



Company Overview

Aditya Birla Fashion and Retail Limited (ABFRL) ("the Company") is engaged in the business of manufacturing and retailing of branded apparels and runs a chain of apparels and accessories retail stores in India. The Company is India's largest pure-play fashion and lifestyle entity with an elegant bouquet of leading fashion brands and retail formats.

Aditya Birla Fashion and Retail Limited strives to be a leader in its segment, a good employer and responsible corporate citizen by being transparent & fair and creating meaningful impact on the society.

Purpose of Tax 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.

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.

Reference to 'tax', 'taxes', 'taxation' are to India tax and to all corresponding taxes worldwide in respect of which ABFRL has legal obligation.

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. Currently the Company operates are only within India.

Policy Principles

The responsibility for ABFRL tax strategy and governance lies with the Chief Financial Officer (CFO). Implementation of all taxation matters is the responsibility of the Head of Tax Function who reports to the CFO. Compliance with all applicable tax regulations as well as internal policies, guidelines and governance procedures relating to taxation is the responsibility of the local management of each entity. The CFO / Tax Head briefs the Audit Committee / Board of Directors on significant and material taxation issues.

This tax policy comprises of the followings:

1. Governance
2. Compliance
3. Risk management and certainty
4. Planning
5. Engagement with tax authorities

1. Governance

The Board, Audit and Risk Committee have oversight with regards to identification, evaluation and mitigation of strategic, operational, legal and compliance risks.

The objectives of the Audit Committee ("committee") of the Board of Directors includes assisting the Board with oversight of compliance with legal and regulatory requirements. The committee reports regularly to the Board with respect to the committee's activities including any significant issues that arise with respect to the Company's compliance with legal or regulatory requirements.

The Chief Financial Officer (CFO) is responsible for the tax strategy, the supporting governance framework and management of tax risk. Head of Tax, who reports to the CFO is responsible for each of the operational areas of Tax. Compliance with all applicable tax regulations as well as internal policies, guidelines and governance procedures relating to taxation is the responsibility of the local management of each entity. It is the responsibility of Head of Tax Function to ensure that the tax team at Head Office has the required skill sets and experience to implement the approach.

In every business and strategic investment decision the taxation impact is one of the prime considerations. Significant issues relating to tax are discussed and considered by the Audit Committee on quarterly basis.

Business strategies and commercial considerations take precedence over tax optimization. Significant business decisions are made with due regard to tax consequences but predominantly aimed to maximize shareholder's value on a sustainable basis.

Issues related to tax are reported to and considered by the Group Risk Committee and the Audit Committee on a quarterly basis.

2. Compliance

ABFRL is committed to adhere to all regulatory and tax compliances in each and every tax jurisdiction in which it operates. We pay right amount of tax at the right time. Tax filing, tax reporting and tax payment obligations are undertaken in accordance with the rules and regulation of each tax jurisdiction. All applicable transfer pricing rules and regulations for the transactions that are effected within the ABFRL Group across tax jurisdictions are complied with. 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.

The Company takes 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.

Adequately qualified and experienced professionals are employed in the tax team to work closely with the business and provide guidance for ensuring proper compliance with tax obligations. In case of complexity or uncertainty on an issue, support is sought from external tax experts to comply with the relevant tax regulations / obligations.

These compliances are monitored at regular intervals with appropriate documents maintained for easy referral and retrieval.

All employees of the Company must comply with the Code of Conduct.

3. Risk Management and certainty

ABFRL being a listed entity, reputation risk of non-compliance is supreme. It is ensured that tax compliance and tax reporting are done in a transparent and fair manner with adequate documentation support and taking into account ABFRL's wider corporate reputation and overall high standard of governance, core ethical behavior and values and has low tolerance to tax risk. The Company's enterprise risk management framework encompasses practices related to identification, analysis, evaluation, treatment, mitigation, monitoring of the strategic, operational, legal and compliance risks to achieve the key business objectives.

Risks may arise from time to time on account of interpretation of law. Tax controls, strategies and processes are monitored regularly for identification of tax risks for business and legislative changes. 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) to identify and mitigate tax risks. Diligent and professional approach is adopted for assessing tax risks and identifying steps for managing those risks. The tax team provides appropriate mitigation measures for identified risks.

The Tax Team gets involved at an early stage in important business initiatives and decisions for tax optimization and reducing tax risks.

Guidance is provided to influence business decisions and adopt procedural behaviors for various functions. Advice is sought from external experts where appropriate or where there is uncertainty regarding applicability or interpretation of tax law.

4. Planning

Tax planning measures are always within the parameters of extant tax rules and regulations with minimal risks of its non-acceptance by revenue authorities.

Diligent care is taken to opt and utilize available tax incentives, reliefs and exemptions which are in line with the intent of the law.

The Company endeavors to operate in an efficient and legally compliant manner and may seek external advice. Experts' advice is sought in cases of areas of complexity or uncertainty. Open and transparent tax strategies are adopted for tax optimization. No business decisions are ever influenced or taken which entails shifting of profits to lower tax jurisdictions.

ABFRL ensures not to undertake any contrived or artificial tax arrangement which are not underpinned by commercial or economic substance. The Company does not make use of any secrecy jurisdictions or tax havens in order to obtain tax advantages. Due consideration is given to impact on reputation of the Company and core values of the Group such as integrity, commitment, and seamlessness.

5. Engagement with Tax Authorities

The Company seeks to foster professional, fair, constructive and transparent relationship with tax authorities. Engagement with tax authorities is influenced by openness, honesty, integrity, respect, trust and cooperation.

The Company shall provide relevant information required by the appropriate tax authority on time in order to accurately establish tax liability of the Company and shall cooperate with tax authorities in tax proceedings to the extent reasonably possible.

From time to time, our views (or those of our advisors) on the appropriate tax treatment in any given case may differ from those of the tax authorities. Where such circumstances arise, we are prepared to litigate where we disagree with a ruling or decision of a tax authority but will first seek to resolve any disputed matters through pro-active and transparent discussion and negotiation.

Tax computation and returns are submitted with full disclosure of relevant facts and information where potential risk of uncertain tax treatment is envisaged.

Necessary correction of material errors made or misstatement in tax filing are rectified without any undue delay as and when identified.

ABFRL ensures that tax authorities are kept aware of significant transactions and developments in business with the objective of minimizing tax risks and early resolution of identified issues.



Ashish Dikshit
Managing Director

25 March 2021