



FINSERV

BAJAJ FINANCE LTD. TAX GOVERNANCE POLICY

Table of Content

Sr. No.	Content	Page No
1	Objective	3
2	Policy scope & applicability	3
3	Tax Related Compliances	3
4	Tax cost and mitigation of tax risk	4
5	Relationship with Governments and Tax Authorities	4



1. OBJECTIVE

Bajaj Finance Ltd. ('BFL', 'Bajaj Finance', or 'Company'), a subsidiary of Bajaj Finserv Ltd, is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and is classified as a NBFC-Investment and Credit Company (NBFC-ICC).

BFL is engaged in the business of lending and acceptance of deposits. The Company has a diversified lending portfolio across retail, SMEs (small and medium sized enterprises), and commercial customers with significant presence in both urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers.

BFL and its subsidiaries' (BFL Group) Group's Code of Ethics and Personal Conduct (CoEPC) requires all employees to comply with Laws of the Land. The CoEPC requires all employees must comply with all rules and regulations and laws including but not limited to GST, Profession tax, Income Tax, registrations/ licenses, and renewal thereof under various laws.

In addition to applicable taxes on income, BFL Group also complies with other types of taxes such as goods and service tax, property tax, environment tax, local tax, customs duties, etc. as applicable to the BFL Group

Under our tax risk management strategy, we manage our tax affairs taking into consideration building long term shareholder value and to maintain our reputation as a responsible taxpayer with tax authorities and regulators.

2. SCOPE AND APPLICABILITY

This tax policy is applicable to BFL Group.

3. TAX RELATED COMPLIANCES:

BFL Group is committed to comply with existing laws and regulations and have a policy of zero tolerance to non-compliance. BFL Group endeavours to undertake all statutory tax compliances in all jurisdictions / states it operates within prescribed timelines. Technologies have been deployed to track the compliances within the timeframe provided with suitable escalations and reviews.

While undertaking such compliances, appropriate due diligences are carried out internally, and a valid maker-checker procedure is adhered to. BFL Group maintains mandated records, information, necessary documentations etc. and extends full co-operation to agencies appointed for audit compliances. BFL Group also ensures that all related parties' transactions are carried out at arm's length price as per applicable tax laws and regulations.

The tax positions required to be taken by BFL Group, is analysed by the in-house tax team as well as wherever needed by external tax advisors. In case of complex

tax positions or where multiple interpretations are possible, the company takes opinion from legal counsels or external tax advisors and maintains appropriate documentation for the same. In case of complex tax positions, the same are also reviewed/ discussed with Chief Financial Officer (CFO) and where needed senior leadership and thereafter, the same is adopted by the Company.

4. TAX COST AND MITIGATION OF TAX RISK:

We understand the role played by Corporates in the overall development of the economy. Tax revenues, being the largest contributor to the overall collections of the Central and State Government, enables them to undertake various welfare and development schemes to make a progressive country. We feel proud in having participated in these efforts and have paid all the taxes legally due in India, in accordance with the rules set out by the relevant Government(s)/revenue authorities.

We are responsible for determining the tax objectives and ensuring that all applicable regulations as well as internal guidance and governance procedures relating to taxation are observed. We adhere to the internal control framework with a component of tax risk assessment and controls and the same is reviewed by internal and external teams.

Tax legislations are complex and often tax risks arise from differences in the interpretation of tax laws between the BFL and Revenue authorities. This situation may result in disputes leading to tax risk and tax litigation. BFL Group endeavours to limit tax risks to ensure that there is no loss (financial/reputational) or impediment to conduct of its business affairs. BFL also monitors changes to tax legislation and government policies on continuous basis and determines its impact on the business and takes action, as per requirement to mitigate the risk, if any.

5. RELATIONSHIP WITH GOVERNMENTS AND TAX AUTHORITIES

We maintain an open, honest, transparent, and constructive relationship in all our dealings with the tax authorities.

BFL Group proactively participates in formal consultation process with tax authorities directly or via various industry bodies in relation to pre-budget discussions as well as various amendments carried out in tax laws from time to time. All our group entities ensure compliance with the relevant tax laws. In case of any disagreement with the tax authorities, necessary discussions are initiated with relevant tax authorities and ensure that the same are resolved with constructive discussions.

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