



Vedanta Resources Limited

# TAX TRANSPARENCY REPORT

**A STRONGER VEDANTA**  
RESOURCEFUL | SUSTAINABLE | VALUE-FOCUSED

A photograph of an industrial facility at night, featuring a complex network of pipes, scaffolding, and buildings. The scene is illuminated by artificial lights, creating a dramatic, high-contrast atmosphere. A large white circle is overlaid on the left side of the image, containing the text 'STRONGER VEDANTA EMPOWERING GROWTH'.

**STRONGER  
VEDANTA  
EMPOWERING  
GROWTH**

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# ABOUT THE REPORT



Vedanta Resources Limited ('Vedanta', 'Company', 'Vedanta Group') stands as a leading global conglomerate in natural resources, encompassing zinc-lead-silver, iron ore, steel, copper, power, oil, and gas. At the heart of our ethos lies transparency, not merely as a practice, but as our foundational principle. We are dedicated to openly sharing all pertinent information, cultivating trust, accountability, and fostering sustainable growth among stakeholders. Through transparent communication, we nurture trust and accountability, propelling sustainable growth and bolstering stakeholder confidence in our company.

Transparency to us goes beyond mere tax disclosure; it fosters accountability by offering insights and analytics into organizational operations, demonstrating how we generate sustainable financial returns for stakeholders to make informed decisions.

The Tax Transparency Report is a comprehensive document showcasing financial contributions made by the Company to the exchequer in India and

globally, revealing its commitment to openness and accountability in taxation practices. It also provides stakeholders with transparent insights into the Company's tax payments, reinforcing trust and credibility in its financial operations.

With transparency as a cornerstone value, we lead the way in tax reporting, managing taxes in an open and straightforward manner. The report underscores our commitment to absolute transparency in disclosing profits and taxes paid.

Vedanta is dedicated to fostering positive change in the communities where we operate, promoting sustainable prosperity and improving the lives of people across different regions. Our Tax Transparency Report serves as a testament to our commitment to responsible tax practices. The contributions outlined are based on cash transactions in FY 2023-24, reflecting the same data used in the audited financial statements of respective companies, albeit with variations in accounting methodologies.

# CHAIRMAN VALUE STATEMENT



FY 2024 proved to be a pivotal year in this journey, with substantial strides in our ambitious capacity expansion and vertical integration projects along with strategic endeavours aimed at

unlocking value. A prudent liability management exercise has strengthened our capital framework, easing off liquidity pressure and empowering us to pursue growth initiatives.

With our efficient operations, strong financial base, and strategic investments, complemented by our focus on sustainability and innovation, we are well equipped to meet the changing requirements and generate value for all stakeholders.

As the economic growth engine gathers steam, the demand for commodities is set to surge. Vedanta is equipped with a unique portfolio, ranging from oil and gas to essential metals, hence strategically positioned to seize the momentum, while aiding the India's goal of reaching a USD 30 trillion developed economy by 2047 and achieving self-reliance.

As we embark on the next stage of our multi-year growth trajectory, aimed at unleashing value for all stakeholders, I extend my deepest gratitude to all the stakeholders for their continuous support as they are the pillars of our success, propelling us towards building a futuristic organisation.

Our team, backed by strong leadership, did a commendable job in capturing the opportunity, despite commodity prices exhibiting mixed performance, influenced by global market dynamics and sector-specific demand trends. We achieved significant success this year through a sharp focus on operational performance, strategic investments and commitment to innovation and sustainability. Our financial report reflects this with revenues reaching



**USD 17.1 billion** and EBITDA at **USD 4.7 billion**.

Increasing tax collection signals strong economic growth, fueled by higher incomes, increased spending, and improved fiscal management. We are proud to release our **Eighth Tax Transparency Report**, showcasing our annual contribution of **USD 6.7 billion**, as part of our commitment to transparent and responsible practices in line with the nation's growth.

As we embark on the next stage of our multi-year growth trajectory, aimed at unleashing value for all stakeholders, I extend my deepest gratitude to all the stakeholders for their continuous support as they are the pillars of our success, propelling us towards building a futuristic organisation rooted in India's progress.

We trust that this report, along with the Integrated Annual Report for FY 2023-24 present the integrated performance of the Company. These also states the impact of contributions made by us to the society at large in a fair and accurate manner including concise glimpse into our dedication to ESG principles and the constructive influence we aspire to achieve.

**ANIL AGARWAL**

**Chairman, Vedanta Resources Limited**

# ABOUT VEDANTA GROUP

## VEDANTA AT A GLANCE

Vedanta Resources Limited is the world’s foremost natural resources conglomerate, with strategic assets in India, South Africa and Namibia. Our extensive operations span zinc-lead silver, iron ore, steel, copper, aluminium, power, nickel, and oil and gas, with a market-leading position across most.

Bringing to the fore our global operational scale, cost leadership and operational excellence, we play a pivotal role in facilitating primary materials in a safe, sustainable and cost-effective manner, enabling resource sufficiency worldwide. Vedanta is committed to creating enduring value, prioritising social responsibility, environmental sustainability

and business integrity. By integrating these, we ensure that our growth is inclusive, benefiting all stakeholders from local communities to international markets.

As global market accelerates towards a rapid growth trajectory brimming with exciting opportunities, Vedanta stands on a stronger footing with enhanced capacities, competencies and a strong purpose. We are poised for greater success and creating enduring value for all stakeholders, affirming our position as ‘A Stronger Vedanta’.

## OUR VALUE CHAIN

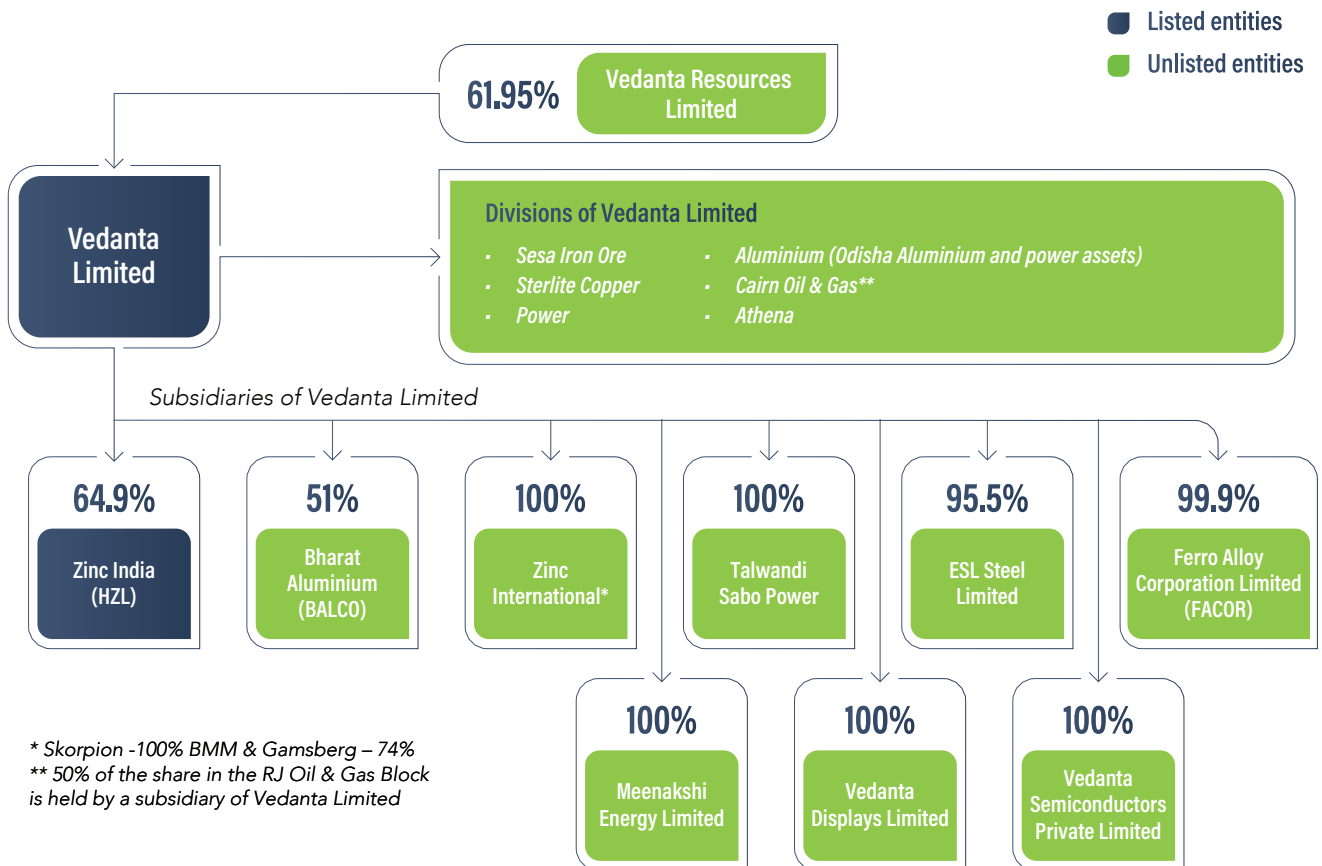


We operate an end-to-end value chain in the natural resources sector.



## OPERATING STRUCTURE

Our diversified structure and wide geographic presence enable efficient operations and serviceability. As of 31 March 2024



**BUSINESS OVERVIEW**

# GLIMPSES OF VEDANTA GROUP



## ZINC-LEAD-SILVER

**75% MARKET SHARE IN INDIA'S PRIMARY ZINC MARKET HINDUSTAN ZINC LIMITED ('HZL')**

*Business: Zinc India (HZL), Zinc International*

### ASSET HIGHLIGHTS

- World's largest underground zinc-lead mine at Rampura Agucha, India
- 3<sup>rd</sup> largest silver producer in the world



## ALUMINIUM

**LARGEST PRIMARY ALUMINIUM PRODUCER IN INDIA**

*Business: Aluminium smelters at Jharsuguda, India & Korba, India (BALCO) Alumina refinery at Lanjigarh, India*

### ASSET HIGHLIGHTS

- 45% market share in India among primary aluminium producers
- Largest aluminium installed capacity in India at 2.3 MTPA



## OIL & GAS

**OPERATES ~25% OF INDIA'S CRUDE OIL PRODUCTION**

*Business: Cairn, India*

### ASSET HIGHLIGHTS

- World's longest continuously heated pipeline from Barmer to Gujarat Coast (~670 kms)
- Largest private sector oil & gas producer in India



## POWER

**11 GW TOTAL POWER PORTFOLIO. 4.8 GW OF INSTALLED IPP CAPACITY.**

*Business: Power assets at TSPL (1,980 MW) at Talwandi Sabo - Punjab, India, Jharsuguda, India (CPP of 3,015 MW and 600 MW of IPP) - Odisha, India, Korba, India (CPP of 1,140 MW and IPP of 600 MW) - Chhattisgarh*

### ASSET HIGHLIGHTS

- Energy efficient, super critical 1,980 MW power plant at Talwandi Sabo
- Upcoming 1,000 MW Meenakshi (by FY25) and 1,200 MW Athena (by FY26) thermal power plants





## IRON ORE

**ONE OF THE LARGEST MERCHANT IRON ORE MINERS IN INDIA AND ONE OF THE LARGEST PRODUCERS AND EXPORTERS OF MERCHANT PIG IRON IN INDIA**

*Business: Iron Ore Business*

### ASSET HIGHLIGHTS

- Karnataka, India Iron ore mines with reserves of 75 Mnt and life of 9 years
- Goa, India Iron ore mines; R&R of 55 Mnt



## STEEL

**3.5 MTPA DESIGN CAPACITY**

*Business: ESL Steel*

### ASSET HIGHLIGHTS

- Highest-ever hot metal production of 1,473 kt
- Highest ever DI pipe production of 212 kt



## CHROME

**150 KTPA CHARGE CHROME / FERRO CHROME CAPACITY WITH 100 MW POWER PLANT; 290 KTPA CHROME ORE MINING CAPACITY**

*Business: Ferro Alloys Corporation Limited*

### ASSET HIGHLIGHTS

- Osthpal mines have 240 KTPA mining capacity
- 45 MVA charge chrome plant of 80 KTPA, 33 MVA charge chrome plant of 65 KTPA



## COPPER

**ONE OF THE LARGEST COPPER PRODUCTION CAPACITY IN INDIA**

*Business: Copper, India*

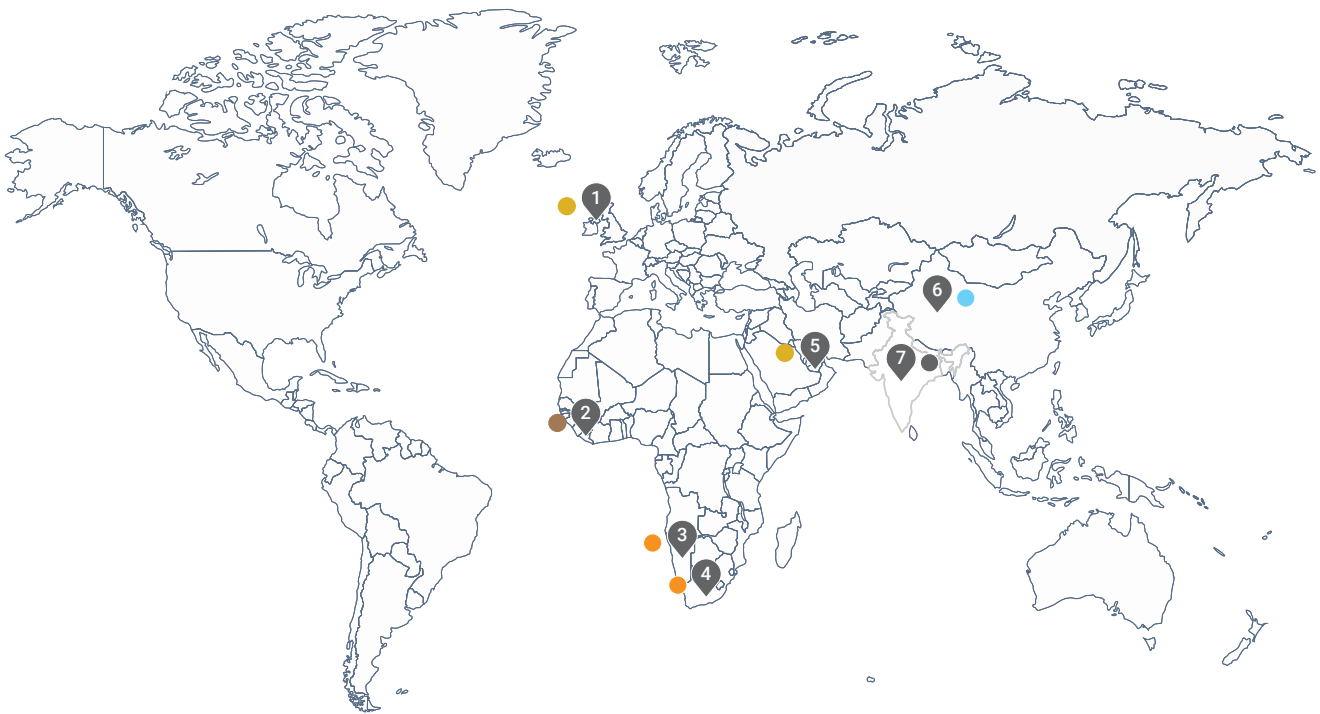
### ASSET HIGHLIGHTS

- Silvassa, India Refinery Capacity: 216 KTPA
- Tuticorin, India smelter (Capacity 400 KTPA) and refinery (non operational)

PRESENCE

# STRONGER FOOTPRINT ACROSS STRATEGIC GLOBAL MARKETS

## PRESENCE

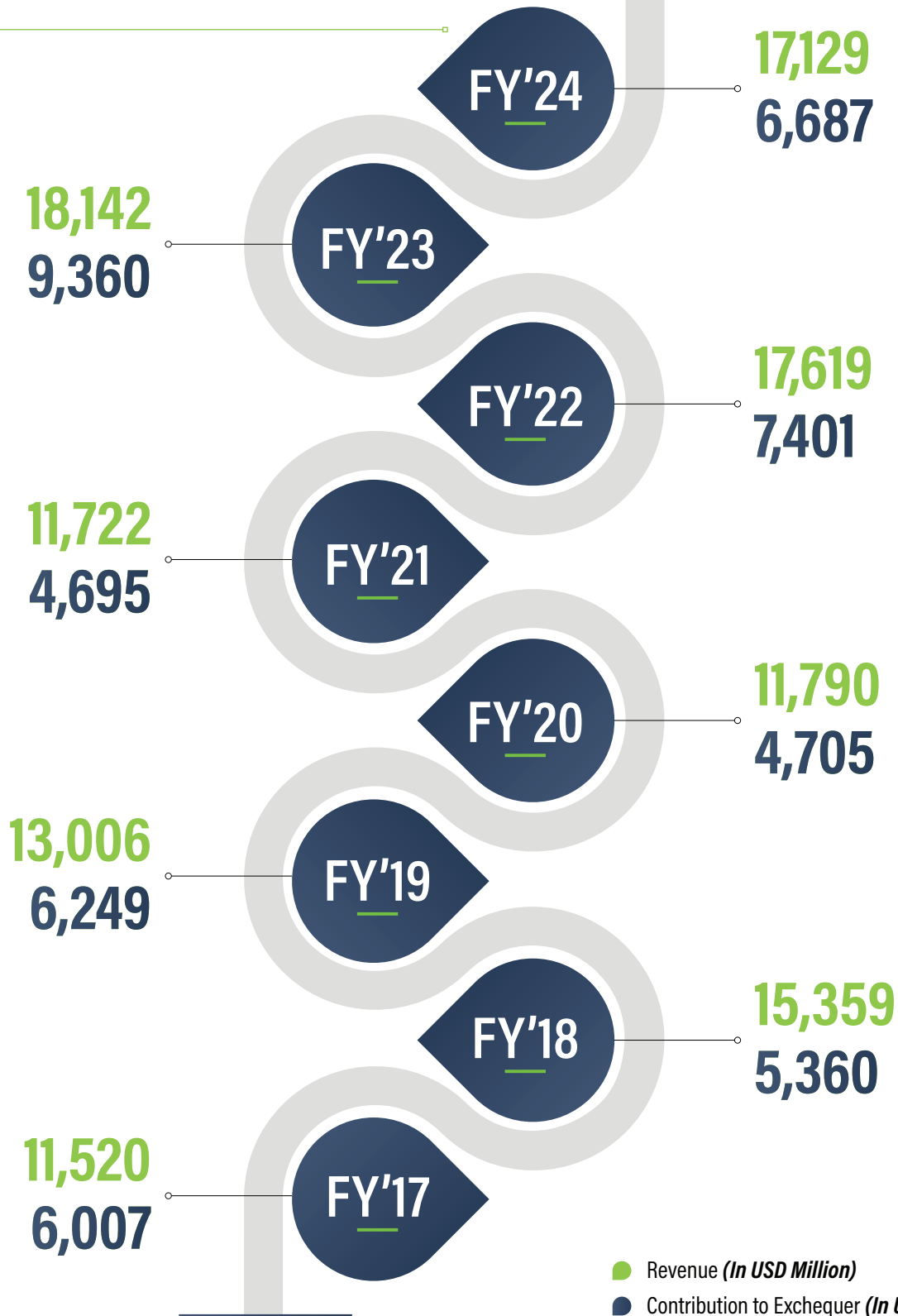


- |   |  |
|---|--|
| <p><b>1 Ireland</b><br/>Lisheen Mine</p> <hr/> <p><b>2 Liberia</b><br/>Iron Ore Project<br/>Western Cluster</p> <hr/> <p><b>3 Namibia</b><br/>Scorpion Mine</p> <hr/> <p><b>4 South Africa</b><br/>Black Mountain Mine<br/>Gamsberg</p> <hr/> | <p><b>5 UAE</b><br/>Fujairah Gold</p> <hr/> <p><b>6 East Asia</b><br/>Glass</p> <hr/> <p><b>7 India</b><br/>Multiple</p> <hr/> |
|---|--|

<span style="color: #FFC000;">●</span> COPPER	<span style="color: #4CAF50;">●</span> ALUMINIUM	<span style="color: #2196F3;">●</span> POWER
<span style="color: #795548;">●</span> IRON ORE	<span style="color: #FF9800;">●</span> ZINC	<span style="color: #00BCD4;">●</span> OIL & GAS
<span style="color: #E67E22;">●</span> CAPTIVE POWER PLANT	<span style="color: #42A5F5;">●</span> GLASS	<span style="color: #333333;">●</span> MULTIPLE
<span style="color: #4682B4;">●</span> STEEL	<span style="color: #D32F2F;">●</span> MET COKE	<span style="color: #8D8D8D;">●</span> FERRO ALLOYS
<span style="color: #4682B4;">●</span> CEMENT	<span style="color: #5D4037;">●</span> NICKEL	<span style="color: #9575CD;">●</span> PORT

**Note:** Maps not to scale; Mt. Lyell Mine in Australia has been divested w.e.f. 17th November, 2023.

## 8-Year Revenue Trend vis-a-vis 8-Year Contribution To Exchequer Trend



# **VEDANTA'S COMMITMENT TO A SUSTAINABLE FUTURE**





# 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.

Vedanta recognises the unique nature of the natural resources they deal in and hence believes in mining with a mission and is at the forefront of the industry's transition towards a purpose driven future. Our operations go beyond extracting resources, aiming to enrich lives and create a sustainable legacy of positive change for future generations. Guided by the philosophy of giving back, we positively impact over 17.4 million lives annually through initiatives in childcare, nutrition, women's empowerment, healthcare and education.

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 workplace, we focus on promoting 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. This year, we are concentrating on tackling economic inequality, with a big focus on acknowledging diversity and empowerment across society. We are highlighting how inclusion is crucial for promoting gender equality.

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. At Vedanta, we make synergetic efforts to prioritise the

## VALUE CREATION HIGHLIGHTS FY 2023-24



**FINANCIAL CAPITAL**  
**USD 4.7**  
 billion EBITDA



**MANUFACTURED CAPITAL**  
 Zinc India **1,079 kt**  
 Best-ever mined metal production



**HUMAN CAPITAL**  
**97,000+**  
 Total Workforce



**NATURAL CAPITAL**  
 Trees Planted **2** Million  
 As part of commitment to plant 7 million trees by 2030



**SOCIAL AND RELATIONSHIP CAPITAL**  
**6000+**  
 Nand Ghars built



concerns of our stakeholders and we seek to balance the interests & expectations of all stakeholders to align with the overall organisational goals of the Company.

At Vedanta, FY 2023-24 was a year of remarkable progress on the ESG front led by our 'Transforming for Good' purpose and we are extremely pleased to apprise that Vedanta has aced the Corporate Sustainability Assessment by S&P Global for 2023 (formally known as DJSI). Guided by the philosophy of giving back, we positively touched more than 17.4

million lives through our CSR programmes, 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 USD 6,687 million to the public exchequer of the various countries where we operate in FY 2023-24. 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 **USD** million

<b>Direct Economic Value Generated</b>		<b>17,521</b>
<b>Economic Value Distributed</b>		
Operating Costs (Payments made to our suppliers for the purchase of utilities, goods and services)	12,556	<b>15,467</b>
Payment to Government (Corporate Income Tax and Profit Petroleum)	604	
Employee Wages and Benefits (Employee expenses for salary, wages and incentives)	414	
Payments to Providers of Funds (Dividend payments and Interest payments)	1,840	
Community Investments Voluntary donations	53	
<b>Direct Economic Value Retained</b>		<b>2,054</b>

# BETTERING LIVES: OUR SOCIETY, OUR RESPONSIBILITY

## TRANSFORMING COMMUNITIES

Communities give us the licence to operate and therefore are a top priority in our efforts to strengthen our bonds and gain their trust and support. We continually engage with the surrounding communities to respond to their

needs, adapt our actions to the evolving landscape and ensure stringent adoption of globally-recognised human rights principles. Our community engagements, which include our CSR programs, are designed to bring positive change into the lives of the local communities, including scalable socio-economic development.





For nearly two decades, Vedanta has weaved social impact initiatives into the Company's core ethos that help bring positive change. Vedanta has been making a difference through healthcare, education, skilling, livelihood programs, and providing inclusive development opportunities for the community at large.

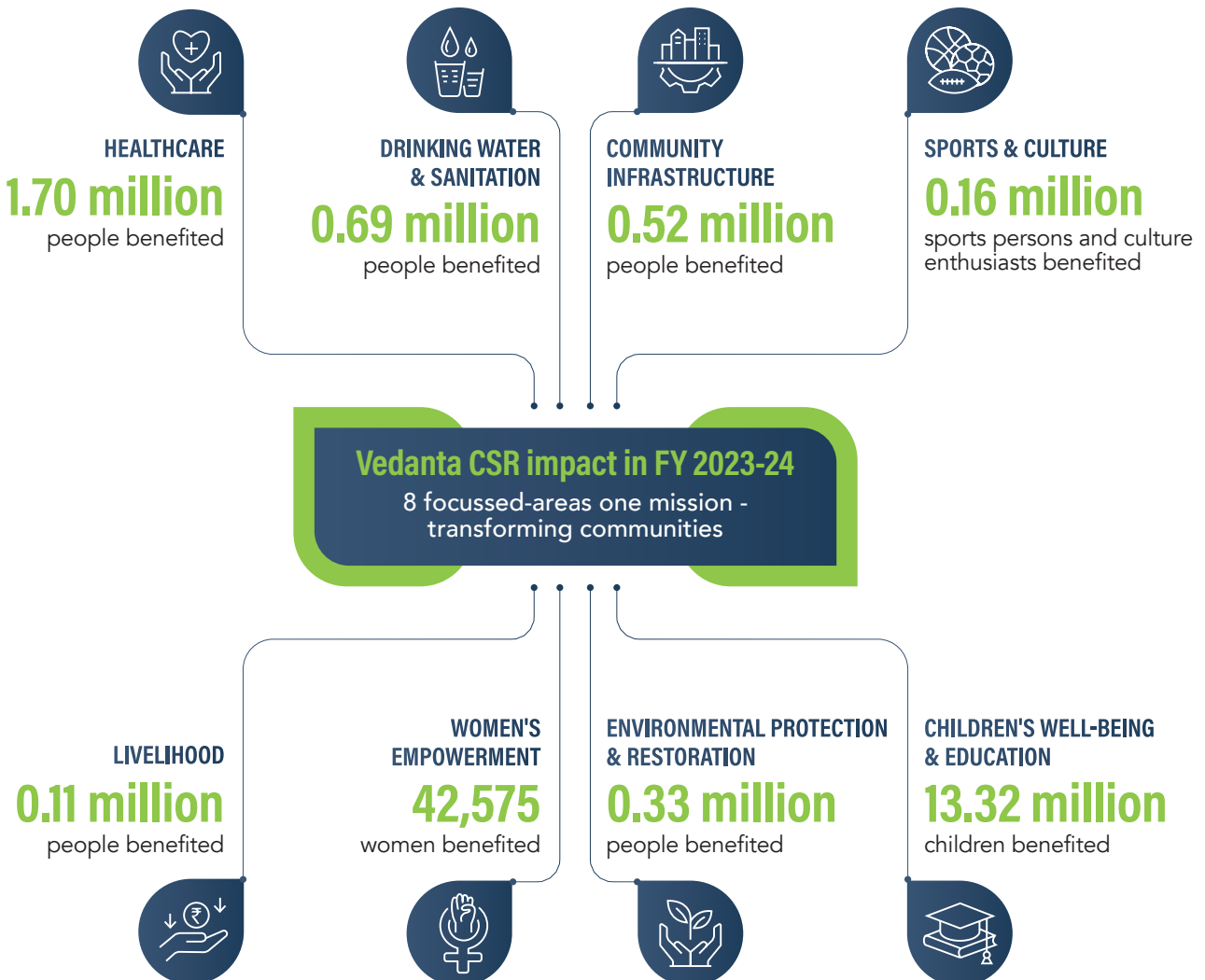
Through Vedanta's social development programs, the company transforms lives of more than 17.4 million people at grassroots level.

Each of our Group companies has aligned its CSR programs to cater to the needs of the communities in the geographic locations where they operate. A CSR Council comprising CSR Heads and executives from all business units is responsible for governance,

synergy and cross-learning across Vedanta.

At Vedanta, we treat CSR not merely as a mandate, but as a very core of the existence of our business – a means to share our prosperity and foster the well-being of our society.

Our chairman, Mr. Anil Agarwal has always envisioned a nation in which there are ample opportunities for the youth, women are empowered, children are healthy and the country is progressing rapidly. This vision forms the foundation of our giving back initiatives. We are steadfast in our mission of "Transforming for Good". We believe together we can create empowered communities, a strong nation and greener planet.



# OUR APPROACH TOWARDS TAX AND 'GUIDING PRINCIPLES'

## OUR TAX APPROACH

The Vedanta Group operates in multiple countries worldwide, diligently adhering to local standards and regulations in each jurisdiction. As an integral part of our corporate values, our Company places paramount importance on tax compliance and appropriate payment of taxes. We understand the significance of fulfilling our fiscal obligations not only as a legal requirement but also as a moral responsibility towards the society and economy we operate within. Further, we being a part of the extractive industry are aligned to the principles stated in the Extractive Industries Transparency Initiative document ('EITI'), primarily relating to the onus of corporation.

Tax compliance is not just a matter of adhering to laws and regulations; it is a reflection of our commitment to integrity, transparency, and accountability. We recognize that paying taxes on time and accurately is essential for fostering trust with stakeholders, including employees, customers, investors, and the broader community. Vedanta's adoption of tax technology represents a strategic move towards streamlining compliance and improvising tax strategies in its global operations. Further, Vedanta recognizes that effective digitization results in tax risk mitigation and hence aims at utilizing the same wherever applicable.

At the heart of our commitment lies a dedication to operating with the highest ethical standards. We strive to maintain meticulous records, follow best practices and engage with tax authorities in an open and cooperative manner. We emphasize integrity and ethical practices in all operations, ensuring that tax optimization never supersedes commercial considerations in entity or transaction structuring.

We continuously review and enhance our internal processes and systems to ensure accuracy and efficiency in tax reporting and payments. We invest in training and development of our employees to ensure they are equipped with the knowledge and skills necessary to navigate complex tax landscapes effectively. Also, regularly updating the systems and personnel on the changes in tax laws is integral to our operational framework, ensuring compliance and adaptability in a dynamic regulatory landscape. Lastly, we also take support from eminent Tax consultants at multiple jurisdictions who advise us on various complex tax matters, ensuring our decisions are well-informed. Before finalizing any tax position, we consult professionals and senior legal counsel to understand alternate viewpoints and interpretations.

In conclusion, our company's commitment to tax compliance and timely payments is unwavering. We understand the importance of fulfilling our fiscal responsibilities ethically, transparently, and conscientiously. By upholding these principles, we not only comply with legal requirements but also contribute positively to the welfare and prosperity of the communities we serve.

## TAX GUIDING PRINCIPLES

Vedanta has established nine guiding tax principles that govern all our operations and decisions worldwide, ensuring compliance with tax laws and timely adherence to local regulatory requirements in every country. Upholding integrity, transparency, and accountability is fundamental, with tax considerations naturally stemming from commercial decisions driven by sound judgment. Our tax principles are closely aligned with the 'B-Team Responsible Tax Principles'.

# 9 TAX GUIDING PRINCIPLES



## TRUST

*(B Team Principle 2)*

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



## COMPLIANCE

*(B Team Principle 1 & 2)*

To observe all applicable laws, rules and regulations in the countries where we operate, including Transfer Pricing and to meet all tax compliance requirements in a timely manner.



## TRANSPARENCY

*(B Team Principle 7)*

To proactively disclose detailed information about the overall tax contribution of the Group to the governments of the countries where we operate.



## ECONOMIC SUBSTANCE

*(B Team Principle 3 & 5)*

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



## PROCESSES & CONTROLS

*(B team Principle 1)*

Ensuring meticulous documentation of transactions and tax positions with diligent professional care and judgment, making decisions at the highest level and backing them with robust evidence.



## ENGAGEMENT WITH REGULATORS

*(B team Principle 4 & 7)*

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.



## RISK MANAGEMENT

*(B team Principle 1)*

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



## PROACTIVE CONSULTATION

*(B Team Principle 6)*

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



## PEOPLE PROGRESS

To develop our people, through training, experience and opportunity.

# TAX RISK MANAGEMENT FRAMEWORK AND STRATEGY

## TAX RISK MANAGEMENT, GOVERNANCE, COMPLIANCE & STRATEGY

### 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 Group companies’ operating controls with the overarching vision and mission and help them deliver on the Vedanta Group’s strategic objectives.

By proactively addressing tax risks, we enhance our financial stability, compliance, and reputation while minimizing our liabilities and disputes.

### TAX RISK GOVERNANCE FRAMEWORK

The Vedanta Group maintains internal controls in the form of compliance calendars, internal audit processes by MAS (Management Assurance Services) teams, 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. 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 (‘Audit Committee’) for its consideration. This review includes assessment of probabilities of different outcomes, including cash flow and reputational impact. The suggestions by the Audit Committee are duly considered by the Tax Councils and thereafter, the Audit Committee 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 & Audit 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

The tax risk management systems, processes and controls alongwith the adoption of technology enables the Vedanta Group to fulfill its tax compliance obligations and mitigate associated risks. At the same time, the tax team 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.

## APPROACH TO TAX TECHNOLOGY

Early adopters embrace innovation before it becomes mainstream, paving the way for future trends. Vedanta Group is an early adopter of technology and Vedanta's adoption of tax technology signifies a strategic shift towards enhancing efficiency and compliance in managing global tax obligations. By leveraging cutting-edge tax technology solutions, Vedanta aims to streamline processes and optimize tax strategies for sustainable growth and competitive advantage.

## 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 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

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.

### 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 captures the tax principles and acts as a guiding pillar to all employees of Vedanta Group, so that they are aligned in their decision making in everyday operations 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.

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 are 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.

In conclusion, Vedanta's robust tax governance framework, anchored by its guiding tax principles

and comprehensive Tax Strategy document, underscores the company's unwavering commitment to integrity, transparency, and compliance. As the company continues to navigate the dynamic tax landscape, its focus on stakeholder engagement, advocacy, and agility remains paramount, reflecting its dedication to sustainable value creation and ethical conduct in all tax-related endeavors.



# CHANGING LANDSCAPE OF TAX TRANSPARENCY



Embracing change fosters innovation and adaptability, driving growth and success in dynamic environments. In response to the global call for greater accountability in business practices, Vedanta Group draws inspiration and guidance from two prominent initiatives: the B Team and the EITI. The B Team, formed by leading business conglomerates, came together to discuss the role of the private sector in addressing the world's most pressing problems and advance a plan for better business.

Sustainable, inclusive economies depend on fair, effective tax systems, and tax is one of the primary ways in which companies can contribute positively to the societies in which they operate. The B Team Responsible Tax Principles ("the B Team Principles") acknowledge this and recognize tax is so fundamental to their social impact and license to operate, it is imperative that they demonstrate a responsible approach. Vedanta, as a conscious global operator, finds its established tax principles closely aligned with the tax principles advocated by the B Team, reinforcing its commitment to accountability in financial matters.

Given Vedanta's significant presence in the extractive industry, the company recognizes the need for heightened commitment to sustainable business practices. Vedanta is deeply conscious of its responsibility towards the environment and society, ensuring that operations minimize negative impacts and adhere to regulatory standards. With a focus on commercial expediency and sustainability, Vedanta endorses the applicable EITI principles, emphasizing transparency, public disclosure, and environmental stewardship.

Vedanta's adherence to the principles advocated by the B Team and the EITI underscores its commitment to responsible corporate citizenship and ethical business conduct. By aligning with these initiatives, Vedanta aims to contribute positively to the global business environment while upholding its values of integrity, accountability, and sustainability. Through transparent financial practices and environmental stewardship, Vedanta seeks to foster trust among stakeholders and promote long-term value creation for both the company and society at large.

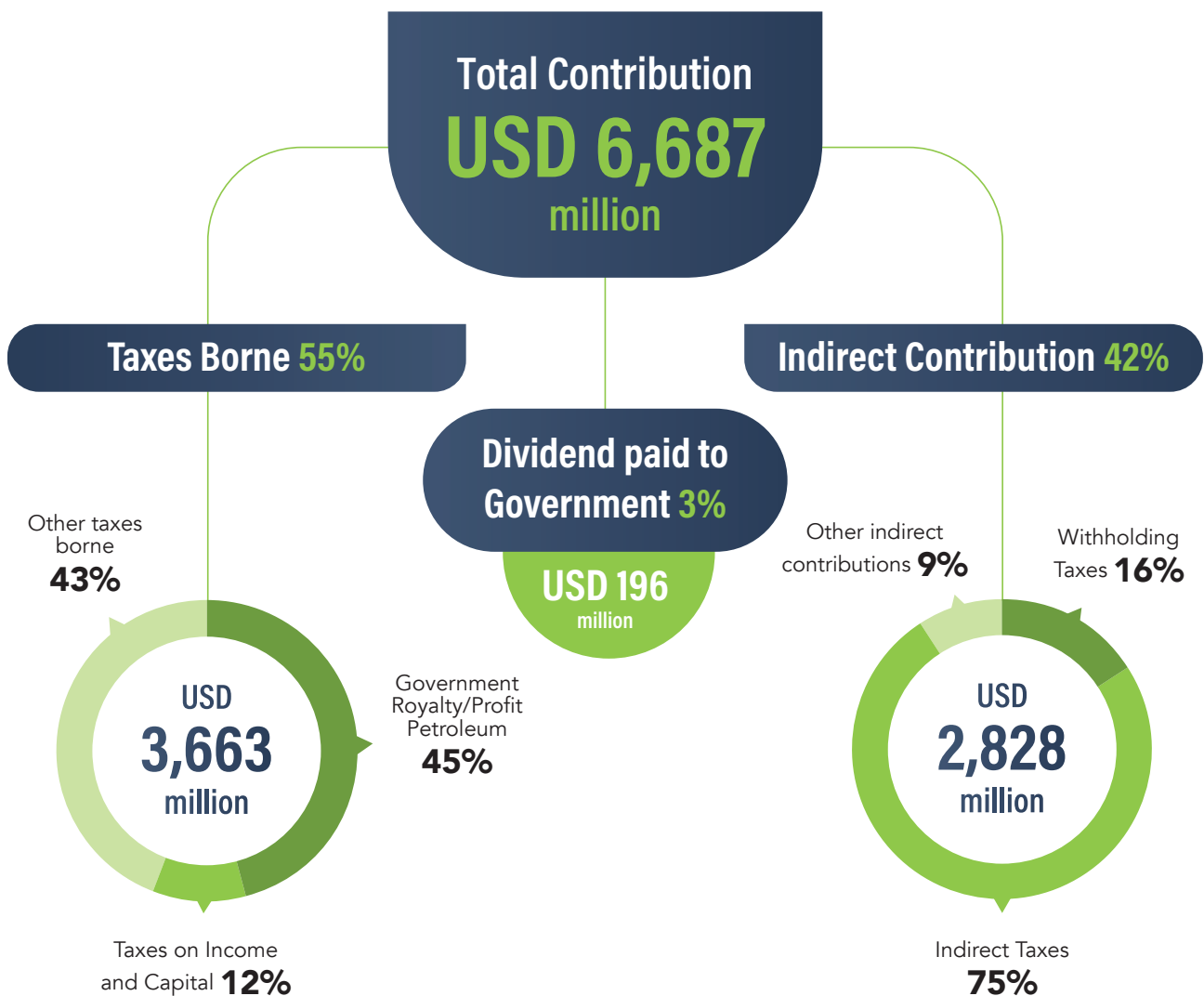


# FOSTERING FISCAL RESPONSIBILITY: OUR CONTRIBUTION TO THE EXCHEQUER

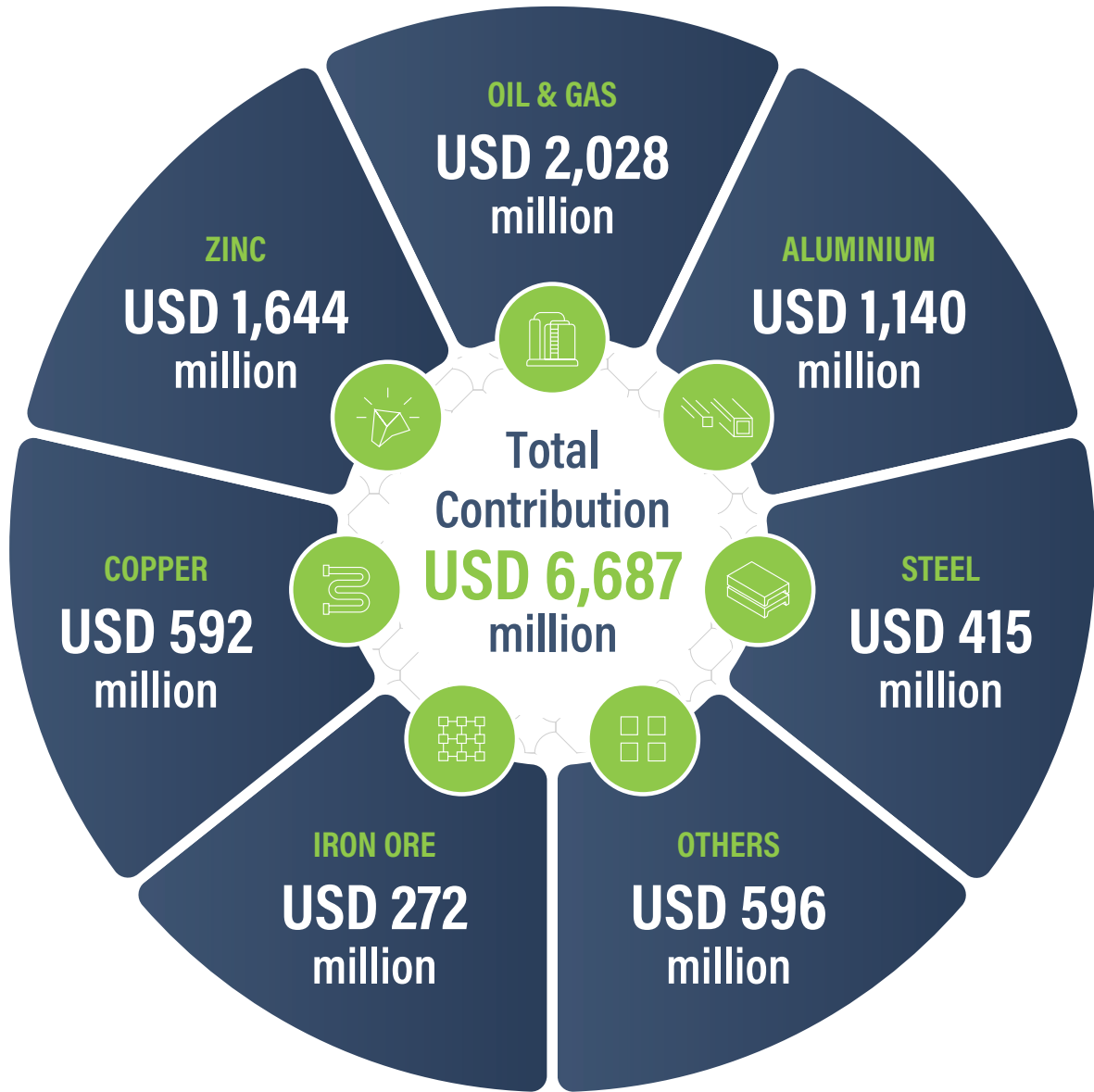
During the FY 2023-24, Vedanta made a substantial contribution of **USD 6.69 billion** to the exchequer, representing approximately 39% of its consolidated turnover. This contribution encompassed various forms, including corporate income taxes, royalties, profit petroleum, as well as significant indirect revenue contributions through withholding taxes

and indirect taxes. In line with this commitment to transparency, the Company is releasing its **Eighth Tax Transparency Report** with this publication.

The total contribution to the exchequer comprises of the following:



**Business spread of Contribution to Exchequer (Highest Contribution - Oil & Gas ~ 30%)**



The tax contributions are categorized into two main groups: Taxes Borne and Indirect Contributions:

**A. Taxes Borne** primarily include corporate income tax, royalty-related tax payments, production entitlements (such as profit petroleum), and other significant payments made to the government. These may encompass production-based oil cess, stamp duty payments, import/export levies, local municipal taxes, and more.

**B. Indirect Contributions** primarily consist of taxes collected and paid on behalf of our employees and vendors. This category covers withholding taxes, payroll taxes (such as professional taxes), payments of Goods and Services Tax ('GST') on sales, and other social security contributions aimed at funding government social security programs for employees.



## A. TAXES BORNE

### i. Taxes on Income & Capital - USD 448 million

In accordance with the Income-tax Act of 1961 ('the Act'), profits earned by companies in India are subject to Income Tax. The majority of Vedanta Group companies operating in India have chosen the new regime under section 115BAA of the Act, which carries a statutory tax rate of 22.00%, along with a surcharge of 10.00% on the tax amount, and an additional health and education cess of 4.00% on the total tax including surcharge. This results in an effective statutory tax rate of 25.168%.

However, certain companies within the group continue to operate under the old regime, subject to an effective tax rate of 34.944% or Minimum Alternate Tax ('MAT'), whichever is greater. The effective MAT rate for Indian companies during the year stood at 17.47%. Any excess amount paid as MAT over the regular income tax during the year can be carried forward and utilized towards regular income taxes payable in any of the succeeding fifteen years, subject to specific conditions.

### ii. Government Royalty & Profit Petroleum - USD 1,647 million

#### Government Royalties - USD 1,103 million

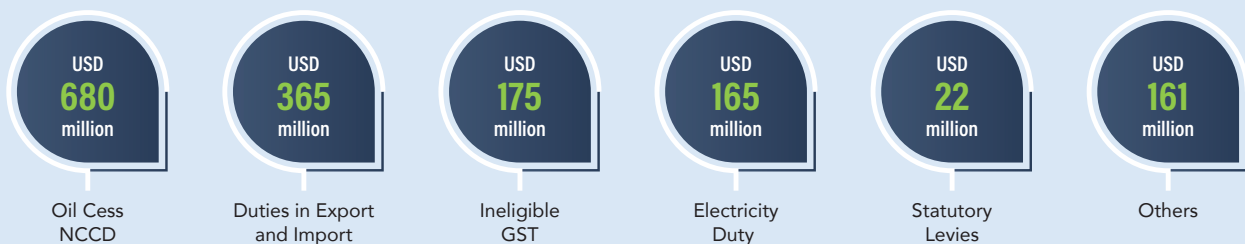
In India, we pay royalties to the state governments of Gujarat, Rajasthan, Andhra Pradesh, Odisha, Chhattisgarh, Assam, Goa and Karnataka in India based on extraction of bauxite, lead-zinc, silver, iron ore, crude oil and natural gas. The most significant of these is the royalty that HZL is required 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 royalty paid to the government.

#### Profit Petroleum - USD 544 million

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 ('PSC') 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 PSC. Vedanta being the operator of the Oil & Gas blocks reports the total profit petroleum.

### iii. Other Taxes Borne – USD 1,568 million





**B. INDIRECT CONTRIBUTIONS**

**i. Indirect Taxes - USD 2,129 million**

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 is also applicable on certain specified goods. The general rate of GST on our output supplies is 18%. However, silver attracts GST at 3%.

**ii. Withholding Taxes - USD 442 million**

This comprises of the following-

- » Payroll and employer taxes payable as a result of a company’s capacity as an employer.
- » Other taxes collected/deducted.

**iii. Other Indirect Contributions – USD 257 million**



Contribution to PF/ESI



Royalty payout through third parties



GST Compensation Cess payout to third parties



Others

**TABLE 1: Global Tax & Other Contributions**All amounts in **USD** million

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	307	1,645	1,558	3,510	422	2,128	250	2,800	196	6,507
South Africa	29	1	0	31	14	0	3	17	-	48
Others*	112	1	9	122	6	0	4	10	-	132
<b>Total</b>	<b>448</b>	<b>1,648</b>	<b>1,568</b>	<b>3,663</b>	<b>442</b>	<b>2,129</b>	<b>257</b>	<b>2,823</b>	<b>196</b>	<b>6,687</b>

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

**TABLE 2: Other Relevant Indicators**

Country	List of Entities	Primary Activities	Revenue (in USD million)	Profit Before Tax (in USD million)	No. of Employees
India	Vedanta Limited, Malco Energy Limited, Sesa Resources Limited and Sesa Mining Corporation Limited, Talwandi Sabo Power Limited, ESL Steel Limited, Hindustan Zinc Limited, Cairn Energy Hydrocarbons Limited, Bharat Aluminium Company Limited, Vizag General Cargo Berth Private Limited, Vedanta Limited ESOS Trust, Ferro Alloys Corporation Limited, Meenakshi Energy Limited, Vedanta Displays Limited, Vedanta Semiconductors Private Limited, Hindustan Zinc Alloys Private Limited, Vedanta Zinc Football & Sports Foundation, Hindustan Zinc Fertilisers Private Limited, Zinc India Foundation etc.	One of the largest producer of zinclead- silver, iron ore, copper, aluminium, power in India and having business operations in steel, nickel, and oil and gas sector	15,046	1962	16,773
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	429	21	999
Others*	Copper Mines of Tasmania, Thalanga Copper Mines, Fujairah Gold FZC, THL Zinc Ltd, THL Zinc Ventures Limited, 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	1654	(229)	522
<b>Total</b>			<b>17,129</b>	<b>1754</b>	<b>18,294</b>

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THINKING**





# 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 it contains is consistent with that used to prepare our FY 2023-24 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) of which the Company's subsidiary is the operator irrespective of our percentage interest in the UJV.

## NOTE 2

All data is prepared for the year from 01 April 2023 to 31 March 2024. The above 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 in taxes borne in table above, the taxes charged by suppliers/ service providers in their invoices and paid by the Vedanta Group to the extent not creditable. Indirect contributions shown in the table above inter alia include royalty and cess paid to third parties, and these collectively represent gross output liabilities discharged by the Vedanta Group. Any amount arising on account of foreign exchange fluctuation has been excluded from the reportable data as such amount is not paid to any

government entity and arises only on account of book entries.

## 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 the year FY 2023-24 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/ companies were considered, wherein the credit is booked as and when credit certificates or payments 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 of 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 governments 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, etc. (considered on gross basis) These taxes would not be collected if the Vedanta Group had not produced and made sales to the customers.

### 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 Resources Limited on Global Tax & Other Contributions

### INTRODUCTION

We ('KPMG Assurance and Consulting Services LLP' or 'KPMG') were engaged by the management of Vedanta Resources Limited ('VRL' or 'the Company') to report on 'Global Tax & Other Contributions' – Table 1 contained in VRL's Tax Transparency Report for the financial year 2023-24 [the said Table 1 hereinafter referred to as 'Global Tax & Other Contributions'], in the form of an independent reasonable assurance conclusion about whether VRL'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.

### VRL'S RESPONSIBILITIES

The management of VRL 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 VRL 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 VRL solely for inclusion in its Tax Transparency Report for the financial year 2023-24 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 VRL for any purpose or in any context. Any party other than VRL 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 VRL for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

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

For KPMG Assurance and Consulting Services LLP

**Gaurav Mehndiratta**  
Partner

**Date:** 4<sup>th</sup> October, 2024

# 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



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