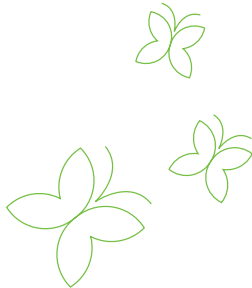




Vedanta Limited

# Tax Transparency Report



# PARTICIPATION IN NATION BUILDING THROUGH CONTRIBUTION TO NATIONAL EXCHEQUER

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# ABOUT THE REPORT

Vedanta Limited is one of the world's foremost natural resources conglomerates with primary interests in zinc-lead-silver, iron ore, steel, copper, power, ferro chrome, nickel, oil and gas.

At Vedanta, we remain committed to disclosing relevant information pertaining to our material issues, with highest standards of transparency and integrity, in line with our values. We believe transparency is much more than mere disclosure of taxes. Transparency generates accountability to provide insights and analytics into the working of organizations to demonstrate how they create long-term sustainable financial returns through their operations, so stakeholders can make informed decisions.

The Tax Transparency Report has been precisely curated to give holistic perspective of our contributions made to the exchequer in India and globally as well. Vedanta firmly believes in long term sustainable value creation for multiple stakeholders, including the government and society at large. Transparency being the core value, the Company remains at the forefront of tax reporting by managing taxes in a transparent and straightforward manner. The

report is a testimony to our endeavour towards absolute transparency in disclosure of profits made and taxes paid.

Vedanta strives to make a positive contribution to the society in which it operates. It is this purpose that enables us to prosper sustainably and positively impact the lives of communities across jurisdictions in which we operate. Through this Tax Transparency Report, we demonstrate our commitment to responsible tax behavior.

The contributions have been reported on a cash basis during FY 2023. The information used to compute the contributions is the same as that for the audited financial statements of respective companies with inherent differences in the accounting methodology.



# CHAIRMAN'S VALUE STATEMENT



FY 2023 has been an incredible year for India. India outperformed and repositioned itself amongst the world's fastest growing economies, even as most developed nations faced slower growth amidst high inflation. It is indeed encouraging to witness this growth story unfold with a visible supply chain shift in India's favour and its manufacturing prowess getting due recognition globally.

India's improved outlook in many ways is attributable to the government's quest for self-reliance in manufacturing, minerals and resources. And as India's largest diversified natural resources company and the fifth largest globally, with business spanning metals, mining and energy, Vedanta has a distinct advantage in India's journey of self-reliance. Our mining expertise powered by best-in-class technology and talented people along with a robust value-added portfolio position us attractively to harness the evolving growth opportunity.

This year, we operated in a tough and uncertain macro-environment, driven by prolonged geo-political conflict, subsequent energy crisis and aggressive monetary policies adopted by central banks. Our teams delivered excellent operating performance despite the challenges posed by uncertain commodities markets and supply chain realignments. We reported a strong set of financial results, **INR 145,404 crores** in revenue and **INR 35,241 crores** in EBITDA.

In line with the Company's commitment to contribute to nation building and our commitment to building on transparency, we proudly present our **Eighth Tax Transparency Report** with highest ever annual contribution of **INR 73,486 crores** which accounts for 51% of the consolidated turnover for the year. Last year, Company reported exchequer contribution of INR 54,165 crores, therefore setting newer record and benchmark for the Company.

On this positive note, I thank all our stakeholders for believing in our growth story. We seek your continued support in our efforts to create value for all and continue to be a partner in and contribute to India's remarkable economic rise. We hope this report alongside the **Integrated Annual Report for FY 2023**, and third Task Force on Climate-related Financial Disclosures (TCFD) Report for FY 2023 will provide a brief outlook into our vision and commitment to ESG and the positive impact that we strive to make.

**ANIL AGARWAL**  
Chairman, Vedanta Limited

# ABOUT VEDANTA GROUP

Vedanta Limited, a subsidiary of Vedanta Resources Limited, is one of the world's foremost natural resources conglomerates, with primary operations in

- Zinc-Lead-Silver
- Iron-Ore
- Steel
- Copper
- Aluminium
- Power
- Nickel
- Oil & Gas
- Ferro Chrome
- Cement

As market leaders in most of these segments, we serve domestic and international demand for primary materials, thereby playing a key role that enables resource sufficiency at scale. With strategic assets in India, South Africa and Namibia, we are committed to create long-term value, with an uncompromised focus on business, social and environmental sustainability.

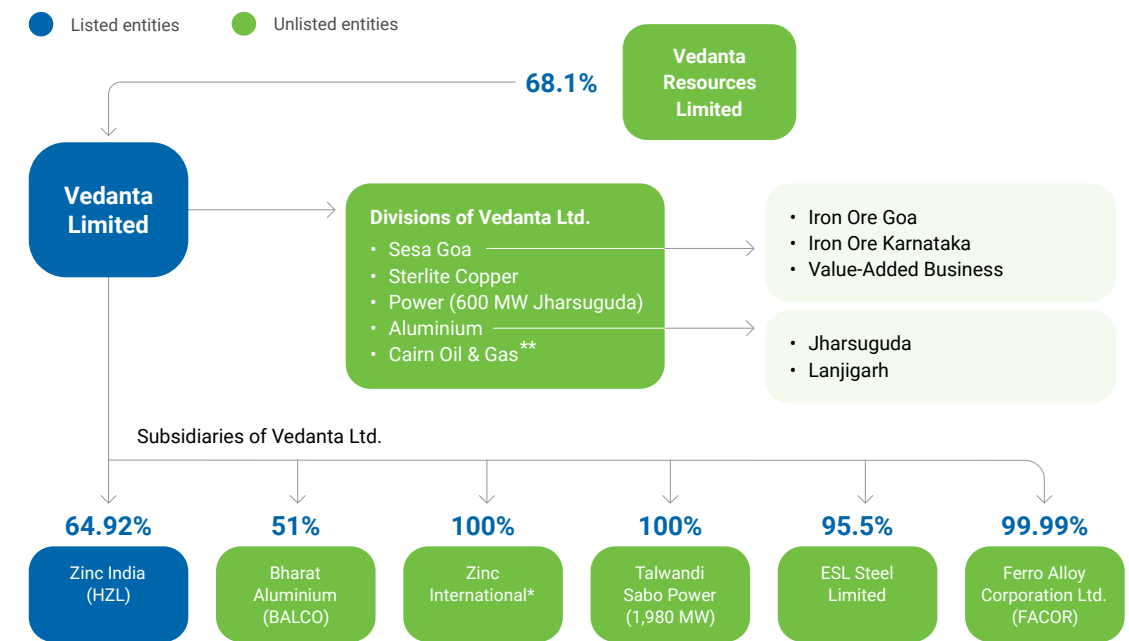
**Largest natural resources company in India**

**4+ MILLION tCO2e avoided emissions from 2021 baseline**

**Attaining Net Carbon Zero transition by 2050 and reducing absolute emissions by 25% by 2030 from the 2021 baseline**

## OPERATING STRUCTURE

Our diversified structure and wide geographic presence enable efficient operations and serviceability. As of 31 March 2023



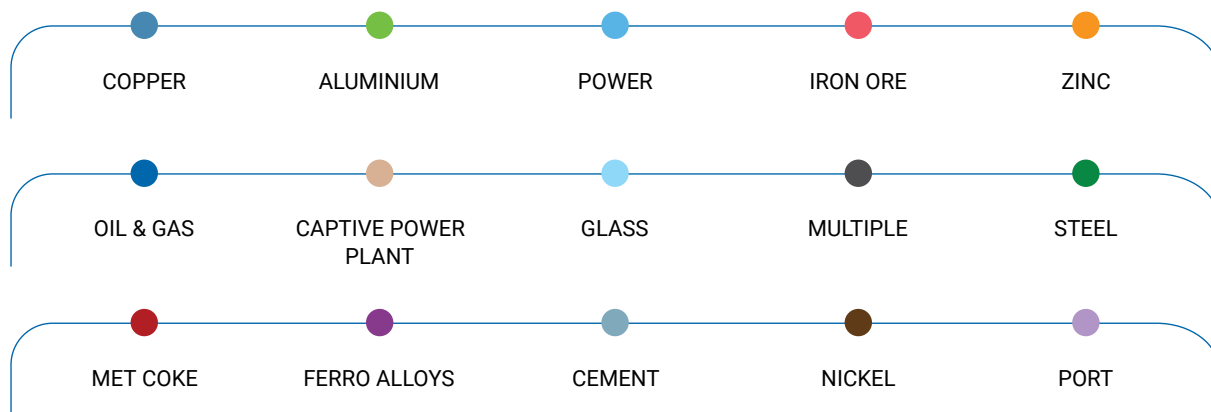
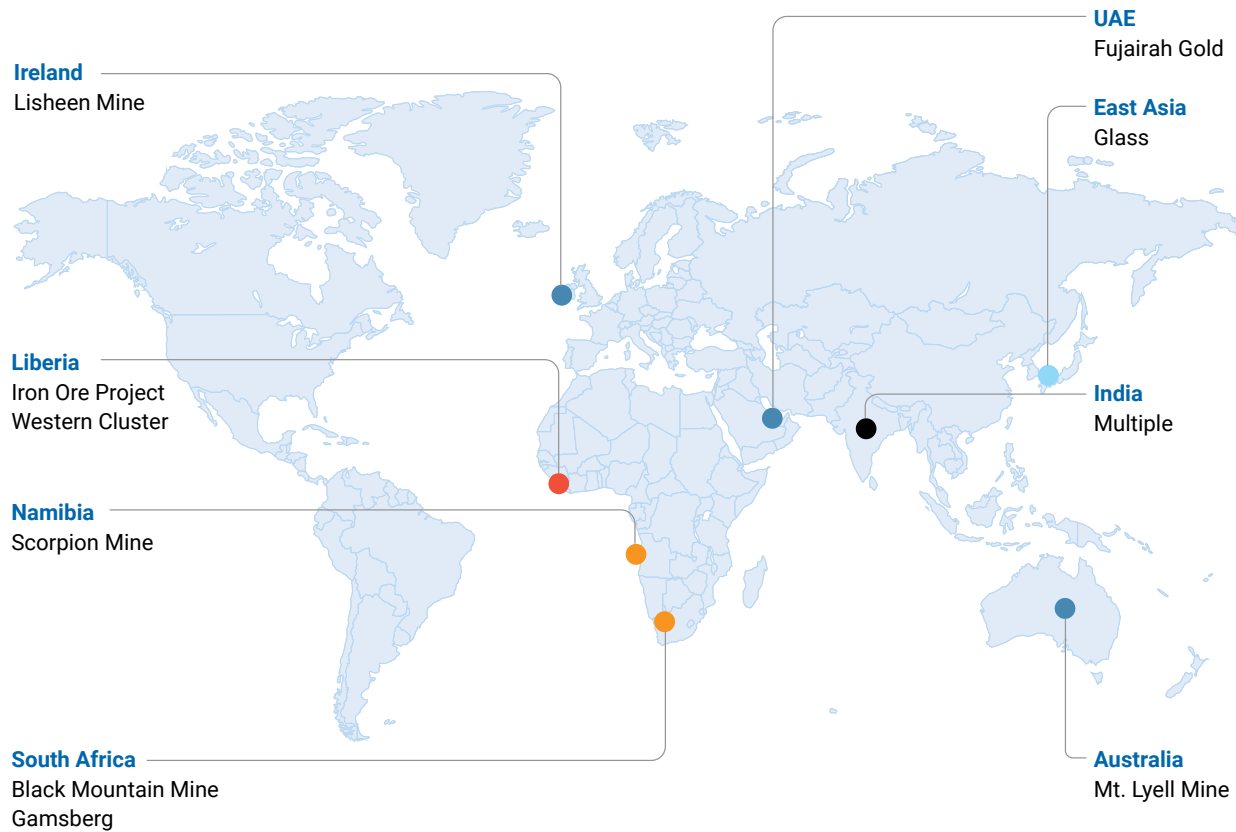
\*Skorpion - 100% BMM & Gamsberg - 74%



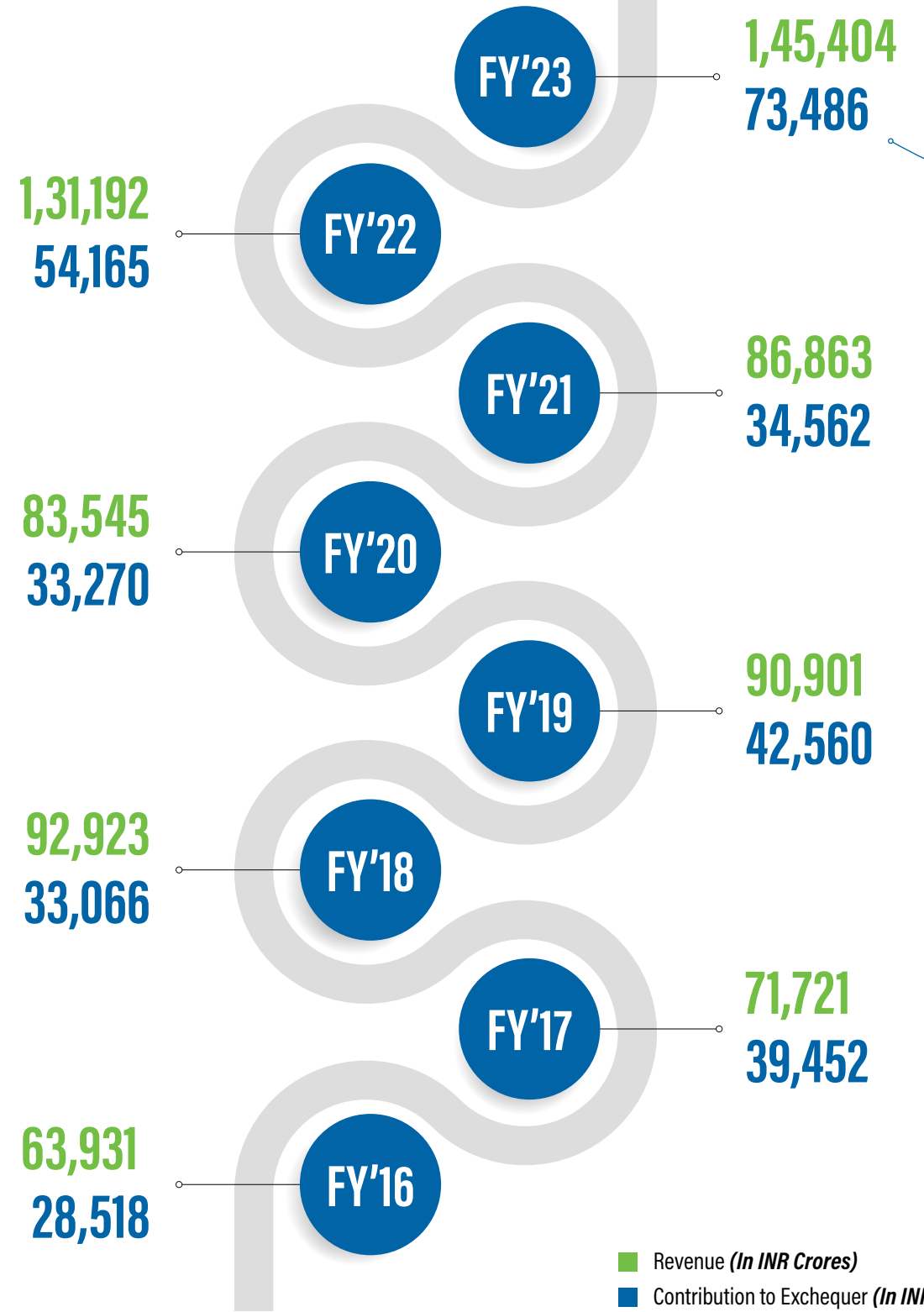
**PRESENCE**

**WORLD CLASS DIVERSIFIED NATURAL RESOURCE POWERHOUSE**

**Global**



**REVENUE VIS À VIS EXCHEQUER CONTRIBUTION**



# ECONOMIC RESPONSIBILITY

Vedanta guided by its vision and mission adopts a comprehensive value creation process that leverages on all available resources and relationships while addressing material issues and strategic focus areas. At the core remains ESG, where our purpose **'Transforming for Good'**, supplemented by the more comprehensive **'Transforming Together' theme** is deeply embedded into this value creation process. The inherent community value empowers our decision-making to drive business success, while contributing to the nation's growth. Our continuous endeavour is to build a sustainable world with a shared value creation for all stakeholders.

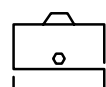
Our value creation drive is focused on optimizing capital allocation and maintaining a strong balance sheet while generating strong free cash flows. We

invest in best-in-class equipment and machinery to ensure operational efficiency and safety, at both our current operations and expansion projects.

We promote diversity, equality and inclusivity, while also investing in people development, safety and well-being. We empower them to think independently, creatively and innovatively. We strive to operate responsibly through sustainable use of resources and investing in various environmental goals.

Lastly, we are committed to nurturing lasting and enduring relationships with our stakeholders, built on trust and concern for their individual and collective well-being through meaningful engagements.

## VALUE CREATION HIGHLIGHTS FY 2023



### FINANCIAL CAPITAL

**28%**  
EBITDA margin



### MANUFACTURED CAPITAL

Zinc India  
**16.74** Million Tonnes  
Record ore production



### HUMAN CAPITAL

**87,500+**  
Total Workforce



### NATURAL CAPITAL

Trees Planted **1** Million  
As part of commitment to plant  
7 million trees by 2030



### SOCIAL AND RELATIONSHIP CAPITAL

**4,500+**  
Nand Ghars built



Vedanta's large, diversified asset portfolio, with an attractive cost position in many of its core businesses, enables us to deliver strong margins and free cash flows through the commodity cycle.

Vedanta continued its strong growth momentum and witnessed steady volume performance across all businesses, with aluminium and zinc delivering record performance, despite the challenging environment, in terms of geo-politics, rising energy prices and uncertainty in commodities market.

At Vedanta, FY 2023 was a year of remarkable progress on the ESG front led by our 'Transforming for Good' purpose. We positively touched more

than 44 million lives through our CSR program, improved diversity, inclusion and governance practices and took major strides in the areas of carbon neutrality, water positivity and a greener business model.

In line with the past trends, we are proud to declare that we have contributed INR 73,486 crores to the public exchequer of the various countries (majorly India) where we operate in FY 2023. The total contribution to exchequer is the result of value addition by various business segments across their respective value chain and multiple hierarchies of business cycle.

All amounts in INR crores

|  |          |                 |
|--|----------|-----------------|
| <b>Direct Economic Value Generated</b>   |          | <b>1,56,010</b> |
| <b>Economic Value Distributed</b>  |          |                 |
| Operating Costs (Payments made to our suppliers for the purchase of utilities, goods and services) | 1,04,510 | <b>1,54,574</b> |
| Payment to Government (Corporate Income Tax and Profit Petroleum)                                  | 11,023   |                 |
| Employee Wages and Benefits (Employee expenses for salary, wages and incentives)                   | 3,098    |                 |
| Payments to Providers of Funds (Dividend payments and Interest payments)                           | 35,489   |                 |
| Community Investments Voluntary donations  | 454      |                 |
| <b>Direct Economic Value Retained</b>  |          | <b>1,436</b>    |

# AWARDS AND RECOGNITION



## TIOL National Taxation Awards 2022

Vedanta Limited won the Silver Award for best tax practices in large sized corporates. Hindustan Zinc Limited conferred with Jury Award.

Vedanta Limited has been adjudged as compliant tax payer of our nation by a high-powered jury and was conferred with the prestigious award for our good tax practices, governance and transparency at TIOL National Taxation Awards 2022 held at New Delhi. Hindustan Zinc Limited (HZL) was conferred with Jury Award Under Non-Deemed Corporate category for the same.

In the presence of Mr. Dushyant Singh Chautala, Deputy Chief Minister of Haryana, the award was handed over by Mr. Sushil Modi, Former Deputy Chief Minister of Bihar to Mr. Ajay Agarwal, Group Head Taxation and M&A for Vedanta Limited. Mr. Rajkumar Basak recieved the award for HZL by Shri Manpreet Singh Badal, Former Finance Minister of Punjab. Tax team of Vedanta and HZL were also present during the event.



# OTHER AWARDS AND ACCOLADES



ICAI Award for Excellence in Financial Reporting - Silver



Golden Peacock Award for Corporate Governance



Kincentric Best Employer Award – India 2022



CII National Safety Practices



CIO Excellence Award



Happiest Workplace Award



Performance Awards at CII Energy Conclave



Great Place to Work



S&P Global Platts Global Metal 'Industry Leadership Award'



2022 LACP Vision Awards - Platinum



The Economic Times Human Capital Awards



India CSR Leadership Award 2022



W.E Global Employees Choice Award 2022



PeopleFirst HR Excellence Awards 2022



ASSOCHAM Work Vision - Annual HR Excellence Award 2022



# TAX GUIDING PRINCIPLES

## TRUST

To maintain high standards of integrity with respect to tax compliance and reporting

## ECONOMIC SUBSTANCE

We only undertake transactions which will have results that are consistent with the underlying economic consequences, including tax structures with commercial substances

## RISK MANAGEMENT

To identify tax risks in a consistent and formal manner and communicate these when appropriate to the Audit & Risk Management Committee and the Board

## PEOPLE PROGRESS

To develop our people, through training, experience and opportunity

## PROACTIVE CONSULTATION

To actively participate in tax policy consultation processes where appropriate at a national or international level

## COMPLIANCE

To observe all applicable laws, rules and regulations in the countries where we operate, including in respect to Transfer Pricing. To meet all tax compliance requirements in a timely manner, through a team of suitably qualified tax professionals and external Consultants/advisors

## TRANSPARENCY

To maintain the Group's reputation as a fair contributor to the economy where tax forms a part of that contribution. To proactively disclose detailed information about the overall tax contribution of the Group to the governments of the countries where we operate

## PROCESS & CONTROLS

To ensure that all transactions and tax positions are properly documented. In completing the Group's tax compliance requirements, we aim to apply diligent professional care and judgment, including ensuring all decisions are taken at an appropriate level and supported by documentation that evidences the judgment involved

## ENGAGEMENT WITH REGULATORS

Working positively, proactively and transparently with tax authorities to minimise the extent of disputes, achieve early agreement on any disputed issues when they arise, and achieve certainty wherever possible

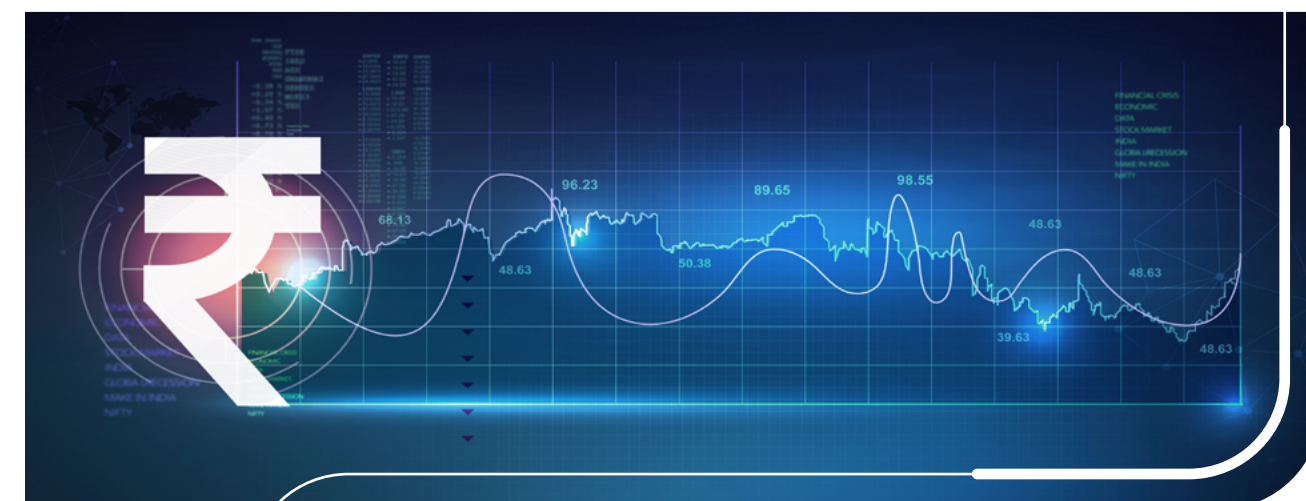
## STATE LEVEL CONTRIBUTION TO NATIONAL EXCHEQUER

All amounts in INR crores

| State wise contribution- India | Taxes on Income and Capital | Government Royalties | Profit Petroleum and Oil Cess | Fees, Dividend and other Payments | Indirect Taxes | Other Indirect payments incl. Payroll Taxes | Total  |
|--------------------------------|-----------------------------|----------------------|-------------------------------|-----------------------------------|----------------|---|--------|
| Chhattisgarh                   | 53                          | 23                   | -                             | 1,282                             | 1,932          | 589   | 3,879  |
| Goa                            | 10                          | -                    | -                             | 109                               | 501            | 56  | 676    |
| Gujarat                        | -                           | 94                   | 1,151                         | 29                                | 435            | 5   | 1,714  |
| Karnataka                      | 11                          | 60                   | -                             | 126                               | 643            | 189   | 1,029  |
| Maharashtra                    | -                           | -                    | -                             | 2                                 | 391            | 1   | 394    |
| Odisha                         | 21                          | 1,072                | -                             | 1,258                             | 1,597          | 1,891                                       | 5,839  |
| Rajasthan                      | 3,140                       | 8,683                | 13,888                        | 10,146                            | 5,522          | 1,771                                       | 43,150 |
| Dadra and Nagar Haveli         | -                           | -                    | -                             | 1,844                             | 2,109          | -   | 3,953  |
| Tamil Nadu                     | 11                          | -                    | -                             | 1                                 | 524            | 235   | 771    |
| Telangana                      | -                           | -                    | -                             | -                                 | 128            | -   | 128    |
| Assam                          | -                           | -                    | -                             | 3                                 | -              | -   | 3      |
| Haryana                        | 470                         | -                    | -                             | 42                                | 323            | 160   | 995    |
| Punjab                         | 3                           | 109                  | -                             | 564                               | 17             | 34  | 727    |
| Uttar Pradesh                  | -                           | -                    | -                             | -                                 | 9              | -   | 9      |
| West Bengal                    | -                           | -                    | -                             | -                                 | 275            | -   | 275    |
| Delhi                          | 3,308                       | -                    | -                             | -                                 | 522            | 2,818                                       | 6,648  |
| Andhra Pradesh                 | 6                           | 294                  | 1,159                         | 20                                | 194            | 15  | 1,688  |
| Uttarakhand                    | -                           | -                    | -                             | -                                 | 679            | 2   | 681    |
| Madhya Pradesh                 | -                           | -                    | -                             | -                                 | 57             | 3   | 60     |
| Jharkhand                      | 13                          | -                    | -                             | 84                                | 1,444          | 80  | 1,621  |

### Notes:

- The gross contribution value in this table presents only the state level data, while at India level the reported numbers in Table 1 include other considerations (e.g., India share in global contribution, refunds, etc) as per internal reporting standards.
- Reference to states referred above is limited to Vedanta's contribution to the originating state.





# TAX GOVERNANCE & STRATEGY

## TAX PRINCIPLES

Vedanta has laid down nine guiding tax principles that embraces all our functions and tax related decisions wherever we operate. Adherence to tax laws and timely compliance in all countries of operation is a standard procedure. The core theme remains high level of integrity, transparency and accountability. All business decisions are driven by commercial prudence and tax is usually the outcome of such business decisions.

### Drawing on guidance from B Team

The B Team is a global collective of business and civil society leaders driving a better way of doing business for people and the planet.

Globally there have been various initiatives to work towards a more accountable business environment. Most of these initiatives have been focused on operational accountability with respect to environment and society. But in recent times, operational responsibility towards payment to the government exchequer has also come into focus. Leading business conglomerates have come together to form the B Team that has laid down certain principles ensuring greater accountability for such payments. Vedanta, being a conscious global operator since inception, finds its established tax principles to be aligned to the tax principles laid down by the newly found B Team.

### Drawing on guidance from Extractives Industries Transparency Initiative (EITI)

Vedanta's business is deeply entrenched in the extractive industry space. This necessitates additional commitment to ensure a sustainable way of doing business. Vedanta is conscious of its responsibility towards the environment, and we ensure that due consideration is given to avoid

negative impacts on society, environment as well as government wherever we have operations.

The business is driven by commercial expediency complying with all required regulations and adherence to sustainability. Public disclosures are provided as needed on a voluntary or compulsory basis and thus, fundamentally, there exists an alignment with the set of principles laid down by the EITI.

### Vedanta Group Tax Strategy

To ensure that the spirit of accountability, transparency and commitment to sustainable value creation is well understood by all stakeholders, Vedanta has drawn out a detailed Tax Strategy document. The document can be accessed at <https://www.vedantalimited.com/eng/investor-relations-overview.php#resultsReports>. The document captures the tax principles and acts as a guiding pillar to all employees of Vedanta Group, so they are aligned in their decision making in everyday operation that directly or indirectly has tax implication. This ensures that the Vedanta Group adheres to the rules of doing business the right way, always keeping tax in consideration.

Transparency is our core value as we firmly believe that in the business of natural resource and wealth, we need to have strong commitment in building long term sustainable value creation for our multiple stakeholders including the government and society at large. We remain at the forefront of tax reporting by managing our tax affairs in a succinct and straightforward manner. We understand that timely and accurate discharge of our tax obligations go a long way in contributing towards the economic and social development in the jurisdictions where we operate.

Vedanta and its group companies have a simple

approach to structuring and addressing relevant tax impacts. They are driven by commercial prudence and substance creation at operational level. In the process, whatever tax impacts or consequences are envisaged are evaluated internally by in-house experts along with external specialists. Tax planning or tax efficiency is never the driving force in either structuring of entities or transactions within the Vedanta Group and hence operations, if any initiated in a low tax jurisdiction is necessarily for substantive commercial and business reasons as opposed to mere tax saving. We are committed not to deliberately structure transactions using entities located in so-called "tax havens" in order to avoid the tax.

Global tax and compliance updates are monitored on a real-time basis. Its implications on operations are analysed at operational level and thereafter presented to the Senior management for way forward. Wherever, expert input is deemed to be essential for larger perspective, the same is obtained before presenting to the leadership team.

## TAX RISK MANAGEMENT, CONTROL AND COMPLIANCE

### Tax Risk Management

The Vedanta Group recognizes the criticality of managing its global tax risks and has processes and controls that enable timely identification and management of these risks. These processes and controls are part of a strong governance framework adopted by the Vedanta Group.

The Vedanta Group's multi-layered risk management system and robust governance framework align all the Vedanta Group companies' operating controls with the Vedanta Group's overarching vision and mission and help them deliver on the Vedanta Group's strategic objectives.

### Tax Risk Governance framework

The Vedanta Group maintains internal controls in the form of compliance calendars, internal

audit processes by MAS (Management Assurance Services) team, and authorization matrices under maker-checker concept. Also, our Code of Business Conduct and Ethics, which applies to all employees, sets out our zero tolerance on corruption and bribery. Vedanta requires its employees, tax advisors and suppliers of tax services to act with integrity and maintain high ethical standards in all tax activities.

Vedanta has also formed an internal 'Tax Council' which acts as an overarching governing body to the tax function as a whole. The Tax Council operates with a mix of experienced professionals internally drawn from tax and finance, and externally drawing on senior lawyers, retired bureaucrats and independent tax practitioners. The Tax Council addresses issues relating to both direct and indirect tax. The body plays a vital role in ensuring that all the businesses across the Vedanta Group duly comply with the risk governance framework and tax strategy of the Vedanta Group. It conducts periodical reviews, provides guidance and advises with respect to tax compliance, tax litigation and other related matters which ensures adequate transparency and consistency.

Material tax risks or disputes are reported to the Audit & Risk Management Committee for its consideration. This review includes assessment of probabilities of different outcomes, cash flow and reputational impact. The Audit & Risk Management Committee then updates the Board.

The tax strategy is owned and approved by the company's Board. It is subject to annual review by the Board whereas an annual compliance report is submitted to the Board and Audit & Risk Management Committee. The Vedanta Group Chief Financial Officer holds the responsibility for tax at the Board level and communicates with and advises the Board on the tax affairs and risks of the Vedanta Group with support from the Vedanta Group's Corporate tax team. Responsibility for tax governance rests with the tax function, in consultation with the Chief Financial Officer and Financial Controller.

## Approach to Tax Compliances

These systems, processes and controls enable the Vedanta Group to fulfill its tax compliance obligations and mitigate associated risks. At the same time, it ensures all new updates and positions, if any are taken into consideration and applied or complied on a real time basis.

The Vedanta Group also strives to ensure that commercial transactions are structured in tax-efficient ways where credible technical analysis and interpretation is available. In particular, the governance structure we have, ensures that such transactions should be in full compliance with the law. This includes setting of transfer prices at arm's length for all inter-company transactions in accordance with global guidance. The Vedanta Group claims tax incentives and exemptions as legitimately available in the countries where it operates and maintains appropriate documentation

and ensures compliance with the law for all its tax initiatives.

## RESPONSE TO STAKEHOLDERS AND TAX ENVIRONMENT

### Vedanta's Stakeholders

The Vedanta Group's vision is to become a developer of choice in the areas of our operations and create long-term value for all stakeholders. The stakeholders include the local community, employees, shareholder, investors and lenders, civil society, industry and government. From a tax perspective, stakeholders include the tax authorities as well. The Vedanta Group strives to deal with all its stakeholders with integrity and transparency. Here again, our tax principles are our driving force, ensuring we are doing the right thing at every level and every instance. A deviation if any, is never premeditated but accidental.



## Approach on Advocacy

We maintain an open, honest, transparent and constructive relationship in all our dealings with the tax authorities in the jurisdictions in which we operate. Our dealings are based on mutual trust in line with Vedanta's Code of Business Conduct and Ethics.

We actively participate in the tax authority's formal consultation processes on matters having material impact on the Vedanta Group. We work with industry chambers wherever possible to contribute to development of tax laws and associated policies. For strategic and critical transactions, the Vedanta Group proactively evaluates dispute avoidance mechanisms and has applied for advance pricing agreements wherever feasible.

### Grievance Redressal

Our Code of Business Conduct and Ethics, which applies to all employees, sets out our zero tolerance on corruption and bribery. Vedanta requires its employees, tax advisors and suppliers of tax services to act with integrity and maintain high ethical standards in all tax activities. Vedanta also has a Stakeholders' Relationship Committee which cohesively supports the Board in maintaining strong and long-lasting relations with its stakeholders. It also ensures a process for collection of views and concerns of the stakeholders and their redressal.

### Vedanta's Tax Agility Focus

We strive to strengthen our systems, processes, group structures, transactions etc. to comply with changing tax laws across the globe. In the current year the Vedanta Group is striving to assess the application and impact of BEPS 2.0 initiatives on all of its group companies. Vedanta team has systems and standard protocols which would enable it to handle this transition without any disruptions.

Further, the transitioning out of LIBOR has also been addressed by all group companies in all

their financial transactions with special attention to related party transactions.

## OUR TAX APPROACH

Vedanta as a Group operates across several countries in the world. In each of the jurisdictions, it ensures that compliances are adhered to as per local standards and requirements. Wherever required, Vedanta and its group entities work proactively with tax authorities to avoid any potential disputes on account of incorrect understanding of the facts of a transaction, and the impact of the legislation applicable to such facts. The Company evaluates the filing of advance ruling applications with Tax Department wherever permitted, to mitigate the tax dispute in case of proposed transactions to avoid any conflicts in future.

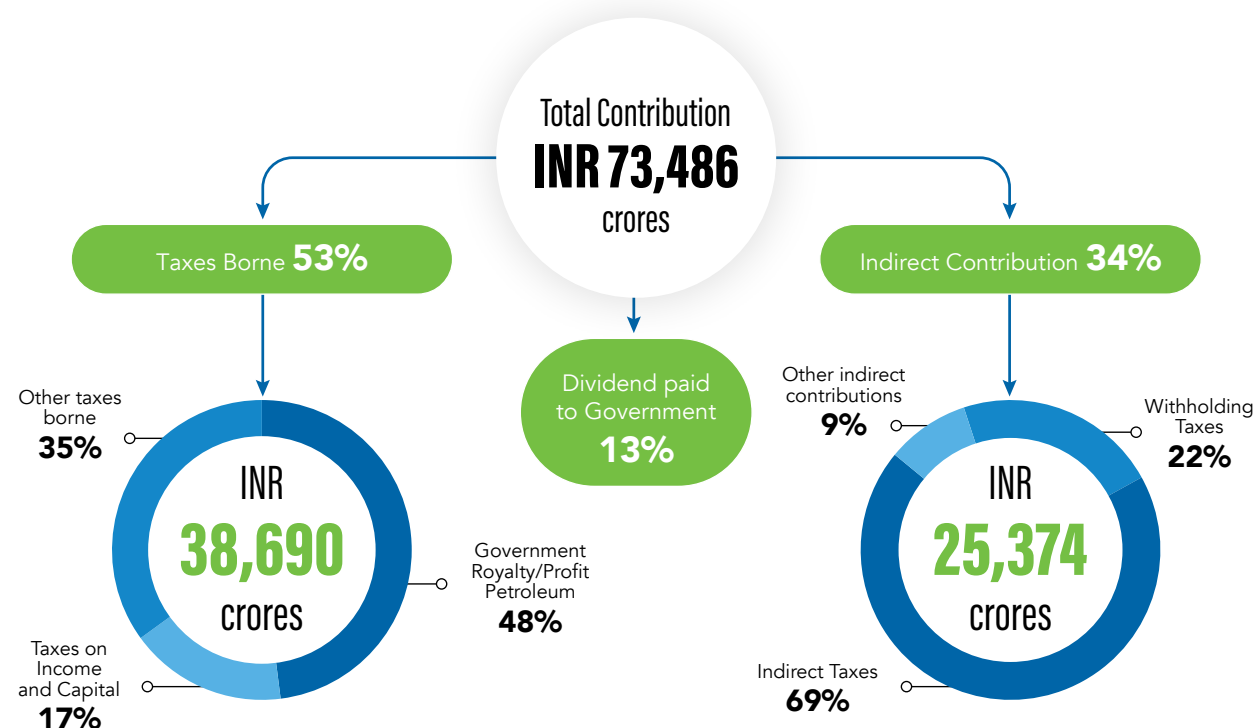
As a group we adhere to the Tax Guiding Principles wherein we are committed to comply with laws and regulations in all the countries where we operate. At the same time, we are guided by the Vedanta Code of Business Conduct and Ethics that inherently ensures all operations including entity, transaction and tax structuring are ethical and conform to highest standards of integrity. Hence, for us, tax planning is never the driving force in either structuring of entities or transactions within the Vedanta Group and we don't enter into these structures or transactions in low tax jurisdictions or tax havens without any commercial substance. All our group entities whether holding companies or operational, have been established basis strong commercial consideration.

Our tax strategy is owned and approved by the Board and includes, among other things, our focus to undertake all transactions on an arm's length basis. Any related party transaction is reviewed for pricing purpose prior to occurrence. Further, annually all related party transactions are evaluated to ensure adherence to the arm's length pricing policy designed for such transactions.

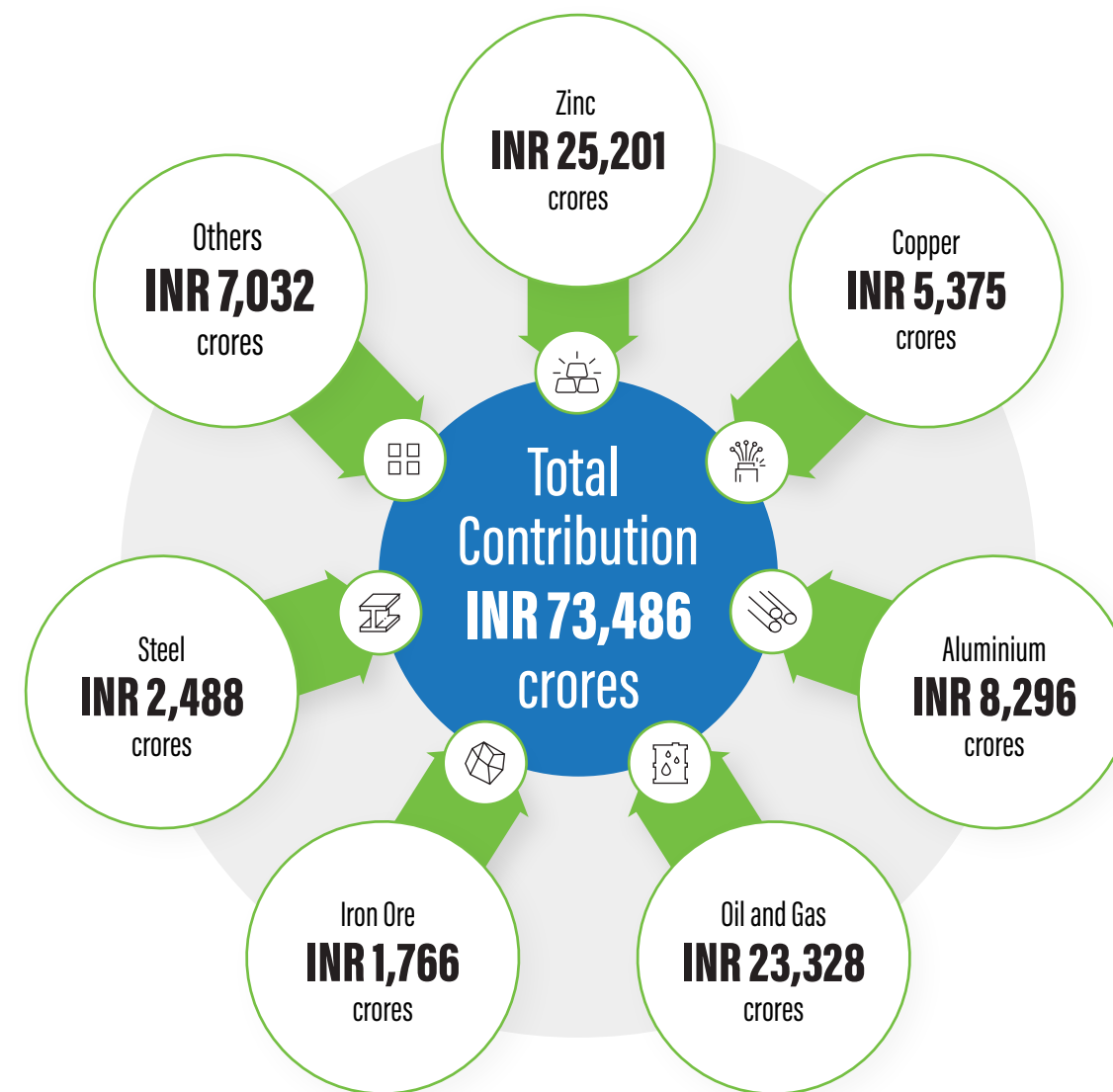
# OUR CONTRIBUTION TO EXCHEQUER

Vedanta contributed **INR 73,486 crores**, around 51% of its consolidated turnover to the exchequer during FY 2023 through a wide range of contributions in the nature of corporate income taxes, royalties, profit petroleum, through significant indirect revenue contributions by way of withholding taxes and indirect taxes. With this edition, the Company is publishing its **Eighth Tax Transparency Report**.

The total contribution to the exchequer comprises of the following:



## Business spread of Contribution to Exchequer (Highest Contribution - Zinc 34%)



The tax contributions are stated under two broad categories of taxes i.e., Taxes borne and Indirect Contributions:

- **Taxes borne** primarily comprise corporate income tax, royalty related tax payments, production entitlements i.e., profit petroleum and other material payments made to the government such as production-based oil cess, stamp duty payments, levies on import/export, local municipal taxes, etc.
- **Indirect contributions** primarily comprise of taxes collected and paid on behalf of our employees and vendors i.e., withholding taxes, payroll taxes (professional taxes), payments of value added taxes on sales and other social security contributions to fund the social security program of the governments for the employees etc.

#### A) TAXES BORNE

- **Taxes on Income and Capital - INR 6,696 crores**

Profits of companies in India are subject to either regular income tax or Minimum Alternate Tax ("MAT"), whichever is greater. Regular Income tax on Indian companies is charged at a statutory rate of 30.00% plus a surcharge of 12.00% on the tax and has an additional health and education cess of 4.00% on the tax including surcharge, which results in an effective statutory tax rate of 34.944%.

The effective MAT rate during the year for Indian



companies was 17.47%. The excess of amounts paid as MAT over the regular income tax amount during the year may be carried forward and applied towards regular income taxes payable in any of the succeeding fifteen years subject to certain conditions. In case company has opted for new regime u/s 115BAA of the Act, MAT Provisions would not be applicable and effective tax rate - 25.168% would be applicable instead of 34.944%

- **Government Royalty & Profit Petroleum - INR 18,476 crores**

#### Government Royalties - INR 10,352 crores

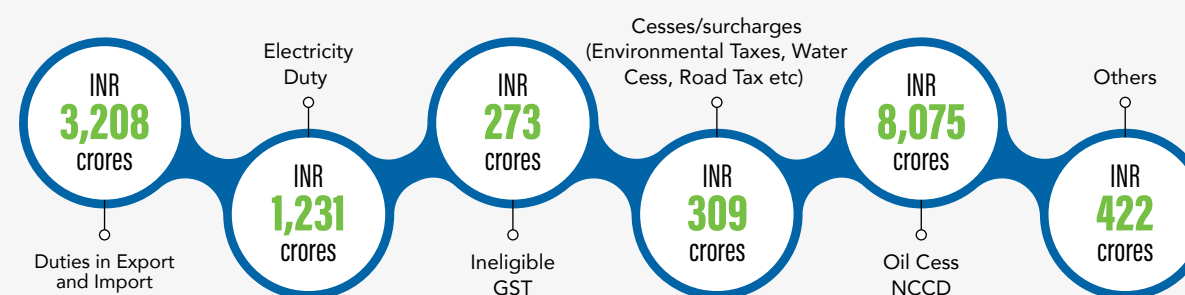
We pay royalties to the state governments of Gujarat, Punjab, Rajasthan, Andhra Pradesh, Goa and Karnataka in India based on extraction of bauxite, lead-zinc, silver, iron ore, crude oil and natural gas. The most significant of these is the royalty that HZL is required to pay to the state government of Rajasthan, where all of HZL's mines are located.

Generally, in respect of oil and gas operations, royalty payments are made by the joint operation partners in proportion to their participating interest. Vedanta being the operator of the block reports the total government royalty paid.

#### Profit Petroleum - INR 8,124 crores

The Government of India (GoI) is the owner of the hydrocarbons wherein it has assigned the responsibility to the joint operation (Contractor) to explore, develop and produce the hydrocarbons. Contractor is entitled to recover out of petroleum produced, all the costs incurred according to the Production Sharing Contracts in exploring, developing and producing the hydrocarbons, which is known as "Cost Petroleum". Excess of revenue (value of hydrocarbons produced) over and above the cost incurred as above, is called "Profit Petroleum", which is shared between the GoI and Contractor Parties as per procedure laid down in Production Sharing Contracts. Vedanta being the operator of the block reports the total profit petroleum.

#### Other taxes borne - INR 13,518 crores



#### B) INDIRECT CONTRIBUTIONS

- **Indirect Taxes - INR 17,621 crores**

GST is a supply driven concept and would therefore apply on supply of goods and services.

Taxes under GST apply as follows-

- Central Goods and Services Tax and State Goods and Services Tax are simultaneously levied on intra-state supply of goods and services.
- Integrated Goods and Services Tax are levied on imports and inter-state supply of goods and services.

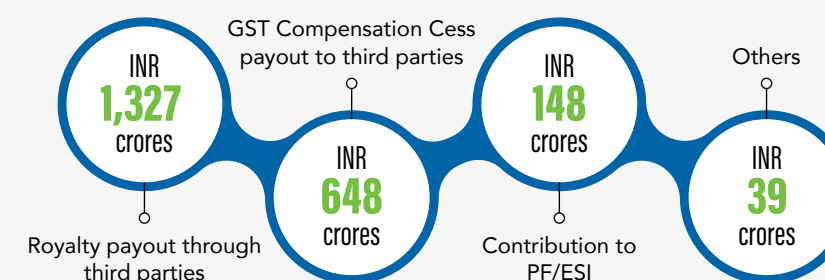
- In addition, GST Compensation Cess also applies on certain specified goods and services. The general rate of GST on our output supplies is 18.0%. However, silver attracts GST at 3.0%.

- **Withholding Taxes - INR 5,591 crores**

This comprises of the following-

- Payroll and employer taxes payable as a result of a company's capacity as an employer.
- Payroll and employee taxes withheld from employee remuneration and are paid to governments on behalf of employees.
- Other taxes collected/deducted.

#### Other indirect contributions - INR 2,162 crores



**TABLE 1: GLOBAL TAX AND OTHER CONTRIBUTIONS**

All amounts are in INR crores

| Country wise Operations | Taxes Borne                 |   |               |                      | Indirect Revenue Contributions |                |              |                  | Dividend paid to Government | Contribution to exchequer |
|-------------------------|-----------------------------|---|---------------|----------------------|--------------------------------|----------------|--------------|------------------|-----------------------------|---------------------------|
|                         | Taxes on Income and Capital | Government Royalties & Profit Petroleum | Others        | Total Payments Borne | Withholding Taxes              | Indirect Taxes | Others       | Total            |                             |                           |
|                         | (A)                         | (B)                                     | (C)           | I = (A + B + C)      | (D)                            | (E)            | (F)          | II = (D + E + F) |                             |                           |
| India                   | 6,556                       | 18,459                                  | 13,469        | 38,484               | 5,458                          | 17,619         | 2,107        | 25,184           | 9,422                       | 73,090                    |
| South Africa            | 137                         | 16                                      | 2             | 155                  | 119                            | 2              | 28           | 149              | -                           | 304                       |
| Others*                 | 3                           | 1                                       | 47            | 51                   | 14                             | -              | 27           | 41               | -                           | 92                        |
| <b>Total</b>            | <b>6,696</b>                | <b>18,476</b>                           | <b>13,518</b> | <b>38,690</b>        | <b>5,591</b>                   | <b>17,621</b>  | <b>2,162</b> | <b>25,374</b>    | <b>9,422</b>                | <b>73,486</b>             |

\*This includes contribution for Namibia, Australia, Japan, South Korea, UAE, Ireland, Mauritius, Netherlands, Taiwan and Liberia.

**TABLE 2: OTHER RELEVANT INDICATORS (REVENUE, PBT ETC.)**

All amounts are in INR crores

| TABLE 2: OTHER RELEVANT INDICATORS |   |   |                    |                         |                  |
|------------------------------------|---|---|--------------------|-------------------------|------------------|
| Country                            | List of entities  | Primary Activities  | Revenue (External) | Profit before Tax (PBT) | No. of employees |
| India                              | Vedanta Limited, Malco Energy Limited, Sesa Resources Limited, Sesa Mining Corporation Limited, Talwandi Sabo Power Limited, ESL Steel Limited, Hindustan Zinc Limited, Cairn Energy Hydrocarbons Limited, Bharat Aluminium Co. Ltd., Vizag General Cargo Berth Pvt. Ltd., Vedanta Limited ESOS Trust, Ferro Alloys Corporation Limited, Hindustan Zinc Alloys Private Limited, Vedanta Zinc Football & Sports Foundation etc.  | One of the largest producers of zinc-lead-silver, iron ore, copper, aluminium, power in India and having business operations in steel, nickel, and oil and gas sector | 1,34,595           | 17,998                  | 16,074           |
| South Africa                       | Black Mountain Mining (PTY) Limited   | Producer of zinc and lead concentrate at Black Mountain Mining (BMM) and Special High Grade Zinc metal at Skorpion Zinc   | 5,206              | 1,400                   | 974              |
| Others                             | Copper Mines of Tasmania (PTY) Limited, Thalanga Copper Mines (PTY), Fujairah Gold FZC, THL Zinc Ltd, THL Zinc Ventures Ltd, Monte Cello BV, THL Zinc Holding BV, Western Cluster Limited, Skorpion Zinc (PTY) Limited, Skorpion Mining Company (PTY) Limited, Namzinc (PTY) Limited, Vedanta Lisheen Holdings Limited, Vedanta Lisheen Mining Limited, Killoran Lisheen Mining Limited, Lisheen Milling Limited, Lisheen Mine Partnership, Avanstrate Japan Inc, Avanstrate Korea Inc and Avanstrate Taiwan Inc etc. | Mining and other activities   | 5,603              | 877                     | 678              |
| <b>Total</b>                       |   |   | <b>1,45,404</b>    | <b>20,275</b>           | <b>17,726</b>    |

# RESOURCING INDIA'S RISE RESPONSIBLY



# BASIS OF PREPARATION

## NOTE 1

Amounts reported in the Table 1 - 'Global Tax & Other Contributions' have been subject to external assurance. Assurance Report forms a part of this report. The financial information contained in this report is consistent with that used to prepare our FY 2023 consolidated financial statements and financial statements of Vedanta Group's listed/unlisted operating subsidiary companies. In case of joint venture operations, contributions are shown at gross level as made by the Unincorporated Joint Venture (UJV) considering Company's subsidiary is the operator irrespective of our percentage interest in the UJV.

## NOTE 2

All data is prepared for the year from 1 April 2022 to 31 March 2023. The contributions have been reported on a cash basis. The base information used to compute the above contributions is the same as that for the audited financial statements of respective companies with inherent differences in the accounting methodology. The social expenditures have not been considered in the contribution to exchequer shown in the above table.

## NOTE 3

Vedanta has disclosed the taxes charged by suppliers/ service providers and paid by the Vedanta Group (to the extent not creditable) in the taxes borne category. Indirect contributions *inter alia* include royalty and cess paid to third parties, and these collectively represent gross output liabilities discharged by the Vedanta Group. Further, any amount arising on account of foreign exchange fluctuation has been excluded from the reportable data.

## NOTE 4

### TAXES BORNE

#### A) Taxes on Income and Capital

This comprises Corporate Income Tax but does not include Deferred Tax and Penalty, if any. These taxes are provided at amounts paid during FY 2023 with respect to corporate income tax liability of the same year and of previous years at respective corporate tax rates applicable for those years. Typically, these taxes would be reflected in corporate income tax returns made to governments, and tend to become payable, and are paid (either directly by way of advance tax or self-assessment tax or through credit of withholding tax), either in the year the profits were made or up to one year later, depending on the tax laws of the respective countries as to the timing of payments.

For the purpose of the figures of credit of withholding taxes/TCS, the ledgers provided by the respective divisions were considered, wherein the withholding taxes/TCS is recorded as and when credit certificates are received from the deductors/collectors.

These taxes also include payments made against tax demands (net of refunds received) during the financial year with respect to corporate income tax liability of previous years.

#### B) Government Royalties and Profit Petroleum

This comprises contributions made to exchequer in the form of royalties, license fees and resource rents; for example, contribution for the extraction of minerals, metals, crude oil or gas whether paid directly to the government or through the third parties. These form part of operating costs. Profit

Petroleum represents share of profit paid to the government on account of production of crude oil and natural gas from the fields awarded by the government as per the terms of Production Sharing Contract (PSC). Typically, this is reflected in various forms/ returns prescribed by the government for this purpose. The government's share of profit petroleum is accounted for when the obligation (legal or constructive) in respect to the same arises. Profit petroleum is netted off from revenue generated from such operations.

#### C) Other taxes borne

This comprises oil cess paid on production of crude oil in India, stamp duty that arises on the transfer of assets or capital, levies on import/export of goods (considered on gross basis), municipal taxes, electricity duty, service tax, VAT, CST, GST, entry tax/octroi and other taxes borne. These form part of operating costs, except where creditable.

### INDIRECT REVENUE CONTRIBUTIONS

#### D) Withholding Taxes

This comprises payroll and employee taxes (including professional tax) withheld from employee remuneration, and paid to governments, i.e., tax collected and remitted to governments on behalf of employees. Typically, these taxes would be reflected in payroll tax returns made to exchequer and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the returns. It

also comprises taxes withheld or collected from various payments made to contractors and paid to governments, i.e., taxes collected/deducted and remitted to governments on behalf of the service providers/vendors/group companies.

#### E) Indirect Taxes

This comprises taxes paid to the government on procurement or production or sale of goods such as Value Added Tax (VAT)/sales tax, excise duty, central sales tax, Goods and Services Tax (GST), etc. (considered on gross basis).

#### F) Other

This includes contribution of employers for funding the social security programme of the government such as Provident Fund (PF) and Employee State Insurance Fund (ESI). Such contributions are reflected in the monthly and annual returns made to the respective organisations.





















### DIVIDENDS TO GOVERNMENT

This includes dividends paid to government on a regular basis, wherever the government holds shares in any of the Vedanta Group companies and that company has paid dividend during the year. In the current year, the only payer is the Company's subsidiary, HZL where GoI holds a 29.54% stake in the subsidiary.

*Please refer to Annexure A on types of taxes paid by Vedanta in various countries.*

# ANNEXURE A - TAXES PAID

Taxes/Duties/Other Contributions made by Vedanta Group are referred below:

- |   |  |
|---|--|
|  Corporate Income Tax                          |  Other Cess and Surcharges  |
|  Goods and Services Tax                        |  Stamp Duty   |
|  Government Royalties                          |  Electricity Taxes/Duty   |
|  Octroi/ Entry Tax                             |  Municipal Taxes  |
|  Profit Petroleum                              |  Export License Utilization   |
|  Provident Fund and Employee State Insurance |  Withholding Taxes  |
|  Oil Cess / NCCD                             |  Excise Duties  |
|  Land Tax/Property Tax                       |  Any other taxes <i>inter alia</i> Niryat Kar, Panchayat Tax, Paryavaran Tax, Upkar Tax, Inhabitant Tax |
|  Duties on Export and Import                 |  Value Added Tax  |
|  License Fees                                |  Service Tax  |

# INDEPENDENT REASONABLE ASSURANCE REPORT

## To Vedanta Limited on Global Tax & Other Contribution

We ('KPMG Assurance and Consulting Services LLP' or 'KPMG') were engaged by the management of Vedanta Limited ('VEDL' or 'the Company') to report on 'Global Tax & Other Contributions' – Table 1 contained in VEDL's Tax Transparency Report for the financial year 2022-23 [the said Table 1 hereinafter referred to as 'Global Tax & Other Contributions'], in the form of an independent reasonable assurance conclusion about whether VEDL's statement that the Global Tax & Other Contributions is properly prepared, in all material respects, based on 'Basis of Preparation' attached to the Tax Transparency Report is fairly stated.

## VEDL'S RESPONSIBILITIES

The management of VEDL are responsible for preparing the Global Tax & Other Contributions that is free from material misstatement in accordance with Basis of Preparation and for the information contained therein. The management of VEDL are also responsible for preparing the Basis of Preparation.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of Global Tax & Other Contributions that is free from material misstatement, whether due to fraud or error. It also includes developing the Basis of Preparation. The Company is also responsible for preventing and detecting fraud and for identifying and ensuring that it complies with laws and regulations applicable to its activities.

## OUR RESPONSIBILITIES

Our responsibility is to examine the Global Tax & Other Contributions prepared by the Company and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Global Tax & Other Contributions is properly prepared, in all material respects.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of Global Tax & Other

Contributions whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of Global Tax & Other Contributions in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of Global Tax & Other Contributions. Our engagement also included assessing the appropriateness of Global Tax & Other Contributions, the suitability of the Basis of Preparation used by the Company in preparing the Global Tax & Other Contributions in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of Global Tax & Other Contributions and the reasonableness of estimates made by the Company and evaluating the overall presentation of the Global Tax & Other Contributions. Reasonable assurance is less than absolute assurance.

The procedures performed by us have been included herein as Annexure 1.

#### CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our

conclusion. In our opinion, the Global Tax & Other Contributions is properly prepared in all material respects, based on the Basis of Preparation.

#### RESTRICTION OF USE OF OUR REPORT

In accordance with the terms of our engagement, this independent reasonable assurance report on Global Tax & Other Contributions has been prepared for VEDL solely for inclusion in its Tax Transparency Report for the financial year 2022- 23 and for no other purpose or in any other context.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than VEDL for any purpose or in any context. Any party other than VEDL who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than VEDL for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to VEDL on the basis that it shall not be copied, referred to or disclosed, in whole (save for inclusion in VEDL's Tax Transparency Report) or in part, without our prior written consent.

For **KPMG Assurance and Consulting Services LLP**

**Place:** Gurgaon

**Date:** 10<sup>th</sup> June, 2023

# ANNEXURE 1 – ASSURANCE PROCEDURES - GLOBAL TAX & OTHER CONTRIBUTIONS

1. Understand and examine the processes and controls at Vedanta Group level in managing, collating and reviewing the data for the 'Global Tax & Other Contributions'
2. Review the guidance provided / instructions issued to locations/ units/ group entities by central team for collation of various Tax and other specified items
3. Review the country wise break-up of the Tax and other specified items reported in the 'Global Tax & Other Contribution'
4. Understand and examine the processes and controls at local country level for collation of Tax and other specified items included in 'Global Tax & Other Contribution'. This will include review of
  - Processes for data collation
  - Processes for ensuring that all local country taxes are included within the reporting
5. Review the basis on which the country level tax and other specified data reported has been captured, reviewed and consolidated to assess whether the data has been collected, consolidated and reported fairly
6. For the countries selected, perform trend analysis on the tax and other specified data for the reporting period to understand any material variances. Seek explanations for variances, if any
7. For the countries selected, verify the tax paid (on a sample basis) to the underlying documents
8. Compare the tax and other specified data in the report to the relevant disclosures in the consolidated financial statements for reporting period





**Vedanta Limited**

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