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Code on Social Security, 2020#

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. Certain sections of the Code came into effect on 3 May 2024. However, the final rules/ interpretation have not yet been issued. Based on preliminary assessment, the Group believes the impact of changes will not be material.

34 Finance cost

(₹ in Crore)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Interest expense on financial liabilities at amortised cost[b,c]	10,139	9,235
Other finance costs	1,048	1,033
Net interest on defined benefit arrangement	25	23
Unwinding of discount on provisions	142	135
Less: Capitalisation of finance cost/ borrowing cost[a]	(1,430)	(960)
Less: Cost allocated/directly booked in joint ventures	(10)	(1)
Total	**9,914**	**9,465**

a) Interest rate of 10.40% (31 March 2024: 8.65%) was used to determine the amount of general borrowing costs eligible for capitalization in respect of qualifying asset for the year ended 31 March 2025.

b) Interest expense on income taxes is ₹ 74 Crore (31 March 2024: ₹192 Crore).

c) Interest expense on lease liabilities for the year ended is ₹ 109 Crore (31 March 2024: ₹ 50 Crore)

35 Other expenses

(₹ in Crore)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Cess on crude oil	2,497	3,688
Royalty	6,297	6,249
Consumption of stores and spare parts	4,006	3,631
Share of expenses in producing oil and gas blocks	3,231	3,486
Repairs to plant and equipment	3,997	3,636
Repairs to building	257	226
Repairs others	207	194
Carriage expenses	2,033	2,285
Mine expenses	3,114	3,601
Net loss on foreign currency transactions and translations	117	263
Other selling expenses	3	3
Insurance	236	278
Loss on sale/disposal of fixed asset (net)	-	114
Rent*	62	55
Rates and taxes	127	222
Exploration costs written off	459	786
Allowance of impairment on financial and non-financial assets/ bad debts written off	343	261
Miscellaneous expenses[a,b]	8,816	8,629
Less: cost allocated/directly booked in joint ventures	(301)	(332)
Total	**35,501**	**37,275**

* Rent represents expense on short term/ low value leases.

a Includes contributions to Bhartiya Janta Party of ₹ 97 Crore (31 March 2024: ₹ 26 Crore), Biju Janta Dal of ₹ 25 Crore (31 March 2024: ₹ 15 Crore), Jharkhand Mukti Morcha of 20 Crore (31 March 2024: ₹ 5 Crores) and All India Congress Committee of ₹ 10 Crore (31 March 2024: ₹ 49 Crore)

b Includes Management and Brand fees expense of ₹ 3,039 Crore (31 March 2024: ₹ 2,865 Crore) (Refer note 42).

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36 Exceptional items

(₹ in Crore)

Particulars	Year ended 31 March 2025			Year ended 31 March 2024		
	Exceptional items	Tax effect of Exceptional items	Exceptional items after tax	Exceptional items	Tax effect of Exceptional items	Exceptional items after tax
Property, plant and equipment, exploration intangible assets under development, capital work-in-progress and other assets (impaired)/ reversal or (written off)/ written back in:						
- Oil & Gas [a(i),(ii)]						
- Reversal of previously recorded impairment	2,358	(782)	1,576	1,179	(413)	766
- Copper (refer note 3(c)(A)(iii))	-	-	-	(746)	188	(558)
- Aluminium [b]	-	-	-	(131)	33	(98)
- Zinc International	-	-	-	(117)	-	(117)
- Others [c]	(268)	-	(268)	-	-	-
Impact of State levies :						
- Zinc [d,e]	(83)	21	(62)	-	-	-
- Iron Ore [e]	(139)	29	(110)	-	-	-
Foreign currency translation reserve recycled to profit or loss on redemption of optionally convertible redeemable preference shares [f]	-	-	-	1,825	-	1,825
Capital creditors written back in Power segment [g]	-	-	-	793	(200)	593
Total	**1,868**	**(732)**	**1,136**	**2,803**	**(392)**	**2,411**

a (i) During the year ended 31 March 2025, the Oil & Gas segment of the Group has commenced injection of Alkaline Surfactant Polymer ("ASP") flooding in selective well pads of the Mangala field. In order to extend the injection across the field, the Group has identified cluster-based development approach. The execution of cluster-based approach has commenced with the award of surface facilities and on ground mobilization. As a result of the above, the Group is planning for the development of remaining clusters. Accordingly, the recoverable amount of the Company's share in Rajasthan Oil and Gas cash generating unit ("RJ CGU") is determined to be ₹ 13,188 Crore (US$ 1,574 million) as at 30 September 2024, resulting in an impairment reversal of ₹ 2,358 Crore (US$ 282 million) on its assets in the oil and gas producing facilities.

The recoverable value of the RJ CGU is determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Company's view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected oil and natural gas production profiles (reserves and resources) extractable up to 2040 (including expected 10 year additional term of license extension), the expected dates of cessation of production sharing contract ("PSC")/ cessation of production from each producing field based on the current estimates of reserves and risked resources and after factoring tax outflows at 25.17% tax rate, etc.

Management believes that an additional 10-year term of license extension would be available and would also be considered by a market participant based on past precedence on license extensions, industry practice with relation to granting of extensions and understanding of Indian economy's focus on self-reliance for oil production which is indicated by various initiatives through award of new blocks, etc. Further, management considers that as the RJ Block is in India, an independent market participant would pay tax at 25.17% tax rate instead of the Company's actual tax rate (validated by independent expert) and accordingly, believes that such assumption on taxation is appropriate. The discounted cash flow analysis used to calculate 'fair value less costs of disposal' uses assumption for short-term oil price of US$ 79 per barrel for the next one year and tapers down to long-term nominal price of US$ 73 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows are discounted using the post-tax nominal

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discount rate of 11.91% (15% for ASP remaining clusters), derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension, including successful implementation of key growth projects. Based on the sensitivities carried out by the Company, change in crude price assumptions by US $ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by ₹ 17 Crore (US$ 2 million) and ₹ 685 Crore (US$ 82 million) respectively. The sensitivities around change in crude price and discount rate are not material to the consolidated financial statements.

a (ii) The Government of India ("GoI"), acting through the Directorate General of Hydrocarbons ("DGH"), had raised demand up to 14 May 2020 for Government's additional share of Profit Oil, based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block and certain other matters aggregating to ₹ 9,545 Crore (US$ 1,162 million) and applicable interest thereon representing share of Vedanta Limited and its subsidiary.

The Group had disputed the aforesaid demand and invoked arbitration as per the provisions of the Production Sharing Contract ("PSC"). The Group had received the Final Partial Award dated 22 August 2023 from the Arbitration Tribunal ('the Tribunal') as amended by order dated 15 November 2023 and 08 December 2023 ("the Award"), dismissing the Government's contention of additional Profit Petroleum in relation to allocation of common development costs across Development Areas and certain other matters in accordance with terms of the PSC for Rajasthan Block, while allowing some aspects of the objections. Further, the Tribunal had decided that the Group was allowed to claim cost recovery of exploration cost as per terms of the PSC.

Pursuant to the Award, the Group had recognized a benefit of ₹ 4,761 Crore (US$ 578 million) in revenue from operations during the year ended 31 March 2024. The Group has been adjusting the profit petroleum liability against the aforesaid benefit.

GoI filed interim relief application to the Tribunal on 03 February 2024 stating that the Group has unilaterally enforced the Award although the quantification of the same is pending. The matter was heard and the Tribunal vide its order dated 29 April 2024 has denied GoI's interim relief application. GoI has filed an appeal before the Delhi High Court ("Section 37 Appeal"). The hearing was concluded and the matter has been reserved for judgement. In the interim, vide letter dated 06 May 2024, GoI has submitted its calculation of the quantum, basis the Award. GoI has claimed a sum of US$ 224 million from the Group. The Group is of the view that the GoI computation is prima-facie contrary to the Award including clarifications issued by the Tribunal. The Tribunal has allowed these costs for cost recovery but this was not considered by GoI in their calculation of the quantum. The Group has responded to the GoI with its detailed analysis. As the Parties are unable to agree on quantum of the calculations, the matter will be decided by the Tribunal in the quantum proceedings.

GoI had also filed a challenge against the Award on 07 March 2024 in Delhi High Court ("Section 34 Appeal") and the matter was first heard on 14 March 2024. Notice has been issued on 01 August 2024 and liberty was granted to the Group to file its response. The response was filed on 30 August 2024. Further, no stay has been granted to GoI against adjustment of liability by the Group. Next date of hearing is awaited. The Group believes that the Court may not re-appreciate the evidence in Section 34 Appeal, as the interpretation by the Tribunal is plausible.

During the previous year ended 31 March 2024, the Group had recognised a net impairment reversal of ₹ 1,179 crore (US$ 143 million) on its assets in the oil and gas producing facilities pursuant to the Award. The recoverable amount of the Company's share in RJ CGU was determined to be ₹ 11,313 crore (US$ 1,360 million) as at 30 September 2023. The recoverable amount of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Group's view of the assumptions that would be used by a market participant. This was based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to 2040, the expected dates of cessation of PSC/ cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal tests considered all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US$ 79 per barrel for the next one year and tapers down to long-term nominal price of US$ 74 per barrel three years thereafter derived from a consensus

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of various analyst recommendations. Thereafter, these have been escalated at a rate of 2.4% per annum. The cash flows are discounted using the post-tax nominal discount rate of 11.32% derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Group, change in crude price assumptions by US $ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by ₹ 75 crore (US$ 9 million) and ₹ 415 crore (US$ 50 million) respectively.

b) Represents certain items of CWIP, which have been written off during the year ended 31 March 2024 as they are no longer expected to be used.

c) During the year ended 31 March 2025, ASI recorded a provision for impairment for certain CWIP projects as they are no longer expected to be viable pursuant to the settlement with HOYA (Refer Note 4 (B)) and as part of the Group's broader expansion strategy, wherein management reassessed the CWIP portfolio from a future usage, efficiency, and viability perspective.

d) **Zinc - Land tax:**

During the year ended 31 March 2025, the Group has opted to settle matters pertaining to land tax for the period till February 2024, by availing the Amnesty Scheme 2024 as launched by State of Rajasthan. Pursuant to which the Group has recorded a expense of ₹ 27 Crore. Furthermore, the State of Rajasthan vide the same notification has exempted land tax payable on all classes of land with effect from 08 February 2024.

e) The Hon'ble Supreme Court of India vide its order dated 25 July 2024 (the "Supreme Court Order") opined that the state governments have powers to levy additional taxes/cess on mineral bearing land and mining rights thereof and also held that royalty is not a tax. The Supreme Court vide its further order dated 14 August 2024, clarified that the state governments can levy or renew demands of tax/cess on the existing cases initiated on or after 01 April 2005 which will be payable in 12 annual installments commencing from 01 April 2026.

Zinc - Environment and Health Cess:

The State of Rajasthan had levied Environment and Health Cess through a notification in year 2008 on major minerals including lead and zinc which later got rescinded in 2017. As per management's assessment of the Supreme Court Order, the Group has recorded a provision of ₹ 56 Crore. However, the Group has not received any demand notice post the Supreme Court Order till date.

Iron Ore - Transport Cess:

The Group and other miners had challenged the cess imposition under Goa Rural Improvement and Welfare Cess Act, 2000 (the "Act") in the High Court of Bombay, which upheld the Act's validity in September 2018. The Group's appeal is currently pending before the Hon'ble Supreme Court. As per management's assessment of the Supreme Court Order, the Group has recorded a provision of ₹ 139 Crore.

f) The Company recorded reversal of previously recognised impairment on investments in OCRPS in THL Zinc Holding BV ("THLZBV") and THL Zinc Ventures Limited ("THLZVL"), wholly owned subsidiaries of the Company during the year ended 31 March 2024 and 31 March 2023, respectively.

Further, the above investment in OCRPS of THLBV and THLZVL was redeemed previous year ended 31 March 2024, pursuant to which ₹ 1,825 crore, being the proportionate share of FCTR in the subsidiaries, has been recycled to the consolidated statement of profit and loss.

g) During the year ended 31 March 2024, Talwandi Sabo Power Limited ("TSPL"), a wholly owned subsidiary, terminated its contract with one of its major capital contractors (the "Contractor"), due to its persistent failure to fulfil its contractual obligations, which adversely affected the plant's performance since commissioning. Consequently, as of 31 March 2024, TSPL had written back creditors amounting to ₹ 1,252 crores, representing amounts assessed as no longer payable under the terminated contract. The management had assessed that the amount written back comprised of ₹ 793 Crore towards loss of profit due to plant performance in the previous and earlier years and therefore recognised the same as

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Exceptional gain in the consolidated statement of profit and loss and adjusted the balance amount towards the cost of spares and ancillaries capitalised in Property, Plant & Equipment in earlier years.

Subsequently, the Contractor disputed the termination of the contract and claimed dues along with damages arising from the TSPL's action. TSPL issued a counter claim on the Contractor and also initiated arbitration proceedings to enforce its claims. Nominee arbitrators have been appointed by both the parties and on 03 April 2025, the Hon'ble Supreme Court appointed the presiding arbitrator.

Based on its detailed evaluations, merits of the case and independent legal advice obtained, the management continues to believe that the termination of the contract is contractually enforceable. The management believes that this position is sustainable, when this matter is finally decided by the adjudicating authority and accordingly, no adjustments in respect of the Contractor's claims are required to be made in the consolidated financial statements for the year ended 31 March 2025.

37 Tax

(a) Tax expense/ (benefit) recognised in consolidated statement of profit and loss (including on exceptional items)

(₹ in Crore)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Current tax:		
Current tax for the year	4,923	5,877
(Benefit)/ expense in respect of current tax for earlier years	(546)	29
Benefit in respect of exceptional items (Refer note 36)	(50)	(33)
Net effect of change in tax regime*	-	(1,786)
Total current tax (a)	**4,327**	**4,087**
Deferred tax:		
Expense of temporary differences (Refer note 4(B))	939	436
Expense/ (benefit) in respect of deferred tax for earlier years	294	(36)
Expense in respect of exceptional items (Refer note 36)	782	425
Net effect of change in tax regime*	-	7,914
Deferred tax (b)	**2,015**	**8,739**
Total income tax expense for the year (a+b)	**6,342**	**12,826**
Profit before tax	**26,877**	**20,365**
Effective income tax rate (%)	**24%**	**63%**

Tax expense/ (benefit)

(₹ in Crore)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Tax effect on exceptional items	732	392
Net effect of change in tax regime*	-	6,128
Tax expense - others	5,610	6,306
Net tax expense	**6,342**	**12,826**

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(b) A reconciliation of income tax expense applicable to profit before tax at the Indian statutory income tax rate to recognise income tax expense for the year indicated are as follows

(₹ in Crore)

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Profit before tax	**26,877**	**20,365**
Indian statutory income tax rate	25.17%	25.17%
Tax at statutory income tax rate	**6,764**	**5,125**
(Non-taxable)/ non-deductible items	(121)	84
Tax holidays and similar exemptions	20	0
Effect of tax rate differences of subsidiaries operating at other tax rates	459	936
Unrecognised tax assets (net)	(652)	445
Change in deferred tax balances due to change in tax law	(200)	11
Capital gains/ other income subject to lower tax rate	(31)	(24)
Credit in respect of earlier years	(242)	(7)
Net impact of change in tax regime*	-	6,128
Other permanent differences	345	128
Total	**6,342**	**12,826**

* Pursuant to the introduction of Section 115BAA of the Income tax Act, 1961 (""New Tax Regime""), the Company has an option to pay corporate income tax at a lower rate of 22% plus applicable surcharge and cess as against the currently applicable rate of 30% plus surcharge and cess. Under the new tax regime, provisions of Section 115 JB-Minimum Alternate Tax (MAT) are no longer applicable.

During the year ended 31 March 2024, the Company has elected to adopt new tax regime from FY 2022-23 onwards due to expected corporate actions and other considerations and the first tax return under the new tax regime was filed for FY 2022-23 on 29 November 2023. Upon adoption of new tax regime for FY 2022-23, the current tax charge is lower by ₹ 1,786 Crore (mainly on account of section 80M benefit not available under MAT) and deferred tax charge is higher by ₹ 151 Crore. Further, the MAT credit balance of ₹ 7,763 Crore, for periods up to 31 March 2023, has been expensed. Consequently, the net impact of the above amounting to ₹ 6,128 Crore is accounted for as exceptional tax expense in the previous year ended 31 March 2024.

(c) Deferred tax assets/liabilities

The Group has accrued significant amounts of deferred tax. The majority of the deferred tax liability represents accelerated tax relief for the depreciation of property, plant and equipment, depreciation of mining reserves and the fair value uplifts created on acquisitions net of deferred tax assets representing unabsorbed depreciation and carried forward losses.

Significant components of deferred tax (assets) and liabilities recognised in the consolidated balance sheet are as follows :

For the year ended 31 March 2025

(₹ in Crore)

Significant components of Deferred tax (assets) and liabilities	Opening balance as at 01 April 2024	Charged / (credited) to profit and loss	Charged/ (credited) to OCI #	Charged / (credited) to other equity	Exchange difference and other adjustments	Closing balance as at 31 March 2025
Property, plant and equipment	12,113	1,672	-	6	221	14,012
Voluntary retirement scheme	(18)	10	-	-	-	(8)
Employee benefits	(370)	71	4	-	(6)	(301)
Fair valuation of derivative asset/ liability	(64)	(8)	75	-	-	3
Fair valuation of other asset/ liability	924	(762)	3	-	15	180
Unabsorbed depreciation and business losses	(4,352)	(96)	-	-	-	(4,448)
Other temporary differences	(770)	1,127	(4)	-	(101)	252
Total	**7,463**	**2,014**	**78**	**6**	**129**	**9,690**

Out of the total tax benefit on OCI items in the consolidated statement of profit and loss, the deferred tax benefit is presented in the table above. The remaining tax benefit, amounting to ₹17 crore, relates to current tax.