

HZL/2024-25/SECY/51

July 15, 2024

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No., C/I, G Block
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

Kind Attn: General Manager – Department
of Corporate Services

Kind Attn: Head Listing & Corporate
Communication

Scrip Code: 500188

Trading Symbol: "HINDZINC"

Dear Sir/Madam,

Sub: Press Release

Please find enclosed herewith a press release titled '**Hindustan Zinc Launches 7th Tax Transparency Report: Contributed about 46% of revenues to exchequer in FY24.**'

The detailed Tax Transparency Report of the Company for 2023-24 is also enclosed.

The disclosure is being made in compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking You.

Yours faithfully,
For Hindustan Zinc Limited

Harsha Kedia
Company Secretary & Compliance Officer

Encl: as above



Hindustan Zinc Launches 7th Tax Transparency Report: Contributed about 46% of revenues to exchequer in FY24

- *The company has contributed INR 77,803 Crores to the exchequer in the last 5 years while in FY 2023-24 the total contribution to the exchequer was INR 13,195 Crores*
- *The company contributed approx. Rs.3,250 Cr every year on an average during last 5 years to the State of Rajasthan in form of Royalties, DMF, etc*

Udaipur, 15th July 2024: Hindustan Zinc Limited (NSE: HINDZINC, BSE: 500188), India's largest and the world's second-largest integrated zinc producer, has released its 7th Tax Transparency Report, showcasing its significant contribution to the national exchequer and unwavering commitment to nation building. Hindustan Zinc has been consistently amongst the leading taxpayers in India and during FY 2023-24 the company has contributed **a remarkable INR 13,195 Crores to the exchequer, representing nearly 46% of its total revenues.** This brings the company's cumulative contribution to the exchequer over the past five years to a staggering INR 77,803 Crores.

The company is firmly committed to the task of nation building and even amidst the fluctuations in metal prices and unprecedented challenges in the global economy, the company stands undeterred from its goal of Atmanirbhar Bharat. Hindustan Zinc takes great pride in providing voluntary disclosures about its tax contributions which is a key proponent of India's robust development, facilitating infrastructure growth and enhancing socio-economic well-being.

It's also noteworthy that Hindustan Zinc achieved record-breaking production milestones in FY 2023-24. The company reported its highest ever mined metal production at 1,079 kt, highest ever refined metal production exceeding one million tonnes at 1,033 kt, and highest ever saleable silver production at 746 mt.

Over the past five years, **Hindustan Zinc has consistently contributed an average of approximately INR 3,250 Crores annually to the State of Rajasthan** in the form of Royalties, contributions to the District Mineral Foundation (DMF), and other levies. **This substantial contribution underlines Hindustan Zinc's commitment to the state's economic development.**

The report provides a comprehensive breakdown of Hindustan Zinc's tax contributions over the **past five years**, which includes:

- **Government Royalties (INR 16,350 Cr)** - The company has paid Royalties to Rajasthan state government and has made contributions to the District Mineral Foundation and National Mineral Exploration Trust in the past 5 years.
- **Taxes on Income (INR 10,100 Cr)** - This comprises of corporate income-tax in the last 5 years which is reflected in the annual income tax returns filed with the government authorities
- **Corporate Dividend to Government of India (INR 18,008 Cr)**
- **Indirect Taxes (INR 26,384 Cr)** - Through Indirect taxes the central and state governments received these taxes on the sale of goods, such as the Central Goods & Services Tax (CGST), State Goods & Services Tax (SGST) and Integrated Goods & Services Tax (IGST).

The company has engaged a big 4 audit to provide an independent assurance report on its contribution to exchequer and the said independent assurance report forms part of this Tax Transparency Report. This report provides details on the various types of taxes paid by the company, along with the principles guiding its tax governance practices. This commitment to transparency strengthens stakeholder trust and understanding of the company's business operations. Hindustan Zinc strictly adheres to all applicable tax regulations. The report emphasizes the company's commitment to upholding both the letter and spirit of the law, ensuring the highest standards of integrity in tax compliance and reporting.

Hindustan Zinc views tax transparency as an integral part of its broader ESG (environment, society, governance) agenda. By voluntarily disclosing information on its tax contributions, the company strengthens its commitment to economic development, fosters stakeholder understanding, and builds trust through transparent tax practices.

The report can be accessed on the company website: <https://www.hzindia.com/wp-content/uploads/Tax-Transparency-Report-2023-24.pdf>

Hindustan Zinc Limited, a Vedanta Group company, is the world's second-largest integrated zinc producer and the third-largest silver producer. The company supplies to more than 40 countries and holds a market share of about 75% of the primary zinc market in India. Hindustan Zinc has been recognized as the world's most sustainable company in the metals and mining category by the S&P Global Corporate Sustainability Assessment 2023, reflecting its operational excellence, innovation, and leading ESG practices. Hindustan Zinc is also a certified 2.41 times Water-Positive company and is committed to achieving Net Zero emissions by 2050 or sooner. As a world leader in the metals and mining industry, Hindustan Zinc is pivotal in providing critical metals essential for the global energy transition for a sustainable future.

#nationdevelopment #infrastructure #growth #taxes #corporatetax

About Hindustan Zinc Limited

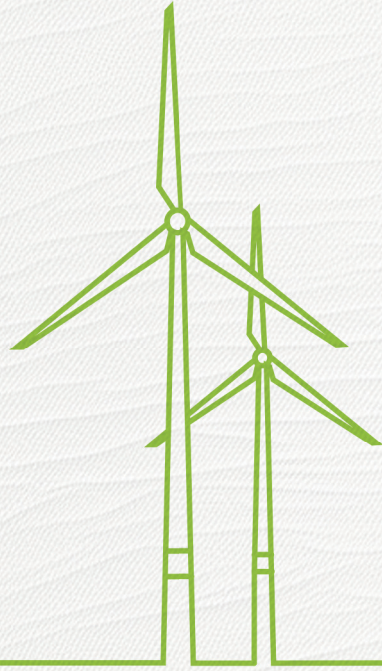
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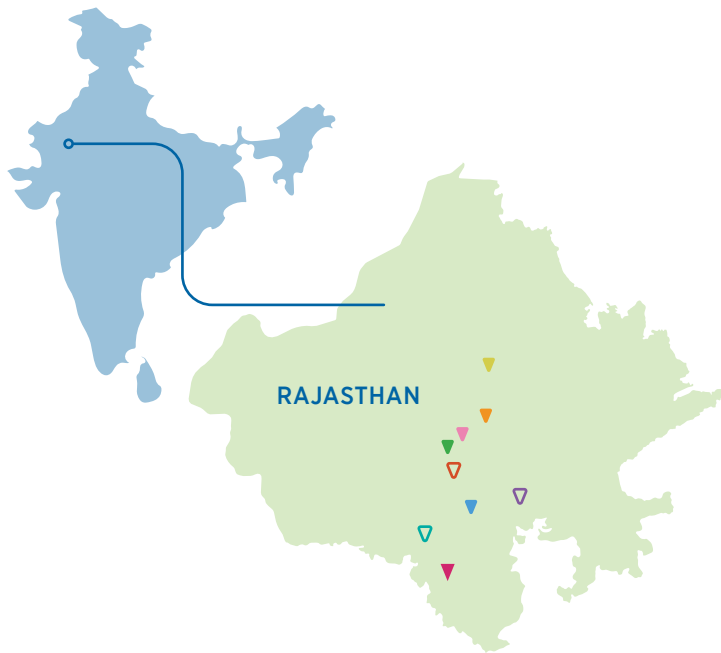
For more information, please visit – <https://www.hzindia.com/home/> and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), and [Instagram](#) for more updates.

For any media queries, please contact:

Sonal Choithani
Chief Brand & Communications Officer
Hindustan Zinc Limited
Sonal.Choithani@vedanta.co.in

Tax Transparency Report 2023 - 24





Hindustan Zinc (HZL) was incorporated from the erstwhile Metal Corporation of India on 10th January 1966 as a Public Sector Undertaking.

Pursuant to the April 2002 disinvestment of Government of India's (GOI) stake in Hindustan Zinc Limited, **Vedanta Group acquired 64.92%, GOI holds 29.54% and balance is with public and financial institutions.**

Hindustan Zinc is India's largest and only integrated producer of Zinc, Lead and Silver and it operates across the value chain - from exploration, asset development and extraction, to processing and value addition. The company continues to deliver long term value and growth across all stages.

Strong Operational Asset Base in Mines

Mines	Reserve (Million MT)	Resource (Million MT)	Reserve Grade Zn (%)	Reserve Grade Pb (%)
▼ Rampura Agucha Mine	44.4	24.8	11.0	1.2
▼ Sindesar Khurd Mine	40.1	68.9	3.1	2.0
▼ Rajpura Dariba Mine	47.1	40.5	5.4	1.7
▼ Bamnia Kalan	-	40.9	-	-
▼ Kayad Mine	1.3	5.4	5.2	0.7
▼ Zawar Mines	42.2	100.6	2.6	1.5

Reserve & Resource (R&R) Summary	Million MT	Grade Zn (%)	Grade Pb (%)	Grade Ag (g/t)
Reserve	175.1	5.6	1.6	55
Mineral Resource - Measured and Indicated	137.0	4.9	1.8	61
Mineral Resource - Inferred	144.2	4.2	2.1	59

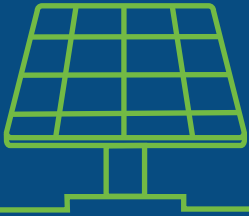
Smelters	Pyro-metallurgical Zinc Smelter (TPA)*	Pyro-metallurgical Lead Smelter (TPA)*	Hydro-metallurgical Zinc Smelter (TPA)	Lead Smelter (TPA)	Captive Power Plant (MW)#
▼ Chanderiya Lead-Zinc Smelter	1,05,000	90,000	4,80,000	-	254
▼ Dariba Smelting Complex	-	-	2,40,000	1,20,000	170
▼ Debari Zinc Smelter	-	-	88,000	-	-

*Operation of pyrometallurgical smelter in zinc-lead mode is considered for smelting capacities. Actual production can vary based on the mode of pyro operations.

#We also have 90 MW Captive Power Plant at Zawar Mines.

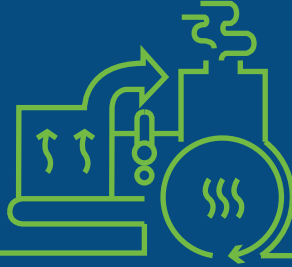
Note: Additional facilities in Pantnagar, in the state of Uttarakhand, for processing and refining of zinc, lead and silver, does not add to our overall smelting capacity. (TPA = MT per annum)

POWER CAPACITY MIX FY 2023-24 (MW)



40.70

CAPTIVE SOLAR
POWER



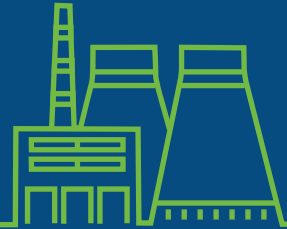
48.46

CAPTIVE WASTE
HEAT RECOVERY
BOILER



273.5

WIND POWER
INDEPENDENT POWER
PRODUCER



514

CAPTIVE
THERMAL
POWER

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OUR BUSINESS

Hindustan Zinc is India’s largest and only integrated producer of Zinc, Lead and Silver. We are world’s 2nd largest integrated Zinc producer and 3rd largest Silver producer globally. We currently hold over ~75% market share in India’s primary zinc market. Hindustan Zinc’s operations comprise of zinc - lead mines, hydrometallurgical zinc smelters and pyrometallurgical lead-zinc smelter. We have six mines situated at Rampura Agucha, Rajpura Dariba, Sindesar Khurd, Kayad, Zawar and Bamnia Kalan and three smelting operations located at Chanderia, Debari and Dariba in the state of Rajasthan. We also have zinc-lead and silver refining facilities at Pantnagar in the state of Uttarakhand. Our power generation facilities include captive thermal power plants, waste heat recovery boilers and we have also ventured into green energy by setting up solar power plants and wind power plants.

Hindustan Zinc is subject to tax jurisdiction in India only. The primary activities viz. production, manufacturing, sales, marketing of Hindustan Zinc are based in India and global sales are managed through sales/marketing offices based in India only. Hindustan Zinc earns all its profits from operations in India as there are no operations, sales or marketing offices outside India.

Consolidated figures

Financial Year	Primary Activities	Total Employees Incl. Contract Employees	Revenue from Operations INR Cr.	Profit Before Tax (Earnings Before Tax) INR Cr.	Income Tax Accrued INR Cr.	Profit After Tax (PAT) INR Cr.	Income Tax Paid INR Cr.
2023-24	Mining & Manufacturing of Zinc, Lead and Silver	23,796	28,932	10,307	2,548	7,759	2,647

OUR SUBSIDIARIES AND THEIR ACTIVITIES



CHAIRPERSON'S VALUE STATEMENT

We believe in transparency as a core principle in the way our company is run. Our industry pioneering Tax Transparency Report, now in its 7th annual edition, is one example of our many good governance pillars. This report aims to provide a comprehensive understanding of our operations, the nature and extent of our tax contributions, and the broader impact of these contributions on our communities, society, government and nation.

At Hindustan Zinc, we are firmly committed to task of nation-building. We understand our responsibility to pay applicable taxes on time and we take great pride in providing voluntary disclosures about our tax contributions. It is the receipts from taxation which enable the Government to build infrastructure which is a key driver of growth and prosperity and to finance welfare programmes which facilitate poverty alleviation and enhance well being.

We are the leader in ESG, rated best in the world in the mining and metals industry. Often, in the emphasis on “E” for environment and “S” for social, sometimes the “G” for governance is forgotten. Not by us. We believe in transparency as a core principle in the way our company is run. Our industry pioneering Tax Transparency Report, now in its 7th annual edition, is one example of our many good governance pillars. This report aims to provide a comprehensive understanding of our operations, the nature and extent of our tax contributions, and the broader impact of these contributions on our communities, society, government and nation.



PRIYA AGARWAL HEBBAR

Chairperson, Hindustan Zinc Limited

Over the past five years, Hindustan Zinc has contributed a total of INR 77,803 Crores to the government exchequer. In the financial year 2023-24, our total contribution amounted to INR 13,195 Crores.

As our businesses grow, so will these numbers. At Hindustan Zinc, we are committed to continuing to do business with a purpose in a manner that is sustainable, transparent and creates value for all our stakeholders.



MESSAGE FROM CEO

Tax is an important environmental, social, and governance (ESG) consideration that supports the company's agenda on sustainable development and related goals. As a responsible corporate citizen, we reinforce our tax approach through ethical behaviour, accountability, leadership, risk management, performance management, and transparency.



ARUN MISRA
CEO & Whole-time Director
Hindustan Zinc Limited

At Hindustan Zinc, we firmly believe in the interconnectedness of businesses, citizens, and society. Taxation serves as a crucial mechanism that reinforces this social contract. By contributing to the funding of essential public services, infrastructure, and public investments, taxes directly support the progress and well-being of society, the economy, and the nation as a whole. Our approach to tax governance goes beyond mere compliance; it reflects our broader commitment to governance as a means of generating and preserving value for all stakeholders.

Tax is an important environmental, social, and governance (ESG) consideration that supports the company's agenda on sustainable development and related goals. As a responsible corporate citizen, we reinforce our tax approach through ethical behaviour, accountability, leadership, risk management, performance management, and transparency. We engage in industry discussions to influence fair tax outcomes and maintain open communication with revenue authorities and government tax policy divisions in our markets, sharing our expertise on technical matters as required.

In the current dynamic environment characterized by evolving tax regulations and reporting obligations, we are diligently monitoring and adapting to these changes as we strive to achieve our goal of enhanced tax transparency.

Operational Highlights – FY 2023-24

- Highest-ever mined metal production, at **1,079 Thousand Tonnes**
- Highest-ever Refined Metal production reaching **1,033 Thousand tonnes**
- Highest ever saleable Silver production at **746 MT**
- Launched the 2nd Battery Electric Vehicle (BEV) in the underground mines of Sindesar Khurd (SK) and deployed **10 EV trucks, with 55 MT capacity each**, for inter unit concentrate transfer

India's largest & only Integrated producer of zinc, lead and silver.

World's 2nd largest integrated zinc producer and one of the lowest cost-producers of zinc globally.

3rd largest silver Producer globally.

India's 1st Fumer facility commissioned at Chanderia.

Total R&R of 456 Mt with 25+ years mine life.

Ranked 1st globally in the S&P Global Corporate Sustainability Assessment (CSA) 2023 among 238 companies, with a score of 85 out of 100 under the metals and mining sector.

MESSAGE FROM CFO

Taxes are a crucial source of income for nations globally, enabling the funding of essential services like education, healthcare, and transportation for public at large. As a leading corporate taxpayer in India and the highest contributor in the state of Rajasthan, we understand the importance of our tax contributions to the nation building. All our business transactions adhere to tax regulations and laws of the land.

It is with great pride that we present our 7th Tax Transparency Report. We firmly believe that maintaining transparency in our tax contributions is a fundamental aspect of being a responsible corporate citizen. Hindustan Zinc has been consistently amongst the leading taxpayers in India, and during the fiscal year 2023-24, we have remitted 46% of our revenues to the government treasury in the form of taxes on income, government royalties, dividend to government of India, indirect taxes, withholding taxes etc.

Taxes are a crucial source of income for nations globally, enabling the funding of essential services like education, healthcare, and transportation for public at large. As a leading corporate taxpayer in India and the highest contributor in the state of Rajasthan, we understand the importance of our tax contributions to the nation building. All our business transactions adhere to tax regulations and laws of the land.

We are committed to contributing to the sustainable development of society and growth of all. Tax and our approach to tax are integral to our operations. By voluntarily publishing Tax Transparency Report, we demonstrate our economic contribution to the nation and reinforce our commitment to paying the appropriate amount of tax and complying with all tax laws. This report also enables us to provide additional context by consolidating information about our tax approach and strategy.



SANDEEP MODI

Chief Financial Officer
Hindustan Zinc Limited

- Lowest cost of production of zinc in last 3 years at **US\$ 1,117 per MT** showing resilience amidst lower Zinc LME
- Achieved a robust **EBITDA margin of ~47%**, even amidst market volatility, showcasing financial strength and strategic resilience
- Contribution to exchequer **INR 13,195 Crores** which is 46% of our Revenues



AWARDS & RECOGNITIONS



7th Tax Strategy & Planning Summit & Awards 2024

Hindustan Zinc won the prestigious ‘Tax Transparency Award’ for best tax practices, governance and transparency and the Dy. Head Taxation of the company Mr. Rajkumar Basak has been conferred with ‘Emerging Tax Leader of the Year’ Award at the 7th Tax Strategy & Planning Summit & Awards 2024 held in Mumbai.

This Award is testimony to the fact that at Hindustan Zinc, we act transparently and responsibly on all tax issues and work closely with tax authorities. This award also indicates the robustness of the company’s tax function in terms of transparency, compliances and reporting. The company regularly publishes its Tax Transparency Report which serves the purpose of transparent tax disclosures and provides the tax strategies and governing tax principles that guide our tax approaches. The report has been aligned to Global Reporting Initiative (GRI) 207: Tax 2019 to the extent possible.

OTHER AWARDS AND RECOGNITIONS

- 

Ranked 1st globally in the S&P Global Corporate Sustainability Assessment 2023, with a score of 85 out of 100 under the metals and mining sector.
- 

PeopleFirst HR Excellence Award 2023 in the categories of “Leading Practices in Talent Management” & “Leading Practices in Employee Relations (Industrial Relations)”.
- 

Digital Integrated Annual Report (IAR) wins the 3rd consecutive Platinum Award at Ava Digital Awards 2024, being one of the only 4 Indian companies winning a Platinum.
- 

IAR awarded Platinum Winner Worldwide at League of American Communications Professionals (LACP) Vision Awards.
- 

Zawar Mines received the Platinum Award from Apex India Green Leaf Foundation for Energy Efficiency.
- 

Global recognition by CDP with Leadership Band of (A-), reaffirming our efforts to tackle climate change & water security.
- 

Placed among Top 1% S&P global CSA score members in Sustainability Yearbook 2024, for the 7th consecutive time.
- 

Recognised as Iconic Brands of India at the ET Edge Times Group’s 6th Edition Iconic Brands of India Conclave.
- 

‘Leadership in HR Excellence’ award from the CII National HR Excellence Award.
- 

‘Best Sustainability Assessor’ award at 18th CII- ITC Sustainability Awards.
- 

Zawar Mines won the award for Environment Best Practices at CII National Award 2023.
- 

Zinc Smelter Debari recognized for ‘Excellence in Environment Management by CII-ITC.
- 

Certified as ‘Great place to Work’ for the 5th consecutive year.
- 

‘National CSR Award’ at the 11th National CSR Summit 2023.

GUIDING TAX PRINCIPLES



Trust

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



Compliance

To observe all applicable laws, rules and regulations 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 service providers.



Transparency

To maintain the Company'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 to the government.



Economic Substance

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



Process & Controls

To ensure that all transactions and tax positions are properly documented. As part of the Company's tax compliance, 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 judgement involved.



Engagement With Regulators

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



Risk Management

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



Proactive Consultation

To actively participate in tax policy consultation processes where appropriate.



People Progress

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



TAX STRATEGY

Hindustan Zinc's tax strategy is aligned to the Code of Conduct as well as globally accepted guidance on best practices and good governance. Our tax strategy is guided by our tax policy that is continuously reviewed and approved by the Board of Directors. Its primary focus is commitment to compliance in spirit as well as the letter of the tax laws and regulations in the countries in which the company operates. At the same time, it is committed to conduct all related party transactions basis arm's length principle and not adopt any tax structures without commercial principles. In summary, our strategy is based on the following three pillars:

Accountability & Governance

Tax is one of our focus areas in the domain of corporate governance. Our tax principles and strategy are determined by the CFO and presented annually to the Whole-Time Director of the company as a representative of the Board of Directors.

We also require all our employees, tax advisors and suppliers of tax services to act with integrity and maintain highest ethical standards.

We periodically review emerging tax risks which may arise in view of multiple disruptions in business and economy including regulatory, social, political and technological changes. We have setup procedures in relation to tax risk management and carry out periodic risk assessments. We attempt to mitigate tax risks by taking strong technical positions in accordance with applicable laws and supported by adequate documentation. Material tax risks or disputes are reported to the Audit Committee for its consideration.

Business Structure

Our long-term business philosophy is to avoid undue tax risks and any inefficiencies in the implementation of business decisions. We are committed to paying tax in the jurisdiction in which value is created and not to use tax structures without commercial substance. We undertake all transactions with related parties on the basis of the arm's length principle.

Seeking & Accepting Tax Incentives

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks and aligned with our commercial structures. We are committed not to use tax havens for tax avoidance or transfer value created to low tax jurisdictions.



OUR TAX APPROACH

Approach to Tax Transparency

Our Core Values include Integrity that places utmost importance to engaging ethically and transparently with all stakeholders taking accountability of all actions, which would also include tax decisions. **Our Code of Conduct further lays down that we will promote full, fair, accurate, timely and understandable disclosure of reports and documents.**

This report is a part of our voluntary initiative to be at the forefront of transparent disclosures and to demonstrate our agility in tax reporting and focus on maintaining high standards in disclosures. We aim to be accountable towards our stakeholders and are committed to long-term sustainable value creation for our stakeholders, including government and the society at large. The report also provides our stakeholders detailed information about the economic contribution of Hindustan Zinc to the local, state and central governments.

The contributions comprise corporate income tax, royalty related tax payments including contributions to District Mineral Foundation and National Mineral Exploration Trust, material payments made to the Government such as duties on import/export, goods and service tax, electricity duty, local municipal taxes, stamp duty, cess etc.; indirect revenue contributions (taxes collected and paid on behalf of our employees and vendors i.e. withholding taxes and social security contributions) and corporate dividend to Government of India.

Disclosures made in this report are on a consolidated basis which covers all the Company's operating locations. During the year, one Wholly Owned Subsidiary, namely Hindmetal Exploration Services Private Limited, was incorporated apart from four existing Wholly Owned Subsidiaries, namely Hindustan Zinc Alloys Private Limited, Hindustan Zinc Fertilisers Private Limited, and two companies incorporated under section 8 of the Companies Act, 2013 namely Vedanta Zinc Football & Sports Foundation and Zinc India Foundation. Hindustan Zinc also has a Joint Venture named 'Madanpur South Coal Company Limited' (Madanpur JV), a Company incorporated in India. In this regard, appropriate disclosures have been made in the Annual Report of Hindustan Zinc on the link provided below.

<https://bit.ly/4cqdgxp>





Approach to Tax Compliance

Our Code of Conduct lays down that we will promote compliance with applicable government laws, rules and regulations.

We, at Hindustan Zinc, conduct our tax affairs in an open, transparent and honest manner and strive to achieve conformity to all applicable tax laws. We maintain highest standards of integrity with respect to tax compliance and reporting. We have built systems, processes and controls to enable the company to fulfill its tax compliance obligations in a timely and accurate manner. Our processes include a compliance calendar to monitor these compliances with a strong focus on documentation. We believe that the timely compliance with all tax regulations wherever we operate, the timely payment of all taxes and the appropriate provision for tax in our financial statements are an important part of our transparency obligations to all our stakeholders and to the communities in which we operate.

Our in-house tax team undergoes regular trainings to keep them abreast of tax updates. We encourage collaboration with advisors on tax matters as well as to update and address industry-specific concerns and positions being adopted. We strive to align our tax behaviour with our corporate values while working professionally and ethically.

Approach to Tax Disputes

Our Code of Conduct lays down that we will promote honest and ethical conduct, even while handling of conflicts of interest between personal and professional relationships.

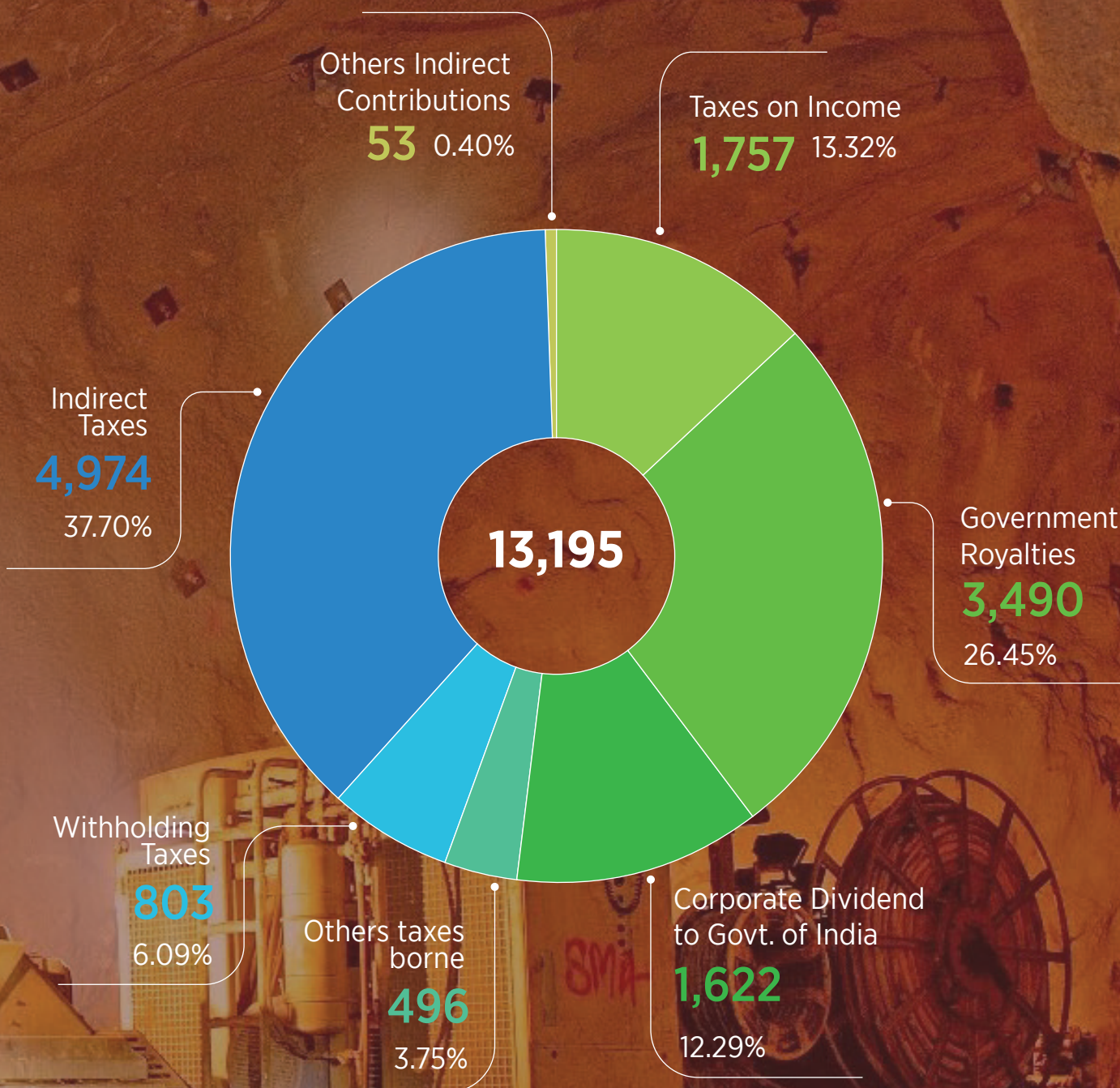
Honoring the Code, we maintain open, transparent and cooperative relationships in all our dealings with the tax authorities based on mutual trust.

If a dispute arises with the tax authority regarding a position taken by the company, we seek to resolve this based on factual and legal analysis. If we continue to disagree, the decision to litigate will be assessed on the basis of technical merits and judicial precedents, reputational issues, cash flow implications, industry position and cost-benefit analysis.

In case of any disputes, the company actively participates in the tax authority's formal consultation processes on matters having material impact on the company. We work with Industry chambers wherever possible to contribute to development of tax laws and policies. Corporate Tax Strategy including Tax Principles and our Tax Approach is uploaded on the company's website which can be accessed via link provided below:
<https://bit.ly/3RQF9zY>

OUR CONTRIBUTION TO EXCHEQUER FY 2023-24

(INR Cr.) (CHART -I)*



Note: All the taxes accrued/paid are for operations in India as there are no operations or sales/marketing offices outside India.

*Referred to as 'Tax & Other Contributions' in the Independent Reasonable Assurance Report

EFFECTIVE TAX RATE

The effective tax rate (ETR) for Hindustan Zinc for the financial year 2023-24 is 24.72%.

This is based on the disclosures in Hindustan Zinc FY 2023-24 audited financial statements, which comply with the Indian Accounting Standards, the International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

From the FY 2023-24, the company has decided to be taxed @25.168% under new tax regime as per Section 115BAA of the Act.

The total tax expense of Hindustan Zinc for the FY 2023-24 was INR 2,548 Cr. on the profit before tax of INR 10,307 Cr. Thus, the ETR is lower than the corporate tax rate of 25.168% because of various deductions under the Income-Tax Act, 1961. A walk of gap between statutory tax rate (25.168%) to our current tax rate (24.72%) is available in our Integrated Annual Report.

Particulars	UOM	FY 2023-24
Profit Before Tax (PBT)	INR Cr.	10,307
Tax Expense	INR Cr.	2,548
Effective Tax Rate (ETR)	%	24.72*
Cash Tax Paid	INR Cr.	2,647 [#]
Cash Tax Rate	%	25.68

* ETR is calculated as income tax expense divided by profit before tax.

During the FY 2023-24, the company has received cash tax refunds pertaining to earlier years and as such the amount appearing in the Statement of Cash Flow forming part of the financial statements of the company is net off the refunds received.

BASIS OF PREPARATION

Note 1

Amounts reported in Chart-I are from financial statements for FY 2023-24 and the company's contribution to the exchequer are in line with the amounts reported in Vedanta Limited's Tax Transparency Report.

Note 2

All data is prepared for the year from 1st April 2023 to 31st March 2024. The above contributions have been reported on cash basis. Social expenditures have not been considered in the contribution to exchequer shown in Chart-I.

Note 3

HZL has not disclosed in the Chart-I above, the taxes charged by suppliers'/service providers in their invoices and paid by the company. Tax contributions under both the categories i.e. Taxes paid and Indirect Revenue Contributions shown in the charts above are not netted to the extent of input credits available or any other adjustments under the provision of applicable laws of taxes paid on purchase/ procurement of goods/ services and charged by supplier's/service providers in the invoice.

Note 4

Taxes Paid

Taxes on Income

This comprises of Corporate Income Tax but does not include deferred tax. These taxes are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Typically, these taxes would be reflected in corporate income tax returns and Challans made to Government authorities and generally tend to become payable in the year the profits were made or up to one year later. For the purpose of the figures of credit of withholding taxes/TCS, relevant ledgers were considered wherein the credit is booked as and when credit certificates are received from the deductors/collectors respectively.

In 2019, the Taxation Laws (Amendment) Bill, introduced a new section effective from FY 2019-20 to provide an option for a concessional tax rate for any domestic company, subject to fulfilment of certain conditions. This was Section 115BAA of the Income-tax Act, 1961 that allows the domestic companies an option of a tax rate of 25.168%, provided they do not claim certain tax benefits (including the MAT credit) available under the Income-tax Act, 1961. Further, once the option is exercised, it would be applicable for all subsequent years. Hindustan Zinc made an assessment of the impact of opting to be taxed under Section 115BAA and effective FY 2023-24 has opted for the concessional tax rate.

Government Royalties

This comprises of contributions made to exchequer in the form of royalties on extraction of ore and contributions to District Mineral Foundation and National Mineral Exploration Trust. These form part of operating costs and are reflected in the payment challans and/or any other documents being filed and maintained with the relevant government authorities.

Other Taxes Paid

This primarily comprises of Duties on Import/Export of Goods (Considered as part of Operating Costs), Municipal Taxes and other taxes paid. These form part of operating costs. Typically, these contributions are reflected in the returns and challans prescribed by the concerned statutory bodies for this purpose

Indirect Revenue Contributions

Withholding Taxes

This comprises of payroll & employee taxes (including professional tax) withheld from employee remuneration and paid to Government authorities, 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 on a regular basis (often monthly) throughout the year, shortly after the submission of the returns. It also comprises of 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.

Indirect Taxes

This comprises of the taxes paid to the Government on production or sale of goods like Integrated Goods and Services Tax (IGST), Central Goods & Services Tax (CGST) and State Goods & Services Tax (SGST). These taxes would not be collected if the Company does not produce and make sales to the customers. Typically, these taxes are reflected in various forms, returns and challans prescribed by the government for this purpose.

Others

This includes contribution of employers and employees for funding the Social Security program of government like Provident Fund and Employee State Insurance Fund etc. Such contributions are reflected in the monthly and annual returns made to the respective organizations.

Dividends paid to Government

This includes dividends paid to government as the government holds shares in the company.

APPENDIX - I - TAXES PAID BY HZL

- Corporate Income Tax
- Government Royalties
- Duties on Export and Import
- Other Cesses and Surcharges
- Stamp Duty
- Municipal Taxes
- Withholding Taxes
- Goods and Services Tax
- Provident Fund and Employee State Insurance
- Property Tax
- Electricity Taxes/Duty
- Corporate Dividend to Govt. of India

Appendix - II - Glossary of Terms

Corporate income tax

All taxes that are based on the taxable profits of a company.

Current tax

The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Financial Reporting Standard IAS 12.

Deferred tax

The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Financial Reporting Standard IAS 12.

Effective tax rate

The corporate income tax charge in respect of an accounting period divided by the accounting profit before tax.

Government

Any governing body of a nation, state, region or district, but not including any commercial enterprises or financial institutions that may be controlled by government.

GRI-207-Tax 2019

The GRI – 207: Tax 2019 was issued by Global Sustainability Standards Board that provides direction on the voluntary tax related disclosure that could be made by corporates.

Vedanta Group/the Group

Vedanta Limited and their subsidiaries, associates and joint arrangements.

Indirect tax

Tax that is required to be paid to government by one person at the expense of another person.

Profit before tax

Accounting profit for a period before deducting a charge for corporate income taxes.

Reserve & Resource

The Ore Reserve is a concentration of economic interest which demonstrates technical and economic viability supported by sufficient technical assessment, while Mineral Resources show reasonable prospects for eventual economic extraction, by applying appropriate mining and economic assumptions.

Tax

Any amount of money required to be paid to government, whether by law or by agreement, including without limitation corporate income tax, government royalties, licence fees, permitting fees, property taxes (where the payment is related to extractive activities), dividends, employment taxes, sales taxes, stamp duties and any other required payments.

Tax charge

The amount of corporate income tax included in the income statement of a company for an accounting period.

Tax collected

Tax that a person is obliged to pay to government on behalf of another person.

The report

Tax Transparency Report – FY 2023-24



INDEPENDENT REASONABLE ASSURANCE REPORT

To Hindustan Zinc Limited on Tax & Other Contribution.

We ('KPMG Assurance and Consulting Services LLP' or 'KPMG') were engaged by the management of Hindustan Zinc Limited ('HZL' or 'the Company') to report on 'Tax & Other Contributions' – Chart 1 contained in HZL's Tax Transparency Report for the financial year 2023-24 [the said Chart 1 hereinafter referred to as 'Tax & Other Contributions'], in the form of an independent reasonable assurance conclusion about whether HZL's statement that the Tax & Other Contributions is properly prepared, in all material respects, based on 'Basis of Preparation' attached to the Tax Transparency Report is fairly stated.

HZL's Responsibilities

The management of HZL are responsible for preparing the Tax & Other Contributions that is free from material misstatement in accordance with Basis of Preparation and for the information contained therein. The management of HZL 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 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 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 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 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 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 Tax & Other Contributions. Our engagement also included assessing the appropriateness of Tax & Other Contributions, the suitability of the Basis of Preparation used by the Company in preparing the Tax & Other Contributions in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of Tax & Other Contributions and the reasonableness of estimates made by the Company and evaluating the overall presentation of the Tax & Other Contributions. Reasonable assurance is less than absolute assurance.

The procedures performed by us have been included herein as Annexure: Assurance Procedures – Tax & Other Contributions.

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 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 Tax & Other Contributions has been prepared for HZL 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 HZL for any purpose or in any context. Any party other than HZL 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 HZL for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

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

KPMG Assurance and Consulting Services LLP

Place: Gurgaon

Date: 27th June 2024

Annexure: Assurance Procedures – Tax & Other Contributions

Understand and examine the processes and controls at Group level in managing, collating and reviewing the data for the 'Tax & Other Contributions'

Review the guidance provided / instructions issued to locations/ units/ group entities by central team for their collation of various Tax and other specified items

Understand and examine the processes and controls at location country level for collation of Tax and other specified items included in 'Tax & Other Contribution'. This will include review of

- Processes for data collation
- Processes for ensuring that all taxes are included within the reporting

Review the basis on which the tax and other specified data reported has been captured, reviewed and consolidated to assess whether the data has been collected, consolidated and reported fairly

For the taxes 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

For the types of taxes selected, verify the tax paid (on a sample basis) to the underlying documents

Compare the tax and other specified data in the report to the relevant disclosures in the consolidated financial statements for reporting period

SUSTAINABILITY GOALS 2025



Climate Change

GHG emission saving in our operations from base year 2017

0.5 Mn tCO₂e



Water Stewardship

Water positive company & achievement of 25% reduction in freshwater

5x



Circular Economy

Increase in gainful utilization of smelting process waste

3x



Biodiversity Conservation

Throughout the life cycle

Protect & Enhance Biodiversity



Zero Harm

Zero work related fatalities & 50% reduction in TRIFR



Social Impact

Positively impacting 1 Mn lives through social, economic & environmental outcomes



Diversity in Workforce

Diversity in an inclusive workplace

30%



Responsible Sourcing

Responsible sourcing in the supply chain

100%





HINDUSTAN ZINC
Zinc & Silver of India

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CEO-HZL Twitter Handle

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