

VEDL/Sec./SE/19-20/61

August 06, 2019

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 500295

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
Scrip Code: VEDL

Dear Sir(s),

Sub: Tax Transparency Report 2019

Dear Sir,

Operating responsibly and ethically is an integral part of Vedanta's core values. We deliver on our commitments to all internal and external stakeholders by demonstrating these values through our actions, processes, systems and interactions.

We constantly learn and develop, and endeavour to improve our operations. We are fully committed to working with integrity and have upheld 'uncompromising business ethics'. While our business has expanded over the last 3 decades into many locations around the world, our operations have positively impacted the communities we operate in.

As part of our continued endeavour towards greater transparency, and disclosure of profits made and taxes paid, please find enclosed our Tax Transparency Report (TTR) for the financial year 2018-19. We consider this as an important part of our social license to operate.

TTR is a voluntary initiative to ensure proactive transparency in tax reporting and greater accountability towards stakeholders which helps in getting detailed information about the overall economic contribution of Vedanta to the government of countries where it operates.

The said report is available for download on Company's website at <https://www.vedantalimited.com>.

Request to please take the same on record.

Thanking you,

Yours faithfully,
For Vedanta Limited

Prerna Halwasiya
Company Secretary & Compliance Officer

VEDANTA LIMITED

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www.vedantalimited.com

REGISTERED OFFICE: Vedanta Limited, 1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East),
Mumbai - 400093, Maharashtra, India | T +91 22 6643 4500 | F +91 22 6643 4530

CIN: L132O9MH1965PLC291394

GROWING RESPONSIBLY

Vedanta Limited



Nand Ghar: Supporting early childhood education

TAX TRANSPARENCY REPORT 2018-19



Integrated facility - Aluminium Plant at Jharsuguda

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A B O U T T H E R E P O R T

Vedanta Limited is a globally diversified natural resources company with interests in zinc-lead-silver, iron ore, steel, copper, aluminium, power, oil and gas.

We strive for a positive impact on the communities we operate in & leave a legacy of pride.

CHAIRMAN'S VALUE STATEMENT

It is always a pleasure to report a strong year, especially as we constantly benchmark our performance against a comprehensive range of metrics and challenge ourselves to improve consistently.

Alongside robust financials, and delivering repeated and meaningful returns for our shareholders, we also set ourselves rigid standards and goals regarding our performance environmentally, socially, and our contribution as a proud corporate citizen of India. With these values, during the year we were successful in contributing the

**highest ever contribution of
₹42,560 Cr.**

to exchequer, which accounts for

**46.8% of our consolidated
turnover for FY 2019.**

NAVIN AGARWAL

Chairman, Vedanta Limited



Operating responsibly and ethically is an integral part of Vedanta's core values. We deliver on our commitments to all internal and external stakeholders by demonstrating these values through our actions, processes, systems and interactions. We constantly learn and develop, and endeavour to improve our operations. We are fully committed to working with integrity and have upheld 'uncompromising business ethics'. While our business has expanded over the last 3 decades into many locations around the world, our operations have positively impacted the communities we operate in.

This report is our continued endeavour towards greater transparency, and disclosure of profits made and taxes paid. We consider this as an important part of our social license to operate.



BUSINESS

Largest Private Sector Oil & Gas producer in India producing 25% of India's crude oil (41 blocks in the OALP bid has established Cairn as one of the largest private acreage holders in the country)

World's second largest zinc producer with 78% market share in India

Developing the largest undeveloped zinc deposit in the world at Gamsberg

No.1 private sector exporter of aluminium in India

PERFORMANCE

Group Revenue - ₹90,901 Cr.

EBITDA - ₹24,012 Cr.

Economic Value Generated - ₹99,782 Cr.

Successful turnaround of Electrosteel Steels Limited (ESL)

CRISIL Rated 'Tier-1' (implying highest safety) to Vedanta's portfolio

CONTRIBUTION

Exchequer - Highest ever ₹42,560 Cr. in FY 2018-19

₹2,02,596 Cr. in the last 6 years

Dividend declared ₹7,005 Cr. with a dividend yield of 8.6%

Investment in social programmes - ₹309 Cr. (This is 28% more than the previous year's ₹244 Cr. This money is spent across 1,042 villages, benefitting nearly 3 million people.)

CSR footprints - ~3 million beneficiaries (Milestone inauguration of our 500th Nand Ghar)



Mangala Processing Terminal, Barmer

ECONOMIC RESPONSIBILITY AND OUR PURPOSE

OUR CONTRIBUTION TO EXCHEQUER OF ₹42,560 Cr. ACCOUNTS FOR 46.8% OF OUR TURNOVER FOR FY 2019

Vedanta Limited, formerly known as Sesa Sterlite Limited, along with its subsidiary Hindustan Zinc Limited, is listed on the Bombay Stock Exchange and National Stock Exchange. Vedanta is one of the world's largest diversified natural resources group with interest in zinc-lead-silver, oil & gas, aluminium, power, iron ore, steel and copper.

During the year we added Electrosteel Steels Ltd. (ESL) into the Vedanta Group, taking a 90% stake in the business. We then applied our experience and methods to ramp up output, and to focus on achieving a more profitable product mix, commercial excellence and cost efficiencies. As a result of these efforts, ESL contributed ₹976 Cr. to the overall contribution by Vedanta to the exchequer.

Our operational footprint spans four continents encompassing India, Namibia, South Africa, Liberia, Ireland, Sri Lanka, Australia, Japan, Korea and Taiwan.

We also play an increasingly significant role in the society as we continue to create jobs, supporting our host communities through our various social programmes in the areas of childcare, health, education and women empowerment, generating value along our entire supply chain and contributing to the national exchequer.

We operate as a responsible business, focusing on achieving zero harm, minimising our environmental impact and promoting social inclusion across our operations. We put management systems and processes in place to ensure our operations create sustainable value for our stakeholders.



Natural resources constitute an important engine of growth for any economy and as India's only diversified natural resources group we are very well placed to make a significant contribution to the nation's growth.

The total contribution to the exchequer is the result of value addition by various business segments across multiple hierarchies of business cycle.

- **Mining & Extraction**
- **Production & Development**
- **Smelting & Refining**
- **Logistics & Delivery**
- **Profit Distribution**



Khirod Kumar Barik, Community Development Manager CSR, TSPL

We have a long-standing commitment to transparency. We are proud of the value we generate and how this contributes to building trust with the communities in which we operate.

	<p>FY 2018-19</p> <p>Contribution to Exchequer</p> <p>₹42,560 Cr.</p> <p>(46.8% of turnover)</p>	<p>Over the last 6 years</p> <p>Contribution to Exchequer</p> <p>₹2,02,596 Cr.</p> <p>(44% of turnover)</p>
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Vedanta Ltd. won

Apex India CSR Excellence Award 2018

(Platinum Award)
for excellence in CSR & Social Sustainability

Hindustan Zinc has received the

Golden Peacock Award

on Corporate Social Responsibility by the Institute of Directors for its community development programmes

Cairn Oil & Gas received

FICCI CSR Award

for initiatives under the Health, Water and Sanitation category



**DIRECT ECONOMIC
VALUE GENERATED**

₹99,782 Cr.



**ECONOMIC
VALUE RETAINED**

₹10,404 Cr.



Power plant of Aluminium Business at Jharsuguda

TAX GOVERNANCE AND STRATEGY

Substance, Transparency and Arm's Length Principle

Transparency is our core value as we firmly believe in long term sustainable value creation for our multiple stakeholders, including the government and society at large. We remain at the forefront of tax reporting by managing our tax affairs in a succinct and straightforward manner.

We understand 'substance' as economically owning an asset, and actively taking and executing decisions that entail management of risks associated to any taxable result. All transactions have a commercial and business reason and we adhere to the arm's length principle.

Tax Risk Management

In line with our tax governance model of being tax transparent, we maintain internal controls in the form of compliance calendars, internal audit process by MAS (Management Assurance Services) teams and authorisation matrix under maker-checker concept. These systems, processes and controls enable the Group to fulfill its tax compliance obligations and mitigate associated risks.

The Group strives to ensure that commercial transactions are structured in tax-efficient ways where credible technical analysis and interpretation is available. In particular, we ensure that such transactions should be in full compliance with the law. We claim tax incentives and exemptions as legitimately available in the countries where we operate. Material tax risks or disputes are reported to the Audit Committee for its consideration. This review includes assessment of probabilities of different outcomes, cash flow and reputational impact. The Audit Committee then updates the Board.

Dynamic Tax Environment

We strive to strengthen our systems, processes, group structures, transactions, etc. to comply with changing tax laws across the globe. A classic example of this was the advent of Goods & Services Tax (GST) in India where a majority of business operations of the Group are located. Additionally, the Company's parent company Vedanta Resources Ltd. (VRL) has filed Group's Country-by-country report (CBCR) to Her Majesty's Revenue and Customs (HMRC) in due compliance with Base Erosion and Profit Shifting (BEPS) Action Plan - 13.

Relationship with Tax Authorities and Dispute Resolution

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 that have a material impact on the Group. We work with industry chambers wherever possible to contribute to the development of tax laws and policies. All dispute resolution mechanisms including arbitration, conciliation and mechanisms available under various Double Taxation Avoidance Agreements are appropriately evaluated and resolved by engaging with the Government through industry groups or forums.

Our Code of Business Conduct and Ethics, which applies to all employees, sets out our zero tolerance policy on corruption and bribery. Vedanta requires its employees, tax advisors and suppliers of tax services to act with integrity and maintain high ethical standards in all tax activities.

Vedanta has also formed an internal Tax Council which acts as an overarching governing body to the tax function as a whole. The body plays a vital role in ensuring that all the businesses across the Group duly comply with the tax governance policies and tax strategy of the Group. It conducts periodical reviews, provides guidance and advises with respect to tax compliance, tax litigation and other related matters which ensure maintenance of adequate transparency and consistency.

The tax strategy is owned and approved by the Company's Board. It is subject to annual review by the Board where an annual compliance report is submitted to the Board and Audit Committee. The 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 Group, with support from the Group's corporate tax team. Responsibility for tax governance rests with the tax function, in consultation with the Chief Financial Officer/Financial Controller.

Further to our approach to tax, we have documented a Group tax strategy statement which also complies with the requirements of the UK tax strategy legislation.



Balco Plant

GUIDING TAX PRINCIPLES

1

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

To observe all applicable laws, rules and regulations in the countries where we operate, including in respect to transfer pricing. To meet all tax compliance requirements in a timely manner, through a team of suitably qualified tax professionals and external service providers

2

3

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

To avoid transactions which will have tax results that are inconsistent with the underlying economic consequences unless there exists specific legislation designed to give that result

4

5

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

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

6

7

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

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

8

9

To develop our people, through training, experience and opportunity



Leveraging technology for growth at Balco Plant

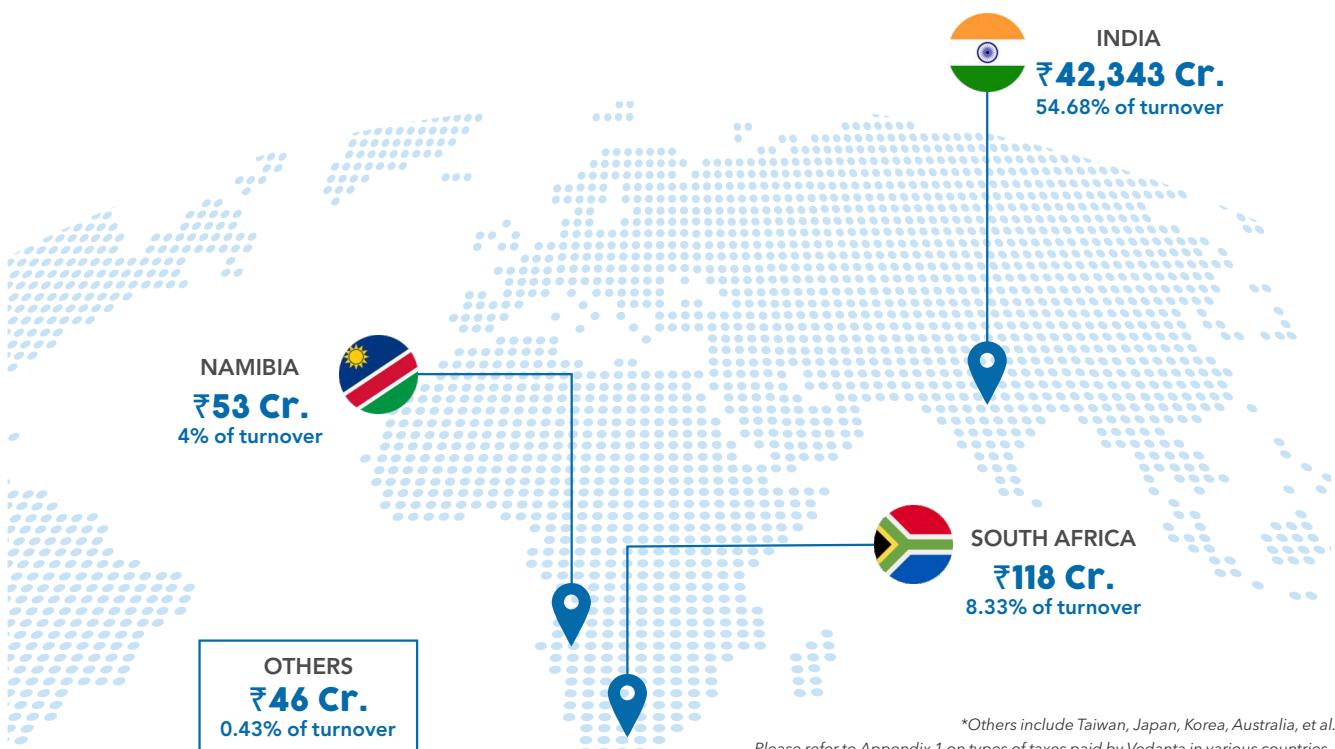
OUR CONTRIBUTION TO EXCHEQUER IN FY 2018-19

Vedanta contributed ₹42,560 Cr., around 46.8% of its turnover,

to exchequer through a wide range of contributions in the nature of corporate income taxes, royalties, profit-oil, through significant indirect revenue contributions by way of withholding taxes and indirect taxes, and also dividends paid to government. With this edition, the Group is publishing its fourth Tax Transparency Report.

GEOGRAPHICAL SPREAD OF CONTRIBUTION TO EXCHEQUER

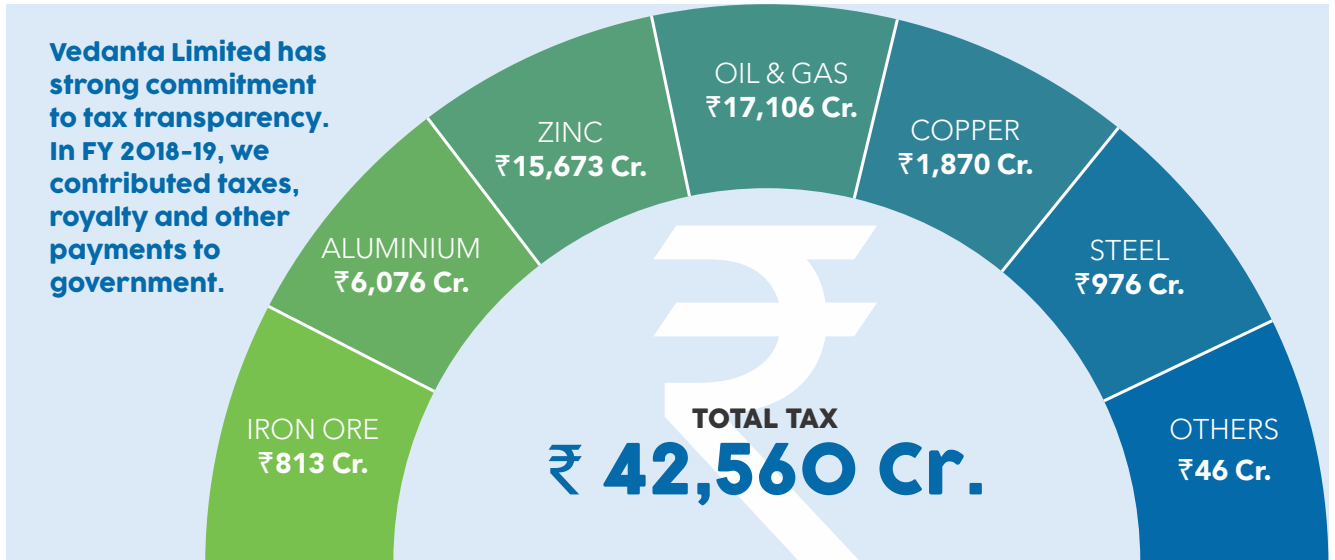
We have collated the total tax contributions made by the company and its subsidiaries to their host governments. The distribution of taxes paid by the Group reflects the geographical spread of the Group's operations. Accordingly, the majority of the tax was paid in India. Although, the Group has headquarters in UK, the taxes paid in UK are not significant as the material operations and assets are located outside UK.



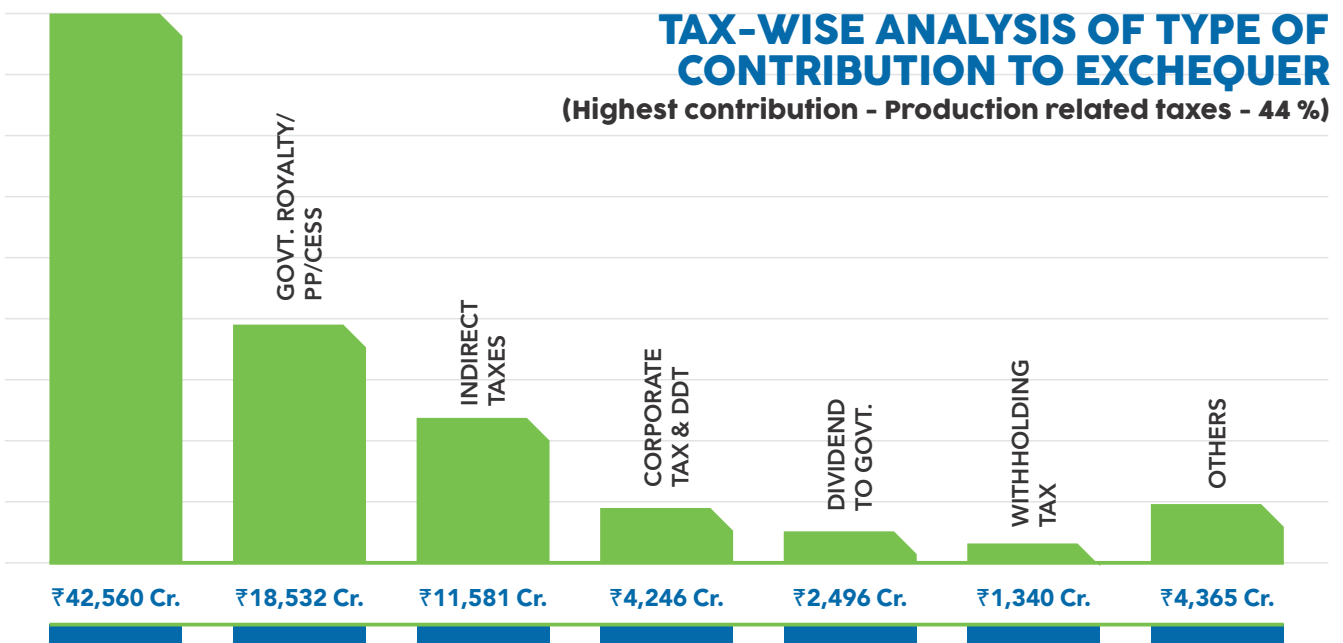
*Others include Taiwan, Japan, Korea, Australia, et al.
Please refer to Appendix 1 on types of taxes paid by Vedanta in various countries.

BUSINESS SPREAD OF CONTRIBUTION TO EXCHEQUER.

(Highest contribution – Oil & Gas 40%)



TOTAL CONTRIBUTION



Consistent with the previous years, government royalties and profit petroleum are the largest contributors at 44% of the total contribution, followed by indirect taxes at 27%, corporate income taxes at 10%, dividend paid to government as shareholder 6% and balance 13% as others.

For the purpose of preparation of this table, we have shown the tax contributions under two broad categories of taxes, i.e., taxes borne and indirect revenue contributions.

Taxes borne

primarily comprise corporate income tax (including corporate dividend tax which is profit based), royalty related tax payments, production entitlements, i.e., profit oil and other material payments made to the government such as production based oil cess, stamp duty payments, levies on import/export, local municipal taxes, green levies, etc.

Indirect revenue contributions

primarily comprise taxes collected and paid on behalf of our employees and vendors i.e. withholding taxes, payroll taxes (professional taxes), payments of value added taxes on sales and other social security contributions to fund the social security programme of the governments for the employees, etc.

The below Table-3 details the country-wise amounts of revenue and Profit Before Tax (PBT) contributions by the Group to exchequer in FY 2018-2019

In Crores

Country wise Operations	Revenue (External)	Profit Before Tax (PBT)	Taxes Borne				Indirect Revenue Contributions				Dividend paid to Govt.	Contribution to Exchequer
			Taxes on Income & Capital (A)	Government Royalties & Profit Oil (B)	Others (C)	Total Payments Borne I = (A+B+C)	Withholding Taxes (D)	Indirect Taxes (E)	Others (F)	Total II = (D+E+F)		
India	77,442	10,139	4,248	18,521	2,405	25,174	1,219	11,581	1,873	14,673	2,496	42,343
South Africa	1,416	153	-	5	1	6	77	-	35	112	-	118
Namibia	1,323	80	-	6	1	7	32	-	14	46	-	53
Others	10,720	3,189	(2)	-	6	4	12	-	30	42	-	46
Total	90,901	13,561	4,246	18,532	2,413	25,191	1,340	11,581	1,952	14,873	2,496	42,560





BASIS OF PREPARATION

Note 1

Amounts reported in the table 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 2018-19 consolidated financial statements and financial statements of the Group's listed/non-listed operating company subsidiaries. In case of joint venture operations, contributions are shown at gross level as made by the Unincorporated Joint Venture (UJV) of which the Company subsidiary is the operator irrespective of our percentage interest in the UJV.

Note 2

All data is prepared for the year from 1 April, 2018 to 31 March, 2019. The above contributions have been reported on a cash basis. The social expenditures have not been considered in the contribution to exchequer shown in the 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 Group to the extent not creditable. Indirect revenue contributions shown in the table above include royalty and cess paid through third parties, and these collectively represent gross output liabilities discharged by the Group.

Note 4

TAXES BORNE

A) Taxes on Income and Capital

This comprises Corporate Income Tax and Dividend Distribution Tax but does not include Deferred Tax. These taxes are provided at amounts paid during the year FY 2018-19 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 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.

B) Government Royalties and Profit Oil

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. These form part of operating costs. Profit oil 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 oil is accounted for when the obligation (legal or constructive) in respect to the same arises. Profit oil is netted off from revenue generated from such operations.

C) Other taxes borne

This comprises 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 part of operating costs), municipal taxes, service tax, entry tax/octroi and other taxes borne. These form part of operating costs.

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 public finances 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.

E) Indirect Taxes

This comprises taxes paid to the governments on production or sale of goods such as Value Added Tax (VAT)/sales tax, excise duty, central sales tax, Goods and Services Tax, etc. These taxes would not be collected if the Group had not produced and made sales to the customers.

F) Other

This includes contribution of employers and employees 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 PAID TO GOVERNMENT

This includes dividends paid to government wherever the government holds shares in any of the Group companies and that company has paid dividend during the year.



INDEPENDENT ASSURANCE REPORT

Independent assurance report to the Board of Vedanta Limited



We have been engaged by Vedanta Limited ('Vedanta') to perform reasonable assurance procedures in respect of Selected Information within the 'Tax Transparency Report 2018-19' (the 'Report') which Vedanta is required to make under the Taxes (Base Erosion and Profit Shifting (Country-by-Country Reporting)) Regulations 2016 for the year ended 31 March 2019, issued by Vedanta.

This report is made solely to the Board of Vedanta, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Vedanta those matters we are required to state to them in a reasonable assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Vedanta and the Board of Vedanta as a body, for our work, for this report, or for the conclusions we have formed.

Scope and subject matter

The 'Selected Information' subject to our reasonable assurance engagement for the year ended 31 March 2019 comprises the data in Table 3, on page 10 of this report, in columns A, B, C, D, E, F and III totalling INR Crores 42,560.

Responsibilities of the Board of Vedanta

The Board of Vedanta is responsible for the preparation of the Report. Management have prepared the Report for the Board and have reviewed the procedures established internally to prepare the Report, and the Board of Vedanta have reviewed the Report. Management are responsible for preparing the Selected Information in accordance with the "Basis of Preparation" section within the Report, and for such internal controls and processes as management determine is necessary and relevant to enable the preparation of Selected Information that is free from material misstatement whether due to fraud or error.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the accompanying Selected Information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagement 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)'), issued by the International Auditing and Assurance Standards Board. This standard requires us to form an opinion as to whether the Selected Information in the Report has been prepared in all material respects in accordance with the "Basis of Preparation" section within the Report.



We apply International Standard on Quality Control 1 and accordingly maintain 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 behaviour.

Work performed

A reasonable assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability of the circumstances of Vedanta's application of the basis of preparation, assessing the risks of material misstatement of the Selected Information, whether due to fraud or error, responding to the assessed risk as necessary and evaluating the overall presentation of the Selected Information. In making those risk assessments, we have considered internal processes and controls relevant to the preparation of the Selected Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal processes and controls.

Conclusion

In our opinion the Selected Information in the Report for the year ended 31 March 2019 has been prepared, in all material respects, in accordance with the "Basis of Preparation" section within the Report.

Basis of Preparation

Without modifying our opinion, we draw attention to the "Basis of Preparation" section within the Report, which describes the Basis of Preparation.

Grant Thornton UK LLP

Chartered Accountants
Cambridge, UK

Date: 10th July, 2019

APPENDIX -1 TAXES PAID

Below mentioned are the types of taxes paid by Vedanta companies

- | | |
|-------------------------------|---|
| ✔ Corporate Income Tax | ✔ Municipal Taxes |
| ✔ Corporate Dividend Tax | ✔ Withholding Taxes |
| ✔ Government Royalties | ✔ Excise Duties |
| ✔ Profit Oil | ✔ Value Added Tax |
| ✔ Oil Cess | ✔ Service Tax |
| ✔ Duties on Export and Import | ✔ Goods and Services Tax |
| ✔ Other Cesses and Surcharges | ✔ Octroi/ Entry Tax |
| ✔ Stamp Duty | ✔ Provident Fund and Employee State Insurance |

Notes



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Notes



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Football academy at Hindustan Zinc Ltd.



Developing communities through woman empowerment - Sakhi at Hindustan Zinc Ltd.



Vedanta Limited

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