

# **J.K. Cement Limited**

## **J.K. Cement Limited's Tax Policy**

J.K Cement Limited, a member of the J.K. Group, is one of the leading cement manufacturing companies in the Indian cement industry with its product excellence, customer orientation and technology leadership

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.

### **Tax Policy - Primary Objectives:**

To adopt and execute a global tax strategy of J.K. Group, within the given framework of the J.K Cement Limited's business strategies and models.

This Policy is intended to set forth the Company's tax strategy, based on excellence and a commitment to the application of good tax practices within the framework of the corporate and governance structure of the Group.

The main purpose 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 decision 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 principles of our Global Tax Strategy arise from the following:

- The Core Values practiced by the company viz. Customers, Results, Integrity, Sustainability & People (CRISP) as well as Ethical principles that the organization embraces ensuring accurate, transparent and timely statutory compliance with the relevant tax laws.
- Balancing tax optimization, risk mitigation and cost-effectiveness.
- Adhere to the Anti-avoidance Bribery Corruption Directives (ABCD);
- Partnering with businesses to provide appropriate tax advice on implications of business decisions.

- Adopting only legally valid positions and avoiding those positions that are a legally suspect or devoid of merit. Short term gain through aggressive planning in the area of tax may, and likely will, have long term negative consequences for the company's brand, reputation and Customer relationships, and should therefore be avoided.
- The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions
- Compliance with tax rules in the various countries and territories in which the Group operates, paying all taxes due in accordance with the legal system;
- Documenting all tax positions arising out of tax planning initiatives and securing appropriate approvals;
- Aligning activities and sub- activities with Internal Control System (ICS) documentation and control checks;
- Standardizing processes, leveraging IT and avoiding manual interventions;
- J.K. Cement Limited currently have operations outside India and in the event that the company creates operations/ assets in other countries in future, no taxable value created will be transferred to low tax jurisdictions or tax havens.

### **Tax Policy Principles:**

The Chief Financial Officer (CFO) of the Company, Deputy Chief Financial Officers (Dy. 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. Following are the main principles and practices to which the Company is committed:

### **Compliance:**

- The Company as a good corporate citizen complies fully with all applicable tax laws and regulations established in all countries and regions where it operates in light of the purpose of its legislation. Furthermore, the Company respects and complies with international guidelines and believes that compliance is always an essential prerequisite for any corporate business activities..

- The Company strives to fulfill its commitments by establishing strong compliance procedures to ensure accuracy and completeness.
- Maintains proper documentation and take steps to store the same electronically for easy retrieval and permanent preservation.

#### **Relationship with Governments & Tax Authorities:**

- The Company seeks to build a good, faithful, and professional relationship with tax authorities. However, in the course of engaging in various business activities, we may have opinions which differ from those of the tax authorities. In such cases, we actively seeks opportunities for dialogue with the tax authorities and endeavors to resolve differences..
- The Company responds to tax audit inquiries and requests from the tax authorities in accordance with applicable tax laws and regulations and in a faithful, courteous, professional, and timely manner.

#### **Accountability and Governance:**

In achieving the above mentioned objectives, the company adheres to the following principles:

- The Company tax governance is conducted on the basis of a set of guidelines and procedures. These explain the characteristics of strategy, policy and operations pertaining to taxation, and prescribe management procedures. It is obligatory for company and their employees to comply with these procedures. The Tax Code of Conduct is laid down and managed by the Tax Planning Team.
- Corporate business strategies generally have priority over tax optimization.
- Ensure that procedures efficiently address stakeholders' requirements
- The Tax Code of Conduct is continuously reviewed and is revised in the light of factors such as changes within the company or in tax legislation.
- Not engaging in tax fraud and tax evasion.
- Ensure not to engage or become involved in any contrived or artificial tax arrangements that isn't supported by commercial or economic substance.
- Tax department must be involved at an early stage in important business initiatives and decisions with potential significant tax implications.

#### **Transfer Pricing Principles:**

- J.K. Cement Limited will comply with all applicable transfer pricing rules and

regulations, including the "arm's length principle" as outlined by the Organisation for Economic Co-operation and Development (OECD) and Indian Transfer Pricing Regulations. In addition, the Company makes the appropriate amount of tax payments in appropriate tax jurisdictions based on the value created through its business activities.

### **Tax risk management and reporting:**

As the business relies on good relationships with public authorities, reputation risks relating to tax matters must be avoided. Therefore, being mindful of the different areas of tax risks, the following principles have to be followed:

**Technical risk:** The tax function minimizes tax risk by working closely with business and other departments and sharing information of transactions. It strives to prevent unnecessary disputes by building strong technical positions through planning, implementation, and documentation.

- JK Group also evaluate possibility of advance ruling in case of plans, cross border transactions and involve significant tax implications.
- **Operational risk:** Diligent professional care and judgment will be employed to assess tax risks. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions will be taken from professional advisors/experts/counsels to support the decision-making process.
- **Compliance risk:** There need to be controls in place to ensure that data required for tax filings and preparation of transfer pricing documentation is properly backed up by adequate business and legal documentation.
- **Reputation risk:** Open, fair and transparent dealing with tax authorities acknowledging the need for public funding requirements.
- **Tax reporting:** Tax risks are reported correctly as per the accepted accounting and reporting principles.

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