFZNL1656

## Annexure B to the Independent Auditor's Report on the Financial Statements of VST Industries Limited for the year ended 31st March, 2024

### Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2A(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

We have audited the internal financial controls with reference to financial statements of VST Industries Limited ("the Company") as of 31st March, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2024, 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

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 24125710BKFZNL1656

Place: Hyderabad

Date: 26th April, 2024



## BALANCE SHEET

AS AT 31ST MARCH, 2024

	Note	(₹ in Lakhs)	
		As at 31st March, 2024	As at 31st March, 2023
<b>I ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	2A	26819.80	59013.17
(b) Capital Work-in-Progress	2B	4695.92	25.17
(c) Intangible Assets	2C	8.07	11.02
(d) Financial Assets			
(e) (i) Investments	3	20011.47	20172.05
(ii) Loans	4	3.45	20175.76
(f) Deferred Tax Assets (Net)	6	1504.01	1783.75
(g) Other Non-Current Assets	7	145.33	1159.86
<b>Total Non-Current Assets</b>		<b>53188.05</b>	<b>82168.73</b>
<b>2 Current Assets</b>			
(a) Inventories	8	45499.08	34932.78
(b) Financial Assets			
(i) Investments	9	24701.72	37563.51
(ii) Trade Receivables	10	4639.52	4317.80
(iii) Cash and Cash Equivalents	11	2439.13	882.30
(iv) Other Bank Balances	12	1076.41	1091.72
(v) Loans	4	1.62	1.62
(vi) Other Financial Assets	5	281.15	33139.55
(c) Other Current Assets	7	5308.81	4128.83
		<b>83947.44</b>	<b>83196.76</b>
(d) Asset Held for Sale	2A	34873.45	-
<b>Total Current Assets</b>		<b>118820.89</b>	<b>83196.76</b>
<b>TOTAL ASSETS</b>		<b>172008.94</b>	<b>165365.49</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	13	1544.19	1544.19
(b) Other Equity		123697.18	116425.59
<b>Total Equity</b>		<b>125241.37</b>	<b>117969.78</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Provisions	15	2164.24	2153.10
<b>Total Non-Current Liabilities</b>		<b>2164.24</b>	<b>2153.10</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	14		
- Total outstanding dues of micro enterprises and small enterprises		1233.02	260.57
- Total outstanding dues of creditors other than micro enterprises and small enterprises		10596.75	9420.10
(ii) Other Financial Liabilities	16	4821.50	4245.08
(b) Other Current Liabilities	17	25953.88	29275.94
(c) Current Tax Liabilities (Net)	6	1998.18	2040.92
<b>Total Current Liabilities</b>		<b>44603.33</b>	<b>45242.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>172008.94</b>	<b>165365.49</b>

The accompanying notes 1 to 32 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

**ARPAN JAIN**

Partner

Membership No.: 125710

Hyderabad, 26th April, 2024

On behalf of the Board,

**NARESH KUMAR SETHI**

DIN: 08296486

**ADITYA DEB GOOPTU**

DIN: 07849104

**ANISH GUPTA****PHANI K. MANGIPUDI**

Hyderabad, 26th April, 2024

Chairman

Managing Director

Chief Financial Officer

Company Secretary

## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2024

	Note	(₹ in Lakhs)	
		For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>I Revenue from operations</b>	18	183750.02	167250.87
<b>II Other Income</b>	19	7959.96	7639.85
<b>III Total Income (I + II)</b>		<b>191709.98</b>	<b>174890.72</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	20	78415.64	61221.41
Changes in Inventories of Finished Goods and Work-in-Progress	21	(2931.59)	875.16
Excise Duty		41702.59	38006.98
Employee Benefits Expense	22	12996.12	12032.74
Depreciation and Amortisation Expense		3811.04	3020.05
Other Expenses	23	18247.05	16845.54
<b>Total Expenses</b>		<b>152240.85</b>	<b>132001.88</b>
<b>V Profit before tax (III - IV)</b>		<b>39469.13</b>	<b>42888.84</b>
<b>VI Tax expense:</b>			
1) Current tax	6	9014.75	9816.79
2) Deferred tax	6	297.86	373.77
		<b>9312.61</b>	<b>10190.56</b>
<b>VII Profit for the year (V - VI)</b>		<b>30156.52</b>	<b>32698.28</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss:			
- Remeasurements of the defined benefit plans (net)		123.36	41.17
- Change in Fair Value of Equity instruments		(0.82)	28.23
(ii) Income tax relating to items that will not be reclassified to profit or loss	6	(14.26)	(13.59)
B (i) Items that will be reclassified to profit or loss:			
- Change in Fair Value of effective portion of Cash flow hedges		(5.26)	(4.14)
(ii) Income tax relating to items that will be reclassified to profit or loss	6	1.33	1.04
<b>VIII Other Comprehensive Income [A+B]</b>		<b>104.35</b>	<b>52.71</b>
<b>IX Total Comprehensive Income for the year (VII + VIII)</b>		<b>30260.87</b>	<b>32750.99</b>
<b>X Earnings per equity share (Face Value ₹ 10 each):</b>			
1) Basic (in ₹)	24	195.29	211.75
2) Diluted (in ₹)	24	195.29	211.75

The accompanying notes 1 to 32 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

**ARPAN JAIN**

Partner

Membership No.: 125710

Hyderabad, 26th April, 2024

On behalf of the Board,

**NARESH KUMAR SETHI**

DIN: 08296486

**ADITYA DEB GOOPTU**

DIN: 07849104

**ANISH GUPTA****PHANI K. MANGIPUDI**

Hyderabad, 26th April, 2024

Chairman

Managing Director

Chief Financial Officer

Company Secretary



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2024

### 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, 2023	1544.19	-	-	1544.19
<b>For the year ended 31st March, 2024</b>	<b>1544.19</b>	<b>-</b>	<b>-</b>	<b>1544.19</b>

### B OTHER EQUITY

	Reserve and Surplus				Other Comprehensive Income (OCI)			Total
	Capital Redemption Reserve	General Reserve	Retained Earnings	Share-Based Payment Reserve	Treasury Shares	Equity Instruments	Cash Flow Hedge	
<b>Balance as at 31st March, 2022</b>	<b>1000.25</b>	<b>34552.15</b>	<b>71165.25</b>	<b>99.11</b>	<b>(1065.78)</b>	<b>119.51</b>	<b>14.93</b>	<b>105885.42</b>
Profit for the year			32698.28					32698.28
Recognition of share-based payments to employees				143.47				143.47
Other Comprehensive Income (net of tax)			30.81			25.00	(3.10)	52.71
Treasury Shares held by VST ESOP Trust					(815.71)			(815.71)
Dividend on								
Ordinary Shares - Final (₹ 140/- per share)*			(21538.58)					(21538.58)
Transfer to General Reserve		3000.00	(3000.00)					-
<b>Balance as at 31st March, 2023</b>	<b>1000.25</b>	<b>37552.15</b>	<b>79355.76</b>	<b>242.58</b>	<b>(1881.49)</b>	<b>144.51</b>	<b>11.83</b>	<b>116425.59</b>
Profit for the year			30156.52					30156.52
Recognition of share-based payments to employees				87.77				87.77
Other Comprehensive Income (net of tax)			92.31			15.97	(3.93)	104.35
Dividend on								
Ordinary Shares - Final (₹ 150/- per share)*			(23077.05)					(23077.05)
Transfer to General Reserve		3000.00	(3000.00)					-
<b>Balance as at 31st March, 2024</b>	<b>1000.25</b>	<b>40552.15</b>	<b>83527.54</b>	<b>330.35</b>	<b>(1881.49)</b>	<b>160.48</b>	<b>7.90</b>	<b>123697.18</b>

An amount of ₹ 150/- per ordinary share (2023 - ₹ 150/-) amounting to total of ₹ 23162.88 Lakhs (2023 - ₹ 23162.88 Lakhs) is recommended to be paid as dividend by the Board of Directors of the Company, subject to approval of the Shareholders at their Annual General Meeting and has not been recognised as a liability in these financial statements.

\* Net of dividend paid to VST ESOP Trust.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2024

### B OTHER EQUITY (contd.)

#### Nature and purpose of reserves

- Capital Redemption Reserve: The Company has recognised Capital Redemption Reserve on redemption of cumulative preference shares.
- General Reserve: The Company has transferred a portion of the net profit of the Company to General Reserve and the same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Net actuarial gain/loss arising on account of remeasurement of defined employee benefit plans are recognised in other comprehensive income and are adjusted to retained earnings.
- Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.
- Cash Flow Hedge: This Reserve represents the cumulative effective portion of change in fair value of derivatives that are designated as Cash Flow Hedge. It will be reclassified to statement of profit or loss in accordance with the Company's accounting policy.
- Share-Based Payment Reserve: This Reserve is created as required by Ind AS 102 "Share-Based Payments" on the employee stock option scheme operated by the Company for its employees.
- Treasury Shares: This represents the equity shares of the Company purchased and held by the VST ESOP Trust ("ESOP Trust") under its employees stock option scheme, to be issued and allotted to its employees at the time of exercise of the option.

The accompanying notes 1 to 32 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

#### ARPAN JAIN

Partner

Membership No.: 125710

Hyderabad, 26th April, 2024

On behalf of the Board,

**NARESH KUMAR SETHI** Chairman

DIN: 08296486

**ADITYA DEB GOOPTU** Managing Director

DIN: 07849104

**ANISH GUPTA** Chief Financial Officer

**PHANI K. MANGIPUDI** Company Secretary

Hyderabad, 26th April, 2024



## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2024

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>A Cash Flow from Operating Activities</b>		
Profit Before Tax	39469.13	42888.84
Adjustments:		
Depreciation and Amortisation Expense	3811.04	3020.05
Gain on sale of Property, Plant and Equipment (Net)	(267.28)	(6.53)
Liabilities no Longer Required Written Back	(3357.36)	(1,750.52)
Share-Based Payment Expense	181.48	143.47
Unrealised (Gain)/Loss on Exchange (Net)	(35.82)	1.70
Interest Income	(1296.92)	(1734.61)
Dividend Income	(6.78)	(5.36)
Net gain arising on Investments measured at FVTPL	(2781.05)	(3914.45)
Operating Profit before Working Capital Changes	<b>35716.44</b>	<b>38642.59</b>
Movement in Working Capital:		
Inventories	(10566.30)	(5369.92)
Trade Receivables	(309.85)	(987.58)
Advances and Other Assets	(1185.06)	(1438.39)
Trade Payables	2151.44	(660.90)
Other Liabilities and Provisions	(16.31)	(2649.22)
<b>Cash generated from Operations</b>	<b>25790.36</b>	<b>27536.58</b>
Income Taxes Paid (Net)	(9088.54)	(9391.01)
<b>Net cash generated from Operating Activities</b>	<b>16701.82</b>	<b>18145.57</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment, Intangibles, etc	(9434.04)	(40388.12)
Sale of Property, Plant and Equipment	267.76	6.53
Purchase of Current Investments	(274652.27)	(297306.99)
Sale/Redemption of Current Investments	290295.11	340418.82
Dividend Income from Non-Current Investments	6.78	5.36
Interest realised	1448.47	1895.84
Loans Realised	0.25	40.77
<b>Net cash from Investing Activities</b>	<b>7932.06</b>	<b>4672.21</b>
<b>C Cash Flow from Financing Activities</b>		
Dividend paid on equity shares	(23077.05)	(21538.58)
Purchase of Treasury Shares by VST ESOP Trust	-	(815.71)
Net cash used in Financing Activities	<b>(23077.05)</b>	<b>(22354.29)</b>
<b>Net change in cash and cash equivalents</b>	<b>1556.83</b>	<b>463.49</b>
Opening cash and cash equivalents	882.30	418.81
<b>Closing cash and cash equivalents</b>	<b>2439.13</b>	<b>882.30</b>

The accompanying notes 1 to 32 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

**ARPAN JAIN**

Partner

Membership No.: 125710

Hyderabad, 26th April, 2024

On behalf of the Board,

**NARESH KUMAR SETHI** Chairman

DIN: 08296486

**ADITYA DEB GOOPTU** Managing Director

DIN: 07849104

**ANISH GUPTA** Chief Financial Officer

**PHANI K. MANGIPUDI** Company Secretary

Hyderabad, 26th April, 2024

## 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 - 500 020. 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 26th April, 2024.

#### STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amendment from time to time.

The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on accrual and going concern basis. The material Accounting Policies as disclosed below are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013 as amended from time to time. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The statement of cash flows has been prepared under indirect method.

#### BASIS OF MEASUREMENT

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, except for certain financial instruments and defined benefit plans which are measured at fair value, as explained in the accounting policies. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except leasing transactions that are within the scope of Ind AS 116 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

#### KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses for the year. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates.

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.



## NOTES TO THE FINANCIAL STATEMENTS

Following is the information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year.

- (a) Useful lives of property, plant and equipment and intangible assets

As described in the material accounting policies, the Company reviews the estimated useful lives of property, plant and equipment, and intangible assets at the end of each reporting period.

- (b) Recognition of deferred tax assets - Refer Note 6

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the carry-forward period are reduced.

- (c) Measurement and likelihood of occurrence of provisions and contingencies - Refer Note 25

As described in the material accounting policies, the Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management accrues a liability for its best estimate of it. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

- (d) Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where market observable inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share-based payments are disclosed in the concerned notes to the financial statements.

- (e) Measurement of defined benefit obligations - Refer Note 30

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income.

Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or construction cost, net of accumulated depreciation and accumulated impairment losses, if any. Upon adoption of Ind AS, the Company had elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st April, 2016.

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

All upgradations/enhancements are charged off as revenue expenditure unless they bring similar significant future economic benefits.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on retirement or disposal of property, plant and equipment is determined as difference between the sale proceed and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

### DEPRECIATION

Depreciation is provided on the straight-line method at the rates based on estimated useful life of assets as prescribed under Part C of Schedule II to the Companies Act, 2013 with the exception of the following:

Building	- 20 Years
Plant & Equipment	- 5 - 20 Years
Motor Vehicles	- 4 Years
Freehold land	is not depreciated

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

### INTANGIBLE ASSETS

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

Computer Software (including license fee and cost of implementation/system integration

services) is capitalised where ever it is expected to provide future enduring economic benefits. Cost of upgradation/enhancements is charged off as revenue expenditure unless they bring similar significant benefits.

The useful lives of intangible assets are assessed as either finite or infinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 4 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, where appropriate.

The assessment of infinite life is reviewed annually to determine whether the infinite life continues, if not, it is impaired or changed prospectively basis such revised estimates.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

Impairment loss, if any, is provided to the extent, the carrying amount of non-financial assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the net present value of estimated future cash flows expected to 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 ₹, 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

## NOTES TO THE FINANCIAL STATEMENTS

the acquisition value of the financial asset. Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### Trade Receivables

Trade receivables are recognised initially at transaction price and subsequently remeasured considering provision made for doubtful receivables as per expected credit loss method over the life of the asset depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

#### Debt Instruments

Debt instruments are initially measured at amortised cost, or FVTPL or FVOCI till derecognition, on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

- 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.
- 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.

- 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.



## NOTES TO THE FINANCIAL STATEMENTS

### Impairment of Financial Asset

Expected credit losses are recognised for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition.

The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is 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.

## NOTES TO THE FINANCIAL STATEMENTS

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

### PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect their present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### REVENUE RECOGNITION

Revenue from sale of goods is recognised when control over goods is transferred to a customer as per the terms of the contract.

This is usually evidenced by a transfer of all the significant risks and rewards of ownership upon delivery of goods to the customer, which in terms of timing is not materially different to the date of shipping. Revenue is measured at the contracted (transaction) price received or receivable (includes Excise Duties and National Calamity Contingent

Duty which are payable on manufacture of goods) after deduction of any trade discount, incentive and other similar discounts and any taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Service tax, etc. Income from export incentives such as duty drawback is recognised on accrual basis.

### Other Income

Interest income is recognised using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

### EXPENDITURE

Expenses are accounted on accrual basis.

## EMPLOYEE BENEFITS

### Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Provident fund contribution in respect of certain employees, who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised from the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the government administered fund and charged as an expense to the Statement of Profit and Loss.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

### Defined Benefit Plans

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service





## NOTES TO THE FINANCIAL STATEMENTS

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 'capital reserve'. Share options exercised during the reporting period are settled with treasury shares.

### INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/recoverable on the taxable income/loss for the year using applicable tax rates as at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

## NOTES TO THE FINANCIAL STATEMENTS

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. On 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



## NOTES TO THE FINANCIAL STATEMENTS

	Gross Block				Accumulated Depreciation & Amortisation				Net Block	
	Balance as at 31st March, 2022	Additions	Disposals/Reclassification	Balance as at 31st March, 2023	Balance as at 31st March, 2022	For the year	Adjustment on Disposals	Balance as at 31st March, 2023	Adjustment on Disposals/Reclassification	Balance as at 31st March, 2024
<b>2A. PROPERTY PLANT AND EQUIPMENT</b>										
Land	2280.28	34873.44	-	37153.72	-	-	-	2280.28	-	37153.72
Buildings on Freehold Land	5871.71	7.50	147.39	5879.21	1675.55	438.63	-	2114.18	348.68	2295.25
Plant & Equipment	31098.43	7248.23	38346.66	6121.94	19136.97	2129.08	21266.05	3135.63	1092.28	23309.40
Electrical Installation & Equipment	1312.65	40.77	-	1353.42	588.38	132.42	-	720.80	197.11	917.91
Furniture & Fixtures	347.49	60.79	0.17	408.11	171.77	40.90	0.17	212.50	45.05	256.05
Motor Vehicles	109.54	5.03	-	114.57	78.22	24.80	-	103.02	8.83	111.85
Office Equipment	597.82	299.56	4.62	892.76	471.73	251.62	4.62	718.73	72.79	789.56
<b>Total Property, Plant and Equipment</b>	<b>41617.92</b>	<b>42535.32</b>	<b>4.79</b>	<b>84148.45</b>	<b>6488.65</b>	<b>36137.28</b>	<b>54499.82</b>	<b>22122.62</b>	<b>3017.45</b>	<b>27680.02</b>
<b>2B. CAPITAL WORK-IN-PROGRESS</b>										
Computer Software, etc.	14.28	11.82	-	26.10	12.48	2.60	-	15.08	2.95	18.03
<b>Total Intangible assets</b>	<b>14.28</b>	<b>11.82</b>	<b>-</b>	<b>26.10</b>	<b>12.48</b>	<b>2.60</b>	<b>-</b>	<b>15.08</b>	<b>2.95</b>	<b>18.03</b>

<sup>1</sup> During the previous year, pursuant to a proposal initiated by the Government of Telangana, the Company had undertaken conversion of its leasehold factory premises co-located with its registered office situated in the Azamabad Industrial Area of Hyderabad.

During the current year, the Company has initiated shifting of its manufacturing operations from Azamabad Industrial Area to its own existing manufacturing facility at Toopran, Telangana to derive operational synergies through consolidation.

Consequently, the Company has initiated the process to monetize the Azamabad property including land & buildings therein. These are expected to be completed in financial year 2024-25. Accordingly, these have now been classified as "Asset Held for Sale".

### Notes:

- The amortisation expense of Intangible assets have been included under " Depreciation and amortisation expense" in the Statement of Profit and Loss.
- The Company continue to hold appropriate documents including registered sale deed/transfer deed/conveyance deed with respect to immovable properties (Land & Buildings) shown above.

### 3. Capital work-in-progress ageing schedule:

	2023-24		2022-23		Total
	Less than 1 year	More than 1-2 years	Less than 1 year	More than 2-3 years	
Projects in progress	4695.92	-	25.17	-	4695.92
Projects temporarily suspended	-	-	-	-	-
	4695.92	-	25.17	-	4695.92

The Company does not have any Capital work-in-progress which is past its expected completion date or where cost has exceeded the original plan.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. NON-CURRENT INVESTMENTS

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
<b>Investment in Government/Trust Securities</b> (at amortised cost)		
<b>UNQUOTED</b> National Savings Certificate cost ₹ 500 (2023 - ₹ 500) Lodged with Government Authority		
<b>QUOTED</b> Government Securities (Maturity in year 2026 to 2028) (Interest Coupon Rate ranging from 6.75% - 8.35%)	19719.54	19879.30
	<b>19719.54</b>	<b>19879.30</b>
<b>Investment in Mutual Funds</b> (at fair value through other comprehensive income)		
<b>QUOTED</b> HDFC - Top 100 Fund - Regular Plan - Dividend Option 50,000 units of ₹ 10 each	28.70	22.58
	<b>28.70</b>	<b>22.58</b>
<b>Investment in Equity Instruments</b> (at fair value through other comprehensive income)		
<b>QUOTED</b> Duncan Industries Limited 184 Equity Shares of ₹ 10 each fully paid up Godfrey Phillips India Limited 1000 Equity Shares of ₹ 2 each fully paid up Golden Tobacco Limited 50 Equity Shares of ₹ 10 each fully paid up Housing Development Finance Corporation Limited (HDFC) <sup>#</sup> Nil (2023 - 6,000) Equity Shares of ₹ 2 each fully paid up HDFC Bank Limited <sup>#</sup> 15,080 (2023 - 5,000) Equity Shares of ₹ 1 each fully paid up	0.02 30.88 0.02 - 218.37	0.02 18.20 0.02 157.51 80.48
	<b>249.29</b>	<b>256.23</b>
<b>UNQUOTED</b> Andhra Pradesh Gas Power Corporation Limited 1,39,360 shares of ₹ 10 each fully paid up Twin Towers Premises Co-operative Society Limited * 10 Shares of ₹ 50 each fully paid up (Cost ₹ 500, 2023 - ₹ 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
	<b>13.94</b>	<b>13.94</b>
<b>Total of Non-Current Investments</b>	<b>20011.47</b>	<b>20172.05</b>
Aggregate amount of Quoted Investments - Market Value	19598.70	19653.62
Aggregate amount of Unquoted Investments	13.94	13.94

<sup>#</sup> pursuant to amalgamation of HDFC Limited with HDFC Bank Limited w.e.f. 13th July, 2023.

\* Fair value of these investments is negligible.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. LOANS

	As at 31st March, 2024		As at 31st March, 2023	
	Current	Non-Current	Current	Non-Current
<b>Loans to Employees</b>				
Secured, considered good	1.62	3.45	1.62	3.71
<b>TOTAL</b>	<b>1.62</b>	<b>3.45</b>	<b>1.62</b>	<b>3.71</b>

### 5. OTHER FINANCIAL ASSETS

	As at 31st March, 2024		As at 31st March, 2023	
	Current	Non-Current	Current	Non-Current
<b>Other financial assets</b>				
Interest accrued on Loans, Deposits, Investments, etc.	270.60	-	262.39	-
Other receivables				
- On account of Foreign Currency Forward Contracts	10.55	-	15.81	-
<b>TOTAL</b>	<b>281.15</b>	<b>-</b>	<b>278.20</b>	<b>-</b>

### 6. INCOME TAXES

	As at 31st March, 2024	As at 31st March, 2023
<b>A. Income tax expense recognised in Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current tax for the year	9225.45	9809.99
Adjustments/(credits) related to previous years - (net)	(210.70)	6.80
<b>Total Current tax expense (a)</b>	<b>9014.75</b>	<b>9816.79</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	297.86	373.77
<b>Total Deferred tax expense (b)</b>	<b>297.86</b>	<b>373.77</b>
<b>TOTAL (a + b)</b>	<b>9312.61</b>	<b>10190.56</b>
<b>B. Income tax expense recognised in Other Comprehensive Income</b>		
<b>Current tax</b>		
On item that will not be reclassified to Statement of Profit and Loss		
- Related to remeasurement of defined benefit plans (net)	31.05	10.36
<b>Total Current tax expense (a)</b>	<b>31.05</b>	<b>10.36</b>
<b>Deferred tax</b>		
On item that will not be reclassified to Statement of Profit and Loss		
- Related to change in fair value of equity instruments	(16.79)	3.23
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	(1.33)	(1.04)
<b>Total Deferred tax expense (b)</b>	<b>(18.12)</b>	<b>2.19</b>
<b>TOTAL (a + b)</b>	<b>12.93</b>	<b>12.55</b>

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2024	As at 31st March, 2023
<b>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:</b>		
<b>Profit before tax</b>	39469.13	42888.84
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	9933.59	10794.26
<b>Adjustment:</b>		
Effect of expenses not deductible for tax purposes	208.56	206.60
Effect of different tax rate on certain items	(1022.67)	-
Effect of income deductible for tax purposes	-	(879.30)
Others *	193.13	69.00
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>9312.61</b>	<b>10190.56</b>
* Others include adjustments/(credits) related to previous years - (net)		
<b>C. Current Tax Liabilities (net of advance tax)#</b>	<b>1998.18</b>	<b>2040.92</b>

# 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)

	Opening balance	Recognised in profit or loss	Recognised in/ reclassified from OCI	Closing Balance
<b>2023-24</b>				
<b>Deferred tax assets/(liabilities) in relation to:</b>				
- Employees' separation and retirement	594.95	27.08	-	622.03
- Central and State Taxes, etc.	2449.61	(1102.76)	-	1346.85
- Fiscal allowances on Property, Plant and Equipment, etc.	5.20	4.85	-	10.05
- Financial Instruments measured at Amortised cost	32.62	18.27	-	50.89
- Cash flow hedges	(3.98)	-	1.33	(2.65)
- Unrealised gain on Equity instruments measured at FVOCI	(8.24)	-	16.79	8.55
- Unrealised gain on financial assets measured at FVTPL	(1576.64)	1008.39	-	(568.25)
- Other temporary differences	290.23	(253.69)	-	36.54
<b>Deferred Tax Assets - Net</b>	<b>1783.75</b>	<b>(297.86)</b>	<b>18.12</b>	<b>1504.01</b>
<b>2022-23</b>				
<b>Deferred tax assets/(liabilities) in relation to:</b>				
- Employees' separation and retirement	571.36	23.59	-	594.95
- Central and State Taxes, etc.	2451.28	(1.67)	-	2449.61
- Fiscal allowances on Property, Plant and Equipment, etc.	210.93	(205.73)	-	5.20
- Financial Instruments measured at Amortised cost	31.18	1.44	-	32.62
- Cash flow hedges	(5.02)	-	1.04	(3.98)
- Unrealised loss on Equity instruments measured at FVOCI	(5.01)	-	(3.23)	(8.24)
- Unrealised gain on financial assets measured at FVTPL	(1355.01)	(221.63)	-	(1,576.64)
- Other temporary differences	260.00	30.23	-	290.23
<b>Deferred Tax Assets - Net</b>	<b>2159.71</b>	<b>(373.77)</b>	<b>(2.19)</b>	<b>1783.75</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 7. OTHER ASSETS

	(₹ in Lakhs)			
	As at 31st March, 2024		As at 31st March, 2023	
	Current	Non-Current	Current	Non-Current
Capital Advances	-	71.10	-	1090.70
Advances other than capital advances				
Security Deposits				
- With Statutory Authorities	-	0.35	-	0.35
- Commercial deposits	-	73.88	-	68.81
Advances recoverable in cash or kind for value to be received	232.60	-	247.87	-
GST credits/refundable	4549.53	-	3404.35	-
Balance with Statutory/Government Authorities	44.22	-	24.78	-
Other Advances - Prepaid Expenses	476.98	-	449.65	-
Other Receivables *	5.48	-	2.18	-
<b>TOTAL</b>	<b>5308.81</b>	<b>145.33</b>	<b>4128.83</b>	<b>1159.86</b>

\* Includes export incentive receivables

### 8. INVENTORIES

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
(At lower of cost and net realisable value)		
Raw Materials including packing materials	35871.12	30200.58
Work-in-Progress	927.58	493.62
Finished Goods	8081.93	3735.15
Stores and Spares	618.45	503.43
<b>TOTAL</b>	<b>45499.08</b>	<b>34932.78</b>
The cost of inventories recognised as an expense (net) on account of write-down of inventory to net realisable value.	188.79	218.75

### 9. CURRENT INVESTMENTS

	Face Value ₹ (Fully Paid)	(₹ in Lakhs)			
		As at 31st March, 2024		As at 31st March, 2023	
		No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
<b>Quoted - at fair value through profit or loss</b>					
<b>Investment in Mutual Funds *</b>					
<b>Liquid Funds</b>					
Axis Mutual Fund	1000	18,659	500.75	-	-
HDFC Mutual Fund	1000	22,704	1076.99	-	-
ICICI Prudential Mutual Fund	100	2,24,247	801.47	1,50,158	500.30
Kotak Mahindra Mutual Fund	1000	27,819	1357.29	21,999	1000.61
Nippon India Mutual Fund	1000	18,219	1076.56	18,170	1000.63
SBI Mutual Fund	1000	66,315	2506.24	8,556	301.45
<b>Money Market Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,77,830	606.03	9,39,948	2972.06
HDFC Mutual Fund	1000	34,467	1826.76	46,729	2299.87
ICICI Prudential Mutual Fund	100	7,65,839	2674.53	7,21,454	2339.74
Kotak Mahindra Mutual Fund	1000	-	-	45,450	1739.97
Nippon India Mutual Fund	1000	63,650	2432.28	79,604	2823.96
SBI Mutual Fund	10	29,91,982	1210.00	76,40,461	2870.62
<b>Ultra Short Term Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	-	-	7,89,632	3713.32
HDFC Mutual Fund	10	-	-	43,11,951	565.12

## NOTES TO THE FINANCIAL STATEMENTS

	Face Value ₹ (Fully Paid)	(₹ in Lakhs)			
		As at 31st March, 2024		As at 31st March, 2023	
		No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
<b>Low Duration Funds</b>					
Aditya Birla Sun Life Mutual Fund	100	1,87,339	1234.83	1,87,339	1145.48
HDFC Mutual Fund	10	21,75,018	1232.88	21,75,018	1142.33
ICICI Prudential Mutual Fund	100	-	-	8,14,584	3768.21
<b>Floating Rate Funds</b>					
HDFC Mutual Fund	10	-	-	72,28,970	3062.92
Nippon India Mutual Fund	10	14,38,831	614.65	28,80,184	1138.12
<b>Target Maturity Index Funds</b>					
Aditya Birla Sun Life Mutual Fund	10	2,97,25,079	3335.99	2,97,25,079	3111.32
Kotak Mahindra Mutual Fund	10	1,99,41,369	2214.47	1,99,41,369	2067.48
<b>Total of Current Investments</b>			<b>24701.72</b>		<b>37563.51</b>
Aggregate amount of quoted Investments - Market Value			24701.72		37563.51

\* All these investments have been made under "Direct Plan- Growth Option".

### 10. TRADE RECEIVABLES

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
Unsecured, considered good	4639.52	4317.80
(Refer Note 29)		
<b>TOTAL</b>	<b>4639.52</b>	<b>4317.80</b>

#### Ageing Details 2023-24

Particulars	Outstanding for the following periods from the due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	4083.57	482.85	73.10	-	-	-	4639.52
Undisputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed - credit impaired	-	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4083.57</b>	<b>482.85</b>	<b>73.10</b>	-	-	-	<b>4639.52</b>

#### 2022-23

Particulars	Outstanding for the following periods from the due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	3626.93	663.44	27.43	-	-	-	4317.80
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	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3626.93</b>	<b>663.44</b>	<b>27.43</b>	-	-	-	<b>4317.80</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 11. CASH AND CASH EQUIVALENTS

	(₹ in Lakhs)	
	As at 31st March 2024	As at 31st March, 2023
Balances with Banks		
- On Current Accounts	2438.88	881.46
Cash including cheques on-hand	0.25	0.84
<b>TOTAL</b>	<b>2439.13</b>	<b>882.30</b>

### 12. OTHER BANK BALANCES

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
Earmarked Balances		
- On Unclaimed Ordinary Dividend Account	1076.41	1091.72
<b>TOTAL</b>	<b>1076.41</b>	<b>1091.72</b>

### 13. EQUITY SHARE CAPITAL

	As at 31st March, 2024		As at 31st March, 2023	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorised</b>				
Ordinary Shares of ₹ 10 each	5,00,00,000	5000.00	5,00,00,000	5000.00
Cumulative Redeemable Preference Shares of ₹ 100 each	50,00,000	5000.00	50,00,000	5000.00
		<b>10000.00</b>		<b>10000.00</b>
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 10 each fully paid up	1,54,41,920	1544.19	1,54,41,920	1544.19

There is no movement in number of Ordinary Shares during the current and preceding five years.

Name of the Shareholder	No. of Shares (in Lakhs)	% holding	No. of Shares (in Lakhs)	% holding
Bright Star Investments Private Limited	40.07	25.95	40.07	25.95
The Raleigh Investment Company Limited	36.20	23.45	36.20	23.45
Tobacco Manufacturers (India) Limited	12.79	8.28	12.79	8.28
SBI Mutual Funds Trustee Company Private Limited				
A/c SBI Small Cap Fund	11.31	7.32	6.72	4.35
HDFC Trustee Company Limited (holding in various schemes)	7.02	4.54	10.51	6.81

### RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO ORDINARY SHARES

The Company has only one class of Ordinary Shares outstanding, having a par value of ₹ 10 each, that rank *pari passu* in all respects including voting rights and entitlement to dividend.

Details of Promoter shareholders of Ordinary Shares:

Name of the Shareholder	As at 31st March, 2024		As at 31st March, 2023		% change during the period
	No. of Shares	% holding	No. of Shares	% holding	
The Raleigh Investment Company Limited	36,20,420	23.45	36,20,420	23.45	-
Tobacco Manufacturers (India) Limited	12,78,942	8.28	12,78,942	8.28	-
Rothmans International Enterprises Limited	66,540	0.43	66,540	0.43	-
<b>TOTAL</b>	<b>49,65,902</b>	<b>32.16</b>	<b>49,65,902</b>	<b>32.16</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. TRADE PAYABLES

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
Payables for Goods and Services		
Total outstanding dues of micro enterprises and small enterprises	1233.02	260.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	10596.75	9420.10
<b>TOTAL</b>	<b>11829.77</b>	<b>9680.67</b>

#### DUE TO MICRO ENTERPRISES AND SMALL ENTERPRISES (MSME)

a) Principal amount remaining unpaid	1233.02	260.57
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 2023-24

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1233.02	-	-	-	-	1233.02
Others	7177.24	39.53	-	-	-	7216.77
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	17.20	3.95	68.20	955.65	1045.00
	<b>8410.26</b>	<b>56.73</b>	<b>3.95</b>	<b>68.20</b>	<b>955.65</b>	<b>9494.79</b>
Accrued Expenses						2334.98
						<b>11829.77</b>

#### 2022-23

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	260.57	-	-	-	-	260.57
Others	5031.78	607.93	-	-	-	5639.71
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	3.95	68.20	45.98	909.67	1027.80
	<b>5292.35</b>	<b>611.88</b>	<b>68.20</b>	<b>45.98</b>	<b>909.67</b>	<b>6928.08</b>
Accrued Expenses						2752.59
						<b>9680.67</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 15. PROVISIONS

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
<b>Non-Current</b>		
Provision for Employee Benefits		
Retirement and Other benefits (Refer Note 30)	2164.24	2153.10
<b>TOTAL</b>	<b>2164.24</b>	<b>2153.10</b>

### 16. OTHER FINANCIAL LIABILITIES

	(₹ in Lakhs)	
	As at 31st March, 2024	As at 31st March, 2023
<b>Current</b>		
Accrued Payroll	2511.10	2353.55
Unpaid/Unclaimed Dividends	1076.41	1091.72
Security Deposits	2.30	2.70
Other Liabilities		
- Others (including payable for property, plant and equipment, etc.)	1231.69	797.11
<b>TOTAL</b>	<b>4821.50</b>	<b>4245.08</b>

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, 2024	As at 31st March, 2023
Advances from Customers	958.78	2963.90
Statutory Liabilities including tax related matters	24995.10	26312.04
<b>TOTAL</b>	<b>25953.88</b>	<b>29275.94</b>

(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' - ₹ 5282.91 Lakhs (2023: ₹ 9666.62 Lakhs) - refer note below.

(a) The State Governments introduce amenity scheme from time to time to settle disputed local tax matters by paying part of the tax amount.

Accordingly, the Company has opted for such scheme and settled its Entry Tax demand in the State of West Bengal and consequently an amount of ₹1857.75 Lakhs (2023: Luxury Tax demand in the State of Telangana - ₹1750.52 Lakhs) has been written back.

(b) The Company has reassessed its liabilities relating to ongoing indirect tax disputes for earlier years. Based on finality reached in matter(s), liability of ₹1499.61 Lakhs has been written back.

The above written back sums are disclosed under head "Other Income" in the Statement of Profit & Loss.

(iii) Contingent liabilities where applicable are disclosed under note 25(a) of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. REVENUE FROM OPERATIONS

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Particulars in respect of sales		
Cigarettes*	139185.94	134168.93
Unmanufactured Tobacco	44237.16	32849.11
	<b>183423.10</b>	<b>167018.04</b>
<b>Other Operating Income</b>		
Scrap Sales	285.98	207.69
Other receipts	40.94	25.14
<b>TOTAL</b>	<b>183750.02</b>	<b>167250.87</b>

\* Net of trade promotions - ₹ 206.80 Lakhs (2023 - ₹ 425.51 Lakhs).

### 19. OTHER INCOME

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest Income on:		
Financial assets carried at amortised cost (net)	1291.97	1290.50
Financial assets measured at FVTPL	-	439.69
Loans and Deposits, etc.	4.95	4.42
Dividend Income from:		
Equity Instruments measured at FVOCI	6.78	5.36
Other net gains and (losses) from:		
- sale of property, plant and equipment, etc.	267.28	6.53
- financial assets measured at FVTPL	2767.32	3899.85
Gain on foreign exchange (Net)	134.11	177.71
Liabilities no longer required written back (refer note 17 (ii))	3357.36	1750.52
Other non-operating Income	130.19	65.27
<b>TOTAL</b>	<b>7959.96</b>	<b>7639.85</b>

### 20. COST OF MATERIALS CONSUMED

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Raw Materials Consumed *		
Opening Stock	30200.58	23221.59
Purchases	84086.18	68200.40
	<b>114286.76</b>	<b>91421.99</b>
Less: Closing Stock	35871.12	30200.58
<b>TOTAL</b>	<b>78415.64</b>	<b>61221.41</b>

The above includes cost of unmanufactured tobacco sold - Value ₹ 38676.70 Lakhs (2023 - ₹ 28455.34 Lakhs).

\* Includes Packing Material



## NOTES TO THE FINANCIAL STATEMENTS

### 21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) (Increase)/Decrease in Finished Goods		
Opening Stock	3735.15	5092.04
Closing Stock	8081.93	3735.15
	<b>(4346.78)</b>	<b>1356.89</b>
(b) Increase/(Decrease) in Excise Duties on Finished Goods	<b>1849.15</b>	<b>(622.30)</b>
(c) (Increase)/Decrease in Work-in-Progress		
Opening Stock	493.62	634.19
Closing Stock	927.58	493.62
	<b>(433.96)</b>	<b>140.57</b>
<b>TOTAL</b>	<b>(2931.59)</b>	<b>875.16</b>

### 22. EMPLOYEE BENEFITS EXPENSES

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries and wages	11378.64	10617.10
Contribution to Provident and other funds	732.42	634.96
Share based payment to employees (refer note 31)	181.48	143.47
Staff welfare expenses	703.58	637.21
<b>TOTAL</b>	<b>12996.12</b>	<b>12032.74</b>

### 23. OTHER EXPENSES

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Insurance	391.03	376.65
Consumption of Stores and Spares	1179.97	1525.51
Power and Fuel	697.37	657.74
Rent	464.24	434.93
Repairs and Maintenance	404.61	286.15
Rates and Taxes	84.22	77.04
Distribution Expenses	333.42	839.93
Advertisement/Sales Promotion Expenses	4255.63	2417.83
Outward Freight	2073.14	2153.22
Consultancy and Professional Expenses	1397.42	1385.28
Travelling and Conveyance Expenses	1650.16	1512.67
Contract Manufacturing Charges	573.44	485.36
Miscellaneous	3398.77	3377.50
Payment to Auditors (see note (a) below)	55.15	56.44
Corporate Social Responsibility (see note (b) below)	828.68	820.89
Non-Executive Directors' Sitting Fees, Remuneration & Commission	459.80	438.40
<b>TOTAL</b>	<b>18247.05</b>	<b>16845.54</b>

## NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>(a) Payment to Auditors</b>		
Audit fees	40.00	40.00
Fees for audit related services, Limited Reviews, etc.	8.00	8.00
Fees for certification	1.50	5.25
Reimbursement of expenses	5.65	3.19
	<b>55.15</b>	<b>56.44</b>
<b>(b) Corporate Social Responsibility (CSR)</b>		
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	828.68	820.89
(ii) Amount approved by the Board to be spent during the year	828.68	820.89
(iii) Amount spent during the year on:		
(1) On Construction/Acquisition of any asset	-	-
(2) For purposes other than (1) above (Revenue account)	828.68	571.34
	<b>828.68</b>	<b>571.34</b>
(iv) (Shortfall)/Excess at the end of the year*	-	(249.55)
(v) Total of previous years shortfall	-	-
(vi) Details of related party transactions	NA	NA
(vii) Reason for shortfall	NA	ongoing projects
(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

\* The unspent amount on ongoing projects was transferred to unspent CSR account on 19th April, 2023, in accordance with the Companies Act, 2013 read with CSR Amendment Rule. Accordingly, In the current year ₹ 249.55 Lakhs has been spent from unspent CSR Account on completion of the concerned project.

### 24. EARNINGS PER SHARE

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>Earnings per Share is computed as under:</b>		
(a) Profit for the year (₹ in Lakhs)	30156.52	32698.28
(b) Weighted average number of Ordinary Shares	1,54,41,920	1,54,41,920
(c) Basic Earnings Per Share (Face Value per Share - ₹ 10) ₹	195.29	211.75
(d) Diluted Earnings Per Share (Face Value per Share - ₹ 10) ₹	195.29	211.75



## NOTES TO THE FINANCIAL STATEMENTS

### 25. CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

#### (a) Contingent Liabilities

- (i) Claims against the Company not acknowledged as debts ₹ 628.20 Lakhs (2023 - ₹ 647.03 Lakhs) These Comprise -  
Excise duty, service tax and customs duty matters ₹ 123.95 Lakhs (2023 - ₹ 142.78 Lakhs)  
Other matters including employees/ex-employees, etc. ₹ 504.25 Lakhs (2023 - ₹ 504.25 Lakhs).
- (ii) In addition to the above, the Company is subject to certain other litigations, in the ordinary course of business and the industry in which it operates in, which are pending.
- (iii) It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash outflows and estimate of financial effect, if any, in respect of the above as its determinable only on occurrence of uncertain future events/receipt of judgements pending at various forums.

#### (b) Commitments

Estimated amount of contracts remaining to be executed on Capital Account, net of advances (not provided for) - ₹ 1915.18 Lakhs (2023 - ₹ 9480.70 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, 4 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 revenue 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.

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, 2024	For the year ended 31st March, 2023
a)	Sales within India	155829.71	150261.37
b)	Sales outside India	27593.39	16756.67
		<b>183423.10</b>	<b>167018.04</b>

The entire activity pertaining to sales outside India is carried out from India, hence all segment assets are considered entirely to be in India.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. RELATED PARTIES AND TRANSACTIONS WITH THEM DURING THE YEAR

		(₹ in Lakhs)	
		For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>(a) Promoter entity and entity having shareholding of 20% or more</b>			
<b>(i) Promoter entities</b>			
British American Tobacco Group			
• The Raleigh Investment Company Limited			
• Tobacco Manufacturers (India) Limited			
• Rothmans International Enterprises Limited			
Dividend Paid		7448.85	6952.26
<b>(ii) Entities having shareholding of 20% or more including Person Acting in Concert (PAC)</b>			
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		7621.93	7113.80
<b>(b) Remuneration to Non- Executive Directors and Key Managerial Personnel</b>			
<b>(i) Non-Executive Directors</b>			
Mr. Naresh Kumar Sethi			
Mr. S. Thirumalai			
Ms. Rama Bijapurkar			
Mr. Sudeep Bandyopadhyay			
Mr. Rajeev Gulati			
Dividend Paid		0.04	0.04
Remuneration & Commission		376.00	368.00
Sitting fees		83.80	70.40
<b>(ii) Executive Directors</b>			
Mr. Aditya Deb Gooptu, Managing Director			
Remuneration:			
- Short-term benefits		418.01	382.13
- other remuneration		16.88	15.62
- Share based payment		52.12	61.48





## NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lakhs)	
	For the year ended 31st March, 2024	For the year ended 31st March, 2023
<b>(iii) Other Key Managerial Personnel</b>		
Mr. Anish Gupta, Chief Financial Officer		
Mr. Phani K Mangipudi, Company Secretary		
Remuneration:		
- Short-term benefits	265.37	225.81
- other remuneration	14.36	13.31
- Share based payment	29.80	35.14
Dividend Paid #		

#Amount is negligible.

### Note:

Liability for Gratuity, Leave encashment and Group Health Premiums are provided on actuarial valuation basis by an independent valuer separately for the Company as a whole. Accordingly, amounts pertaining to key managerial personnel are not included.

### 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 executives 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:

- The fair value of investment in government securities and quoted investment in equity shares are based on the current bid price of respective investments as at the Balance Sheet date.
- The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in their published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund as well as the price at which issuers will redeem such units for the investors.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates as at end of reporting period, interest yield curves, volatility, etc., as applicable.
- Cash and cash equivalents (except for investments in units of mutual fund), other bank balances, trade receivables, trade payables and other current financial assets and liabilities (except derivative financial instruments), have fair value that approximates to their carrying amount due to their short-term nature.

Fair value of the financial instruments have been classified into various fair value hierarchies respective three levels as under:

Level 1 - Quoted prices for identical assets or liabilities in an active market.

Level 2 - Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing model based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the counterparty.

The following table shows the carrying amount and fair value of financial assets and liabilities, including their levels in the fair value hierarchy:

Particulars	Note	Fair Value Hierarchy (Level)	(₹ in Lakhs)			
			As at 31st March, 2024		As at 31st March, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
<b>FINANCIAL ASSETS</b>						
<b>Measured at Fair value through OCI</b>						
i) Equity Instruments incl. equity schemes of Mutual Funds	3	Level 1	277.99	277.99	278.81	278.81
ii) Equity Instruments	3	Level 3	13.94	13.94	13.94	13.94
<b>Sub-total</b>			<b>291.93</b>	<b>291.93</b>	<b>292.75</b>	<b>292.75</b>
<b>Measured at Fair value through Profit and Loss</b>						
i) Investment in Mutual Funds	9	Level 1	24701.72	24701.72	37563.51	37563.51
<b>Sub-total</b>			<b>24701.72</b>	<b>24701.72</b>	<b>37563.51</b>	<b>37563.51</b>
<b>Derivatives measured at fair value</b>						
i) Foreign exchange forward contracts	5	Level 2	10.55	10.55	15.81	15.81
<b>Sub-total</b>			<b>10.55</b>	<b>10.55</b>	<b>15.81</b>	<b>15.81</b>



## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Note	Fair Value Hierarchy (Level)	As at 31st March, 2024		As at 31st March, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Measured at amortised cost</b>						
i) Investments in Government Securities	3	Level 1	19719.54	19320.71	19879.30	19374.81
ii) Loans	4	-	5.07	5.07	5.33	5.33
iii) Other Financial Assets	5	-	270.60	270.60	262.39	262.39
iv) Trade receivables	10	-	4639.52	4639.52	4317.80	4317.80
v) Cash and cash equivalents	11	-	2439.13	2439.13	882.30	882.30
vi) Other bank balances	12	-	1076.41	1076.41	1091.72	1091.72
<b>Sub-total</b>			<b>28150.27</b>	<b>27751.44</b>	<b>26438.84</b>	<b>25934.35</b>
<b>Total financial assets</b>			<b>53154.47</b>	<b>52755.64</b>	<b>64310.91</b>	<b>63806.42</b>

(₹ in Lakhs)

Particulars	Note	Fair Value Hierarchy (Level)	As at 31st March, 2024		As at 31st March, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
<b>FINANCIAL LIABILITIES</b>						
<b>Measured at amortised cost</b>						
i) Trade Payables	14	-	11829.77	11829.77	9680.67	9680.67
ii) Other financial liabilities	16	-	4821.50	4821.50	4245.08	4245.08
<b>Total financial liabilities</b>			<b>16651.27</b>	<b>16651.27</b>	<b>13925.75</b>	<b>13925.75</b>

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during current financial year.

### C FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management framework anchored in its policies and procedures and internal financial controls aim to ensure that the Company's business activities that are exposed to a variety of financial risks namely liquidity risk, market risks, credit risk and foreign currency risk are identified at an early stage and managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring any unacceptable losses. In doing this, Management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2024 and 31st March, 2023.

On the reporting date, the Company's Current assets (excluding Asset held for sale) aggregate to ₹ 83947.44 Lakhs (2023 - ₹ 83196.76 Lakhs) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 28217.26 Lakhs (2023 - ₹ 39537.53 Lakhs) against an aggregate Non-Current liabilities of ₹ 2164.24 Lakhs (2023 - ₹ 2153.10 Lakhs) and Current liabilities of ₹ 44603.33 Lakhs (2023 - ₹ 45242.61 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 ₹ 125241.37 Lakhs (2023 - ₹ 117969.78 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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, 2024 is ₹ 291.93 Lakhs (2023 - ₹ 292.75 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.

### 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, 2024 is ₹ 4639.52 Lakhs (2023 - ₹ 4317.80 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, 2024 and 31st March, 2023 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.



## NOTES TO THE FINANCIAL STATEMENTS

The information on such Derivative Instruments is as follows:

Forward exchange contracts designated under Hedge Accounting that were outstanding on respective reporting dates:

Currency Pair	Currency	(₹ in Lakhs)			
		As at 31st March, 2024		As at 31st March, 2023	
		Buy	Sell	Buy	Sell
USD/INR	₹	-	4214.55	-	4167.99

The aforesaid hedges have a maturity of less than 1 year as on respective reporting dates.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

Currency Pair	Currency	₹ in Lakhs			
		As at 31st March, 2024		As at 31st March, 2023	
		Assets	Liabilities	Assets	Liabilities
USD/INR	₹	4386.93	122.27	2188.72	22.64
EUR/INR	₹	-	1161.36	-	253.22
GBP/INR	₹	-	0.99	-	-
CHF/INR	₹	-	0.80	-	-

### Hedges of foreign currency risk and derivative financial instrument

Foreign exchange forward contracts that are designated as cash flow hedges and qualify for hedge accounting are fair valued at each reporting date and the resultant gain or loss is recognised in Other Comprehensive Income under 'Cash Flow Hedge' in Equity 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 is recognised in the Statement of Profit and Loss.

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

Particulars	(₹ in Lakhs)	
	2024	2023
<b>At the beginning of the year</b>	11.83	14.93
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	3.00	(135.61)
Add: Changes in the fair value of effective portion of outstanding cash flow hedges as at year end	10.55	15.81
Less: Amounts transferred to the statement of profit and loss on occurrence of transaction during the year	18.81	(115.66)
(Less)/Add: Deferred tax	1.33	1.04
<b>At the end of the year</b>	<b>7.90</b>	<b>11.83</b>

### Foreign Currency Sensitivity

A 1% strengthening of the ₹ 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, 2024 to be lower by ₹ 31.02 Lakhs (2023 - ₹ 19.13 Lakhs) and total equity (pre-tax) as at 31st March, 2024 would change by ₹ 31.02 Lakhs (2023 - ₹ 19.13 Lakhs).

A 1% weakening of the ₹ against these currencies would have led to an equal but opposite effect.

## NOTES TO THE FINANCIAL STATEMENTS

### General Risk Assessment

(i) The Company, to the extent possible, has considered the risks that may result from the uncertainties and its impact on the carrying amounts of trade receivables, investments, financial instruments and effectiveness of its hedges. Based on the Company's analysis of the current indicators of the future economic condition on its business and the estimates used in its financial statements, the Company does not foresee any material impact in the recoverability of the carrying value of the assets. The risk assessment is a continuous process and the Company will continue to monitor the impact of the changes in future economic conditions on its business.

### (ii) Code on Social Security 2020 - Update

The Indian parliament has passed and approved the Code on Social Security 2020, however, the effective date of the code and complete clarity on the rules/interpretations are still awaited. The Company will evaluate the subject rules once they are notified and recognise the consequent impact, if any, in its financial statements in the period in which, the Code becomes effective.

### (iii) Satisfaction of Charges

The Company has no outstanding borrowing amount since year 2005 and accordingly appropriate form for satisfaction of charges was filed on time before Registrar of Companies, Hyderabad and the Company has been continuously pursuing with the authorities to reflect the same on their website.

## 30. EMPLOYEE BENEFIT PLANS

Employee Retirement Benefit Plans of the Company include Provident fund, Retirement Allowances, Gratuity, Pension and Leave Encashment. These plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines within the applicable statutory framework, for allocation of assets to different classes with the objective of maintaining the right balance between risks and long-term returns. Further, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

### Description of Plans

#### (i) Provident Fund

Eligible employees of the Company receive benefits under the Provident Fund which are defined contribution/benefit plans wherein both the Company and the employees make monthly contributions equal to a specified percentage of the covered employees' salary. These contributions are made to the Funds administered and managed by the Govt. of India/Company's own Trust. The Company's own trust plan envisages guarantee of interest at the rate notified by the Provident Fund authority. The Company's contributions along with interest shortfall, if any, are charged to revenue in the year they are incurred. Expenditure for the year amounted to ₹ 356.74 Lakhs ( 2023 - ₹ 338.00 Lakhs).



## NOTES TO THE FINANCIAL STATEMENTS

### Major Category of Plan Assets as a % of the Total Plan Assets of the Company's Own Provident Fund Trust:

	2024	2023
Central Government Securities (%)	7.8	10.2
State Government Securities (%)	51.4	49.4
High Quality Corporate Bonds (%)	34.6	34.9
Equity Instruments (%)	5.7	5.4
Cash and cash equivalent (%)	0.5	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 revenue in the period determined - ₹ 386.87 Lakhs; (2023-₹ 336.8 Lakhs). Consequently, Liability recognised in the Balance sheet as at 31st March, 2024 ₹ 2471.53 Lakhs; (2023-₹ 2363.92 Lakhs) including ₹ 318.22 Lakhs (2023 - ₹ 221.18 Lakhs) payable within 12 months shown under 'Accrued Payroll'.

### (iii) Gratuity

In accordance with 'the Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity Plan are determined on actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method and are charged to revenue 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 revenue in the period they are incurred -₹ 113.26 Lakhs (2023-₹ 117.87 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 revenue 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 revenue 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 revenue in the period in which the absences occurs.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Gratuity	Pension	Gratuity	Pension
<b>A Components of Employer Expense</b>				
<b>Recognised in the Statement of Profit and Loss</b>				
i) Current Service Cost	259.86	5.37	184.57	6.53
ii) Past Service Cost	-	-	-	-
iii) Net Interest Cost	(4.15)	(0.49)	(14.82)	0.29
<b>iv) Total expense recognised in the Statement of Profit and Loss</b>	<b>255.71</b>	<b>4.88</b>	<b>169.75</b>	<b>6.82</b>
<b>Remeasurements recognised in Other Comprehensive Income</b>				
v) Return on plan assets (excluding amounts included in Net interest cost)	(6.18)	(0.17)	(17.61)	(0.28)
vi) Effect of changes in demographic assumptions	-	-	-	-
vii) Effect of changes in financial assumptions	-	-	(72.38)	(1.38)
viii) Changes in asset ceiling (excluding interest income)	-	-	-	-
ix) Effect of experience adjustments	(113.60)	(3.41)	66.60	(16.12)
<b>x) Total remeasurements included in Other Comprehensive Income</b>	<b>(119.78)</b>	<b>(3.58)</b>	<b>(23.39)</b>	<b>(17.78)</b>
<b>xi) Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (iv+x)</b>	<b>135.93</b>	<b>1.30</b>	<b>146.36</b>	<b>(10.96)</b>
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>B Net Asset/(Liability) recognised in Balance Sheet</b>				
i) Present value of Defined Benefit Obligation	4162.93	91.89	4231.93	84.29
ii) Fair Value of Plan Assets	4152.00	93.90	4221.57	87.60
iii) Status [Surplus/(Deficit)]	(10.93)	2.01	(10.36)	3.31
<b>C Changes in Defined Benefit Obligation (DBO)</b>				
i) Present value of DBO at the beginning of the year	4231.93	84.29	4250.58	104.15
ii) Current Service Cost	259.86	5.37	184.57	6.53
iii) Past Service Cost	-	-	-	-
iv) Interest Cost	288.55	6.09	280.80	6.74
v) Remeasurement (gains)/losses:				
Effect of changes in demographic assumptions	-	-	-	-
Effect of changes in financial assumptions	-	-	(72.38)	(1.38)
Changes in asset ceiling (excluding interest income)	-	-	-	-
Effect of experience adjustments	(113.60)	(3.41)	66.60	(16.12)
vi) Curtailment Cost/(Credits)	-	-	-	-
vii) Settlement Cost/(Credits)	-	-	-	-
viii) Benefits paid	(503.81)	(0.45)	(478.24)	(15.63)



## NOTES TO THE FINANCIAL STATEMENTS

Particulars	(₹ in Lakhs)			
	As at 31st March, 2024		As at 31st March, 2023	
	Gratuity	Pension	Gratuity	Pension
<b>ix) Present value of DBO at the end of the year</b>	<b>4162.93</b>	<b>91.89</b>	<b>4231.93</b>	<b>84.29</b>
<b>D Change in Fair Value of Assets</b>				
i) Plan Assets at the beginning of the year	4221.57	87.60	4224.68	96.50
ii) Interest Income	292.70	6.58	295.62	6.45
iii) Remeasurement gains/(losses) on plan assets	6.18	0.17	17.61	0.28
iv) Actual Company Contributions	135.36	-	161.90	-
v) Benefits paid	(503.81)	(0.45)	(478.24)	(15.63)
<b>vi) Plan Assets at the end of the year</b>	<b>4152.00</b>	<b>93.90</b>	<b>4221.57</b>	<b>87.60</b>
<b>E Estimate of Employers' Expected Contribution for the next year</b>	<b>35.05</b>	<b>16.50</b>	<b>117.07</b>	<b>18.28</b>
<b>F Actuarial Assumptions</b>				
i) Discount Rate (%)	7.25	7.25	7.25	7.25
ii) Expected Return on Plan Assets (%)	7.25	7.25	7.25	7.25

The estimates of future salary increases between 6% - 9%, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

### G Investment details of the Plan Assets

In the absence of detailed information regarding plan assets which are funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets is not disclosed.

### H Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

### I Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

## NOTES TO THE FINANCIAL STATEMENTS

	(₹ in Lakhs)	
	DBO as at 31st March, 2024	DBO as at 31st March, 2023
1. Discount Rate + 100 basis points	4013.31	4045.16
2. Discount Rate - 100 basis points	4530.96	4627.88
3. Salary Increase Rate + 1%	4490.89	4432.93
4. Salary Increase Rate - 1%	4041.62	4201.84
<b>Maturity Analysis of the Benefit Payments</b>		
Year 1	279.58	470.94
Year 2	895.68	686.48
Year 3	675.12	573.92
Year 4	487.85	458.07
Year 5	381.18	311.85
Next 5 Years	1835.89	1425.71

### 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 7,70,000 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 *	35060	31500
Exercise Price per option - ₹	3198.00	3318.65
Expected volatility	25.54% - 26.67%	28.33% - 29.07%
Risk-free interest rate	5.73% - 6.16%	4.70% - 5.16%
Weighted average fair value per option - ₹	599.34	666.49
	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 34,860 options granted to key managerial personnel.



## NOTES TO THE FINANCIAL STATEMENTS

### Information in respect of Options granted under the Company's Employee Stock Option Scheme ("Scheme")

S. No.	Movement in options granted	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	Particulars				
	<b>2023-24</b>				
	Outstanding at the beginning of the year	57220	555.11 - 716.81	629.27	4.73
	Granted during the year	-	-	-	-
	Cancelled during the year	-	-	-	-
	Expired during the year	-	-	-	-
	Exercised during the year	-	-	-	-
	Outstanding at the end of the year	57220	555.11 - 716.81	629.27	4.73
	Vested and exercisable at the end of the year	24816	555.11 - 667.70	601.98	2.76
	<b>2022-23</b>				
	Outstanding at the beginning of the year	28500	594.56 - 716.81	666.49	5.18
	Granted during the year	35060	555.11 - 640.17	599.34	6.10
	Cancelled during the year	6340	555.11 - 716.81	631.11	-
	Expired during the year	-	-	-	-
	Exercised during the year	-	-	-	-
	Outstanding at the end of the year	57220	555.11 - 716.81	629.27	4.73
	Vested and exercisable at the end of the year	7650	594.56	666.49	3.08

For the year ended 31st March 2024, the Company has accounted expense of ₹ 87.77 Lakhs (2023-₹ 143.47 Lakhs) as employee benefit expenses (see note 22) on the aforesaid employee stock option plan. The balance in share-based payment reserve account is ₹ 330.35 Lakhs as of 31st March, 2024 (2023 - ₹ 242.58 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
No. of phantom options granted *	64950
Exercise price - ₹	3447.94
Share price at measurement date - ₹	3570.00
Expected volatility	19.65% -19.76%
Risk free rate	7.23% - 7.29%
Maximum terms of option granted	4 years from the date of vesting
Vested, Lapsed and exercisable at the end of the year	Nil

\* This includes 20,350 options granted to key managerial personnel.

For the year ended 31st March 2024, the Company has accounted expense of ₹ 93.71 Lakhs (2023-Nil) as employee benefit expenses (see note 22) on the aforesaid employee phantom stock option plan. The balance is accrued under financial liability is ₹ 93.71 Lakhs as of 31st March, 2024 (2023 - ₹ Nil).

### 32. RATIOS

S.No.	Particulars	Numerator	Denominator	31st March, 2024	31st March, 2023
1	Current Ratio (in times)	Current Assets*	Current Liabilities	1.9	1.8
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	24.8	29.0
5	Inventory Turnover Ratio (in times)	Cost of materials consumed	Average Inventory	1.9	1.9
6	Trade Receivables Turnover Ratio (in times)	Sales (on credit)	Average Trade Receivables	9.9	8.6
7	Trade Payables Turnover Ratio (in times)	Purchases	Average Trade Payables	7.8	6.8
8	Net capital Turnover Ratio (in times)	Sales	Working Capital * (Total Current Assets less Total Current Liabilities)	4.7	4.4
9	Net Profit Ratio (%)	Profit for the year	Sales	16.4	19.6
10	Return on Capital employed (%)	Profit before tax	Capital Employed (Net worth less Deferred tax Assets)	31.9	36.9
11	Return on Investments (%)	Income from Investments	Time Weighted Average Investments	7.0	5.7

\* for computation of ratio, Asset held for sale has been excluded from Current Assets.

The accompanying notes 1 to 32 form an integral part of the Financial Statements.

This is the Statement of Cash Flows referred to in our report of even date.

For **BS R & Associates LLP**

Firm Registration No.: 116231W/W - 100024

Chartered Accountants

**ARPAN JAIN**

Partner

Membership No.: 125710

Hyderabad, 26th April, 2024

On behalf of the Board,

**NARESH KUMAR SETHI** Chairman

DIN: 08296486

**ADITYA DEB GOOPTU** Managing Director

DIN: 07849104

**ANISH GUPTA** Chief Financial Officer

**PHANI K. MANGIPUDI** Company Secretary

Hyderabad, 26th April, 2024

## OPERATING RESULTS

### Operating Results 2015 - 2024

	(₹ in Lakhs)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue from operation - cigarette</b>	146140	178731	198325	110788	94382	113034	127173	134662	134169	139186
Less: excise duty	88692	117984	133891	41106	8510	13107	36191	38250	38007	41703
<b>Net revenue from operation - cigarette</b>	57448	60747	64434	69682	85872	99927	90982	96412	96162	97483
Revenue from operation - others	26168	27568	27805	25076	24029	24008	20116	21404	33082	44564
<b>Total revenue from operation - net</b>	83616	88315	92239	94758	109901	123935	111098	117816	129244	142047
Operating profit	21067	20638	21082	25483	31177	37289	37551	38154	35249	31509
Other income (net)	1809	2020	2008	2462	3890	4736	4179	4667	7640	7960
Profit before tax &										
Extraordinary item	22876	22658	23090	27945	35067	42025	41730	42821	42889	39469
<b>Profit after tax &amp; Extraordinary item</b>	15221	15311	15153	18189	22684	30409	31079	32023	32698	30157
Other comprehensive income after tax	--	--	-129	62	-63	-418	162	-72	53	104
<b>Total comprehensive income</b>	<b>15221</b>	<b>15311</b>	<b>15024</b>	<b>18251</b>	<b>22621</b>	<b>29991</b>	<b>31241</b>	<b>31951</b>	<b>32751</b>	<b>30261</b>

### Equity, Liabilities and Assets 2015 - 2024

	(₹ in Lakhs)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Share capital	1544	1544	1544	1544	1544	1544	1544	1544	1544	1544
Other equity	33124	35499	52353	56665	64859	77165	92500	105886	116426	123697
<b>Shareholder's funds</b>	34668	37043	53897	58209	66403	78709	94044	107430	117970	125241
Property, plant and equipment, intangible assets and capital work-in-progress (net)	19778	21468	22083	22930	21371	19975	20601	20542	59049	31524
Other assets (net of liabilities*)	14890	15575	31814	35279	45032	58734	73443	86888	58921	93717
<b>Net assets employed</b>	<b>34668</b>	<b>37043</b>	<b>53897</b>	<b>58209</b>	<b>66403</b>	<b>78709</b>	<b>94044</b>	<b>107430</b>	<b>117970</b>	<b>125241</b>

### Performance 2015 - 2024

	(₹ in Lakhs)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Earnings per share (rs.)	98.6	99.2	98.1	117.8	146.9	196.9	201.3	207.4	211.8	195.3
Dividend per share (rs.)	70.0	70.0	75.0	77.5	95.0	103.0	114.0	140.0	150.0	150.0
Dividend <sup>^</sup>	10809.0	10809.0	11581.0	11967.0	14670.0	15905.0	17604.0	21619.0	23163.0	23163.0
Return on capital employed (%)	68.8	64.8	44.8	50.1	55.4	55.3	45.6	40.7	36.9	31.9

\* Borrowings - Nil

<sup>^</sup> Excludes Income Tax on Dividend, if any

## NOTES







**VST INDUSTRIES LIMITED**