

Paradeep Phosphates Limited - Tax Strategy and Policy

Paradeep Phosphates Limited (“PPL” or “The company”) is one of India's leading private sector producers of Phosphatic Fertiliser. The company is a key player in ensuring adequate soil enrichment to support food production in India. The company is committed not only towards food security but also tread the path of balanced growth with minimal environmental impact. Being a responsible corporate citizen, the company is committed to help in progress of all the stakeholders and nation building as well.

We recognise the vital role taxes play in promoting economic and social progress, particularly in nation-building and we acknowledge the significance of our tax contributions. These contributions are integral to our dedication to fostering sustainable, responsible, and socially inclusive development for the well-being of all stakeholders. In addition to timely corporate income tax payments, property taxes, and other indirect taxes such as customs duty and Goods and Services Tax. We actively collect and remit substantial amounts of tax on behalf of various entities throughout the value chain, including our employees.

Tax Principle and Policy

The 'Tax Policy' framed by the company demonstrates its commitment for being a responsible corporate citizen. We are committed to be tax compliant with all the taxation laws of India, as we presently operate only with one geographical territory. We pledge to uphold integrity in our compliance and reporting procedures. Our approach involves the creation of a risk-based tax strategy and planning framework that aligns with our business strategy and corporate decisions. We are committed to abide by the Indian Transfer Pricing Regulations and not use tax structures with the intent of tax avoidance.

Tax Governance

The company is committed to upholding the highest standards of corporate governance and transparency in managing its tax affairs.

The tax function, in collaboration with the Chief Financial Officer (CFO), holds the responsibility for tax governance. Oversight and guidance on tax governance are provided by the Audit Committee, while the Risk Management Committee oversees and guides effective tax risk management. Consequently, both the Audit Committee and the Board of Directors endorse this Tax Policy. The tax team, guided by the CFO, implements it within the Group's overarching control and governance framework.

In furtherance of our dedication to ethical business conduct, we have an established Code of Conduct which is expected to be followed by all employees and external advisors.

Tax Planning

- We engage in efficient tax planning that supports our business and reflects commercial and economic activity.
- We do not engage in artificial tax arrangements or tax avoidances.
- We adhere both Direct Tax and Indirect Tax laws of India in true spirit.
- The company is committed to minimize unnecessary tax disputes / litigations.
- We conduct transactions with our related parties on an arm's-length basis.
- We do not make investments in or via countries considered to be tax havens or low-tax jurisdictions without any valid business or commercial substance.

Compliances

- Comply with all relevant tax laws, rules, regulations, reporting and disclosure requirements.
- Discharge Tax payment obligation in efficient manner and pay on or before due dates as specified under the tax laws of India
- Utilize tax rulings, agreements, concessions or reliefs which are provided by the government(s) of geographies in which we transact business.
- Respond to tax enquiries, assessments and audits in a transparent and timely manner.
- Engage with government, tax authorities and regulators in a constructive, professional and transparent manner.
- Ensuring that all transfer pricing computations are based on the well accepted 'arm's-length' principles framed under Income Tax Act 1961 and Income Tax Rules 1962.

Transparency

- Maintaining both hard and soft copies of tax related documents and significant information and submitting them to the relevant tax authorities when requested.

Accountability

- Establishing clear and transparent tax structures for optimal tax planning

- Make sure that all decisions are taken at an appropriate level backed with proper research and opinion from Counsels.
- Assessing tax planning opportunities within defined risk parameters and regularly reviewing such plans in light of changing laws and potential impacts on Financial Statements.
- Reviewing such planning periodically with respect to evolving tax decisions made by the Court of law and the likely impact on Financial Statements in the event of change in law, etc.
- Committing to not to use secrecy jurisdictions or so-called "tax havens" for tax avoidance.

This version of the policy is approved by CFO, on 04th Jan 2024.