



## **Corporate Tax Policy**

Grasim Industries Limited is the flagship company of the Aditya Birla Group. Grasim is a No.1 producer of Viscose Staple Fibre, Chemicals (Chlor-Alkali-s), Viscose Filament Yarn in India. It is also a leading producer of Textile, Insulators and Fertilizer in India. Grasim through its subsidiaries is also present in Cement (UltraTech Cement - the largest cement producer in India) and diversified financial services (Aditya Birla Capital- NBFC, Asset Management and Life Insurance and others).

The Company sees tax as an important part of its contribution to national resources and recognizes the key role that tax plays in society and development of the countries. The Company believes that a responsible approach to tax is essential to the long term sustainability. Over the years, the Company has applied conservative and cautious tax policy.

### **1. Purpose of the Policy**

The main purpose of the Company's tax policy is to ensure compliance with the applicable tax laws and regulations in the countries in which the Company operates. This purpose is appropriately combined with the fulfillment of the corporate interest, supporting a long term business strategy, avoiding tax risks and inefficiencies in the implementation of business decisions and generation of sustainable value for the stakeholders. The Company pays taxes as per applicable tax laws in the country in which it operates as its contribution to sustaining public expenditure, thus its contribution to the society and to the achievement of goal of sustainable development.

### **2. Scope of the Policy**

This Policy is applicable to all the Business Units of the Company and entities controlled by the Company across the globe.

### 3. Policy Principles

The Chief Financial Officer (CFO) of the Company, Divisional Chief Financial Officers (Business CFOs) of the Company and Head of Tax Function of the Company are responsible for the implementation of the Policy. The CFO briefs the Audit Committee of the Board on significant and material taxation issues and the Chairman of the Audit Committee updates the Board of Directors. Followings are the main principles and practices to which the Company is committed:

#### a) Compliance

- We have a clear responsibility to comply with all applicable taxation rules and regulations.
- We pay right amount of tax at the right time.
- We prepare and submit on time all tax filings providing complete, accurate and required disclosures to all relevant tax authorities.
- We take decisions on tax matters based on a reasonable interpretation of applicable law and also align with the substance of the economic and commercial activity of the business.
- Diligent care is taken to opt and utilize available tax incentives, reliefs and exemptions which are in line with the intent of the law.
- All employees of the Company must comply with the Code of Conduct.

#### b) Transfer Pricing

- All transfer pricing computations shall be based on “arm’s length” principle.
- Transactions with related parties shall conform with the ‘Policy on Related Party Transactions’ approved by the Board.

c) Accountability and Governance

- We will use business structures that are driven by commercial considerations, aligned with business activity and which have genuine substance.
- No business decisions are ever influenced or taken which entails shifting of profits to lower tax jurisdictions
- All tax decisions are taken at appropriate level.
- We impart training to employees with responsibilities for tax matters so that they have expertise and knowledge to effectively fulfill their responsibilities.

d) Engagement with Tax Authorities

- We seek to engage with tax authorities, based on mutual respect, professionalism, transparency and trust.

e) Transparency

- We shall provide relevant information required by the appropriate tax authority on time in order to accurately establish tax liability of the Company.
- We shall cooperate with tax authorities in tax proceedings to the extent reasonably possible.
- Through Whistle Blower mechanism, the Company provides opportunities for employees and external parties to raise any issue of concern in person or anonymously.

f) Risk Management

- Risks may arise from time to time on account of interpretation of law. Generally, such cases are handled in-house by the Corporate Tax Team or Business Finance Team, with help of external tax experts as may be needed.
- Risk is best managed by prevention of unnecessary dispute, which we strive to achieve through strong technical positions, clear explanations of those positions and thorough documentation.

- Tax risk management of the Company is carried out by Corporate Tax Team (reporting to CFO) and Business Finance Team (reporting to Divisional CFO) to identify and mitigate tax risks.
- The Tax Team gets involved at an early stage in important business initiatives and decisions for tax optimization and reducing tax risks.

**June 2019**

---

**GRASIM INDUSTRIES LIMITED**

Aditya Birla Centre, 'A' Wing, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai - 400 030

Registered Office : Birlagram, Nagda - 456 331 (M.P.)

Tel: (07366) 246760-66, Fax : (07366) 244114, 246024, CIN: L17124MP1947PLC000410

**[www.grasim.com](http://www.grasim.com)**

---