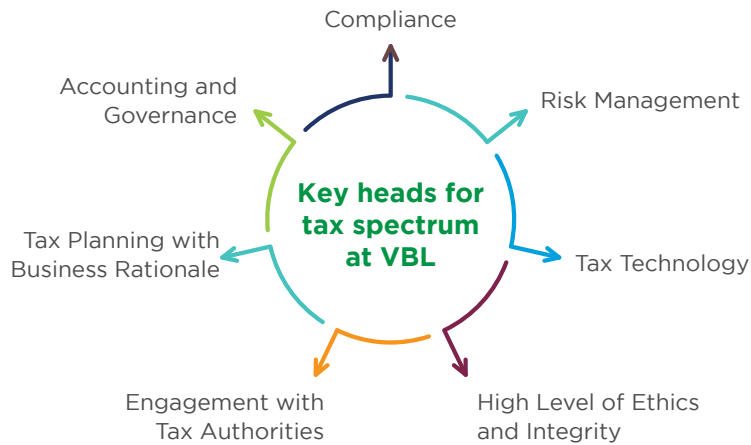


Sustainable Tax Practice: Furthering Our ESG Commitment

Tax compliance and implementing sustainable tax practices has been central to our business priorities. Adhering to tax regulatory compliances reflects our commitment to ESG and corporate governance.



Compliance

VBL strictly adheres to all tax regulatory compliances, periodical filings, and reporting for all the applicable tax laws. We express zero-tolerance to any non-compliance, supported by our efficient compliance tracking tool that features a pre-defined escalation matrix for instant flag off.

Accounting and governance

Taxes on all fronts – input, output, corporate and withholding taxes, are properly accounted for in alignment with applicable laws and accounting standard through a dedicated team of tax experts. In case of any change in existing tax laws, our internal team of tax experts evaluate the changes and its implications on our business transactions. An updated SOP is then circulated to implement the changes amongst relevant stakeholders.

Tax planning with business rationale

A transparent process of tax risk assessment and management,

integral to tax planning at VBL, is implemented. In compliance with our zero-tolerance for non-compliance of tax regulations or tax evasions, we refrain from taking any aggressive tax positions. Only those tax incentives, that are aligned with our overall business objective are availed in respective jurisdictions.

Engagement with tax authorities

We strive to stand out as ‘the most trusted and tax compliant company’

in our operational areas. To ensure this, we provide full support and actively engage with the tax authorities to understand the business model and tax positions.

Risk management

Risks within VBL across the key risk areas are constantly monitored and mitigated. An internal risk control process continually identifies, measures, analyses and manages such risks. A comprehensive review mechanism is also set up to keep all transactions tax compliant and ensure that they fall within no risk or low risk categories. The responsibility for such review is vested with the Audit, Risk Management & Ethics Committee, Internal Auditors and Statutory Auditors.

Tax technologies

Digital recording and reporting of all tax transactions is becoming a norm with the advancement in online governance and tax technology. VBL has made adequate investments towards this to ensure accurate and faster reporting.



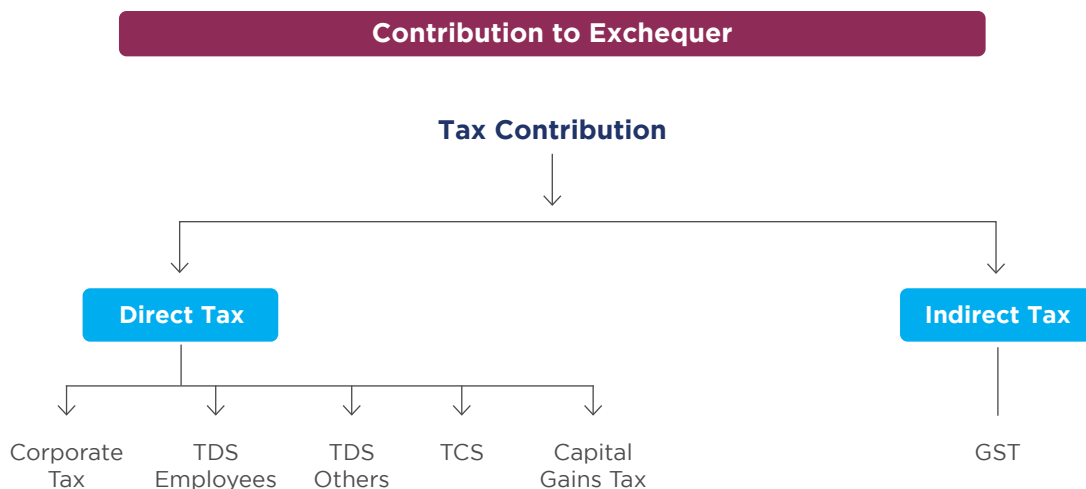
Vendor Management	Identification and recording in correct ledger	System generated Sale invoices, E-invoices and E-way bills	GST portal reporting
Strong vendor management process with robust KYC documentation & verification of historical compliances under GST laws	Powerful SAP-based identification process enabling issuance of PO using correct HSN/SAC and tax code	VBL SAP is integrated with the E-invoicing portal and E-way bill portal of the government	Filing of GST returns for all outward supplies basis system-generated sales register
Vendor mapping with correct HSN/SAC code and GST rates	System-based transaction identification by an internal team	System configuration restricts invoice generation without an E-invoice and E-way bill (as prescribed under the GST laws)	This ensures that all the recorded outward supplies get reported along with the correct tax liability
Vendor mapping with correct withholding tax codes for proper deduction of withholding tax while recording transactions	Controlling of the input tax entitlement through the system to ensure that the input tax credit is not availed wrongly (not permitted as per GST laws)		

Integrity and ethical conduct

Ethical conduct and integrity is upheld across the organization and supported by strong and transparent accounting principles. Unethical behaviour by any of our employees and/or third-party working in or behalf of the company is not tolerated and strict policy measures are implemented against them. The company has a zero-tolerance policy on integrity in place, which is applicable for all VBL's dealings with vendors, customers, third-party consultants and government authorities.

Corporate Taxes, TDS, TCS, Capital Gains Tax and Dividend Distribution Tax

Over the years, VBL has made a significant contribution to the exchequer by way of Corporate Tax, TDS on Employees, TDS on others, TCS, Capital Gains and the Dividend Distribution Tax. Given an increase in turnover in the last five years, its Corporate Income Tax has surged increasing - from 855.9 million in FY 2018-10 to 4,988.9 million in FY 2022-23.



Tax trends in the last five years:

(₹ Million)

Description	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Corporate Tax (Excluding Interest u/s 234A/234B/234C)	855.9	934.5	347.2	1,383.9	4,988.9
TDS on Employees (As per Tax Audit Report)	227.7	430.1	454.9	561.0	769.0
TDS on Others (As per Tax Audit Report)	193.8	310.6	245.7	484.7	770.1
TCS (As per Tax Audit Report)	1.8	2.6	29.6	72.2	118.1
Dividend Distribution Tax	54.7	91.7	-	-	-
Capital Gains Tax (Included in Corporate Tax mentioned above)	-	0.1	1.2	0.1	2.2

For taxation purpose, FY refers to Financial year defined as per Income Tax Act, 1961 i.e. April 1 to March 31.

Indirect Tax - GST

The key product of VBL is taxable at a higher rate of 28% GST with 12% cess. In the last five years, the total payment of Gross GST on outward supplies stands at 147,802.5 million. This has increased from 14,845.4 million in the financial year 2018-19 to 53,067 million in Financial Year 2022-23.

Tax trends in the last five years:

(₹ in Million)

Financial Year	Gross Tax Payable (₹)	Paid through Cash (₹)	Paid through ITC (₹)
2018-19	14,845.4	8,491.4	6,353.9
2019-20	23,280.4	12,024.5	11,255.9
2020-21	24,690.8	12,309.6	12,384.1
2021-22	31,918.9	15,639.0	16,276.9
2022-23	53,067.0	26,194.6	26,872.4