

A large, illuminated cable-stayed bridge at night, spanning a body of water. The bridge's central pylon and numerous stay cables are brightly lit, creating a symmetrical pattern. The lights reflect on the calm water surface. The sky is dark, and some distant city lights are visible on the horizon.

TAX TRANSPARENCY REPORT

for year ending March 2023

February 2024



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GLOSSARY



ABOUT JSW

JSW Steel Limited ('JSW Steel' or 'the Company'), the flagship company of the diversified \$23 billion JSW Steel Group (or 'Group'), is an integrated manufacturer of a diverse range of steel products and is India's leading crude steel manufacturer. JSW is one of the world's most efficient and India's leading integrated steel makers.

JSW Steel Group's innovative and sustainable products, services and ideas cater to the core sectors of Steel, Energy, Cement and Infrastructure, apart from its interests in philanthropy, sports, realty and ventures. Group continues to strive for excellence with its strength, differentiated product mix, state-of-the-art technology, excellence in execution and focus on sustainability.

JSW Steel's integrated operations with industry-leading capacity and scale, wide portfolio of products that caters to a diverse customer base across 100 countries and its disciplined execution, positions it well to benefit from the global steel super cycle and increasing domestic demand. The capacity expansion plans, upon completion, will not only consolidate its leadership in the Indian steel industry, but will also become immediately value accretive. JSW's continued focus on cost leadership, growing share of high-margin value-added products in the sales mix, and integration of ESG factors into growth strategies will enable it to continue creating sustainable value for all the shareholders, as well as other stakeholders.

JSW aims to produce superior-quality products while keeping the health of the environment and society in mind, promoting circularity in the operations and fostering growth and betterment for communities.

JSW is committed to de-carbonisation and is actively pursuing a climate change goal by investing in low-carbon emission technologies, establishing Climate Action Group having experts from diverse functional areas to drive climate mitigation strategies, collaborating with academia and industry to design and implement scalable solutions to accelerate climate action. Through these efforts, amongst others, JSW aims to reduce toxic emissions, build a safer and low-carbon environment for its employees and contribute towards the healthier future of the planet. These goals have been induced and carried forward by our strong governance policies and further inculcated into our culture by our top management, who steer the journey of the Company.

JSW is governed by a team of experienced and versatile professionals and visionaries who take decisions keeping the best interests of the Company and its stakeholders in mind. The Board and management team have diverse backgrounds and specialisations which enables them to provide different perspectives while decision-making. The Company have identified six strategic focus areas based on a thorough assessment of our material issues, growth imperatives, stakeholder feedback, as well as other internal and external factors impacting our progress. During FY 2022-23, we made significant progress in achieving the key focus in Strategic growth, Diversification of product profile and customer base, Backward integration and

raw material security, Focus on resource optimisation and digitalisation, Prudent financial management and Mainstreaming sustainability in business imperatives. The core values and thought leadership has percolated to every stage of its organisation.

At JSW Steel, we are on our continuous journey of growth by constantly stepping up our operational excellence. We are progressing across markets with innovation, digitalisation and sustainability as our key anchors. With efficient integrated operations and a clear vision for the future, we are executing our strategic growth plan in line with India's growing steel demand. Our wide spectrum of innovation, robust ESG commitments and a drive to be #BetterEveryday, enable us to consistently create responsible value, for everyone.

₹1,66,329 crore

Overall market capitalisation
(March 31, 2023)

100+ countries

Diversified customer base spread

Integration of certain Businesses

A) Integration of Steel business:

JSW Ispat Special Products Limited ('JSW Ispat') and Creixent Special Steels Limited ('Creixent') amalgamated with JSW Steel Limited with a appointed date of April 1, 2022 vide NCLT order dated July 12, 2023.

B) Integration of Steel Coated business:

Hasaud Steel Limited (wholly owned subsidiary of JSW Steel Coated Products Ltd.) and Asian Color Coated Ispat Limited (subsidiary of Hasaud Steel Ltd) amalgamated into and with JSW Steel Coated Products Limited with a appointed date of April 1, 2022 vide NCLT order dated January 30, 2023.

Vardhaman Industries Limited (wholly owned subsidiary of JSW Steel Ltd.) and JSW Vallabh Tinplate Private Limited (subsidiary of JSW Steel Ltd.) amalgamated into and with JSW Steel Coated Products Limited with a appointed date of April 1, 2022 vide NCLT order dated June 2, 2023.

Acquisition of Coal Mines

JSW Steel group won two coking coal mines (Parbatpur and Sitanala) in India in the auction conducted by the Ministry of Coal in FY 2022-23. Coal production from Parbatpur mine is expected in early FY 2024-25 and from Sitanala in FY 2027-28.

ABOUT JSW

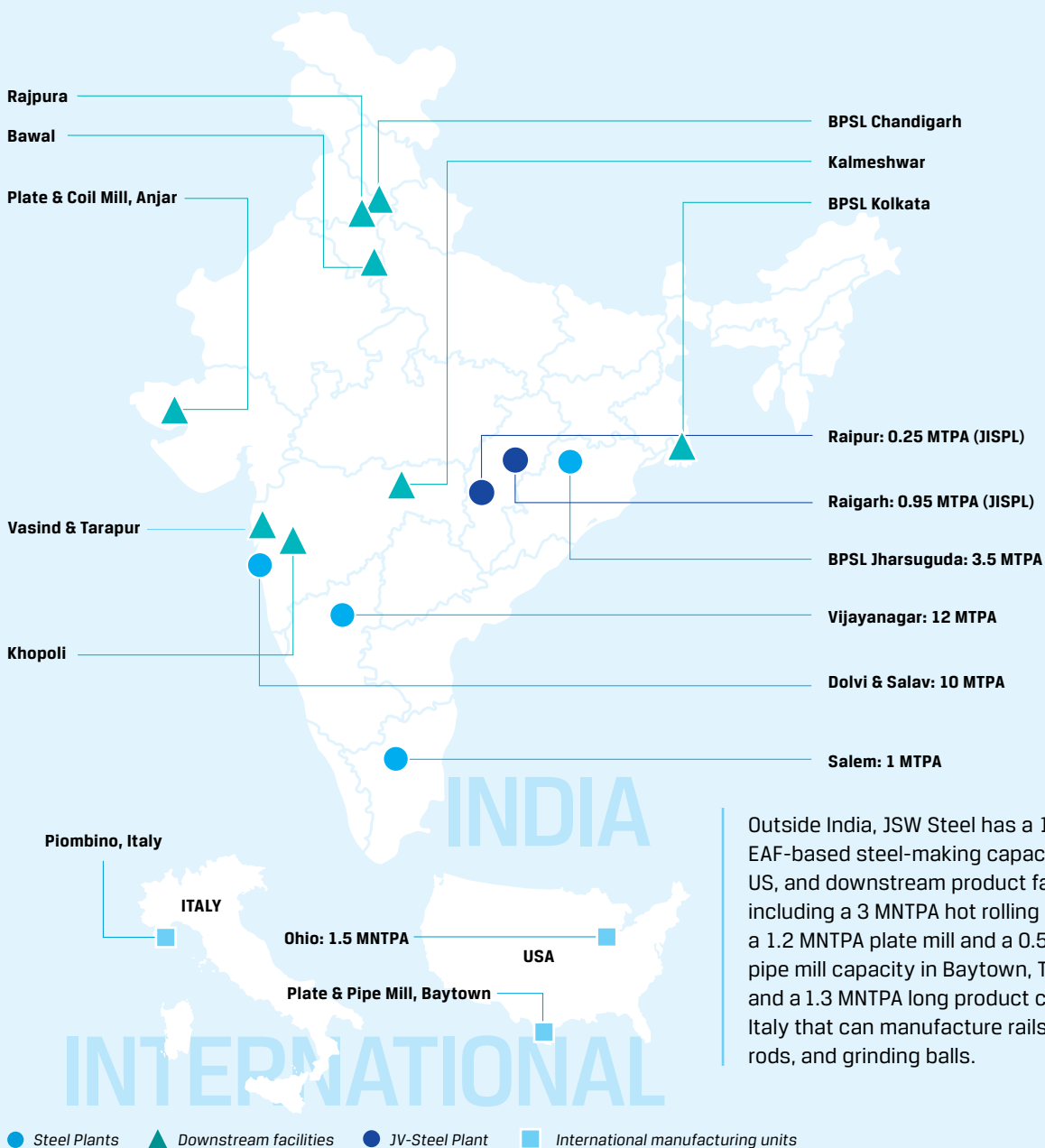
Global footprint

JSW has strategically located manufacturing units across geographies (India, USA and Italy) with distinct competitive advantages. It also has its footprints across continents in various countries and other locations.

The Company has the world's 6th largest steel plant at Vijayanagar. The Company is an integrated manufacturer of diverse range of steel products with its manufacturing facilities located at Vijayanagar Works in Karnataka, Dolvi Works in Maharashtra and Salem works in Tamil Nadu. The Company also has a Plate and Coil mill Division in Anjar, Gujarat. The Company has entered into long term

lease arrangements of iron ore mines located at Odisha and Karnataka.

The Company has a total of 44 direct and indirect subsidiaries and 13 joint ventures and 1 Associate Company as of March 2023. The primary business activities and key highlights of each of our subsidiaries and joint ventures are disclosed under Page 288-292 of the Annual report. The Company, along with its domestic as well as international subsidiaries, are referred to as JSW Steel Group for this Tax Transparency Report.



Outside India, JSW Steel has a 1.5 MNTPA EAF-based steel-making capacity in Ohio, US, and downstream product facilities, including a 3 MNTPA hot rolling mill in Ohio, a 1.2 MNTPA plate mill and a 0.55 MNTPA pipe mill capacity in Baytown, Texas, US, and a 1.3 MNTPA long product capacity in Italy that can manufacture rails, bars, wire rods, and grinding balls.

Map not to scale.

Domestic crude steel capacity (including BPSL and JSW Ispat Special Products Ltd.) of **27.7 MTPA**

Karnataka iron ore reserves – **236 MnT**

Odisha iron ore reserves – **1,105 MnT**

23.73 MnT captive iron ore production

Captive iron ore mines – **13**

JSW Steel USA

OHIO

Hot rolling mill with a **3 MNTPA** capacity

Partially backward integrated with a **1.5 MNTPA** crude steel

BAYTOWN

1.2 MNTPA plate mill and **0.55 MNTPA** pipe mill

JSW Steel Italy Piombino

PIOMBINO

1.3 MNTPA finishing capacity

Key products – Rails, wire rods, bars and grinding balls

Awards & Accolades

The JSW Steel Group has become the fastest-growing brand in the last decade. The Group has made its way up by 8 places in the league table featuring the Top 50 brands.

We have received the prestigious 'India's Best Employers Among Nation Builders-2023' award from the renowned Great Place to Work Institute.

Salem works became the first Integrated Steel Plant (ISP) globally to win the prestigious 'Sword of Honour' award from British Safety Council.

Dolvi Works was recognised with 5-star Safety rating from British Safety Council.

Achieved leadership level (A) in CDP Climate Programme.

Recognised as 'World steel Sustainability Champion for 2023', for the fifth consecutive time in a row.

Awarded with 'Excellence in Sustainability Innovation' by the World Sustainability for the Waste-to-Sand initiative at Vijayanagar.

Vijayanagar steel Works won the 'ISPAT SURAKSHA PURASKAR' from JCSSI, and also won State level best industry safety award from Director of Factories.

Dolvi Works won the 'Best Company for Employee Well-being, award from Times Ascent.

Dolvi and Salem Works won 3 'Platinum Awards' at Confederation of Indian Industry IQ National Safety Practice Competition-2022.

Salem Works won 'Gold Award' for EHS Excellence in 15th CII – SR Environment, Health & Safety Excellence Award 2022.

Salem Works won the 'Award of Honour' for outstanding OH&S achievements from National Safety Council, Tamil Nadu.

JSW Odisha Mines received an award for 'Excellence in ICT' from CII for various Digital projects completed.

Awarded as 'Iconic Brands of India for 2022' and 'Excellence in CX1 2022' awarded by Economics Times.

Awards

Our relentless commitment to prioritising the needs of our customers, utilising imaginative narratives, and adding value for both influencers and end consumers has resulted in us receiving numerous accolades from esteemed institutions throughout the year.

CFEST Summit: Best Channel Loyalty Programme JSW Privilege Club

BARC Asia: Brand of the Decade JSW Steel

Economic Times: Iconic Brands, 2022 JSW Steel

Exchange for Media: Prime Time Awards JSW Steel, 'Always Around', Gold (Creativity-Corporate Image)

Exchange for Media: Indian Marketing Awards JSW Steel, 'Always Around', Silver (B2B Category)

Exchange for Media: Indian Marketing Awards JSW Steel, 'Roof to Dream', Silver (CSR Category)

ABOUT JSW

Key financial parameters of JSW Steel Group across key geographies

The consolidated turnover of JSW Steel Group for the year ending March 2023 is ₹1,63,646 crore. Out of this, JSW Steel contributes 63.48%, with a turnover of ₹1,03,875 crore (excluding sales to subsidiaries). The three integrated steel

plants (ISPs) at Vijayanagar, Dolvi and Salem continue to be the mainstay of JSW Steel. At JSW Steel, the export revenue stands at ₹11,471 crore which is 8.82% of Total Revenue of JSW Steel.

Countries	India	USA	Italy	Other Countries
Primary Activities	Integrated manufacturing of diverse range of steel products	Integrated manufacturing of Plate and Pipe Mill, hot rolled coils and mining operations	Integrated manufacturing of special long steel products	Other business operations
Number of employees	23,469	777	1,591	7
Turnover (Sale of products) (Excluding sales to subsidiaries)	₹1,52,099 crore [93% of total turnover]	₹7,537 crore [5% of total turnover]	₹3,346 crore [2% of total turnover]	₹664 crore
Profit (Loss) before tax*	₹7,442 crore	₹1,389 crore	₹85 crore	(₹646 crore)
Income tax expense (Current tax + Deferred tax)*	₹1,561 crore	₹41 crore	₹27 crore	-
Current tax expenses as per profit and loss statement	₹1,430 crore	-	₹12 crore	₹9 crore
Income tax paid (net of refunds)	₹561 crore	-	5	-

*Reported on the basis of Form AOC-1 prepared in accordance with the provisions of Section 129(3) of the Companies Act, 2013.

22.39 MNT

Consolidated Saleable
Steel Sales

₹1,63,646 CRORE

Consolidated Annual Revenue
(Sale of products)

₹4,139 CRORE

Consolidated Annual Net
Profit After Tax

₹18,547 CRORE

Consolidated Annual
Operating EBITDA



Objective of this Report

The nexus between tax and our society runs both deep and strong. Tax has pervaded all walks of society as consumers, workers and stakeholders are keen to understand the tangible fiscal contribution made by the businesses they interact with in this ecosystem. This input goes into the choices they make. The spirit of the tax component pertaining to ESG is governed by a penchant for a progressively fair share of taxes rather than merely being paying taxes that fall due under the current fiscal framework. The needle has evidently moved from minimal tax to fair tax.

JSW Steel Group believes that as a corporate citizen it has responsibilities towards the society. These responsibilities include constantly endeavoring to make the world a better place to live. We aim to achieve these by focusing on our ESG goals and objectives. JSW Steel Group is a pioneer in persistently taking steps towards these ESG goals and

objectives. We have embedded tax transparency as one of the significant ESG goal and towards this we are releasing this second edition of our Tax Transparency Report for FY 2022-23.

Tax transparency is increasingly seen as a method of demonstrating contribution to society and sustainability. By way of this Report, we aim to transparently share with our stakeholders, the key aspects of our tax affairs and our contribution by way of taxes and other contributions to the exchequer. At JSW Steel Group, we are sticklers for transparency and as such a complete disclosure to all our stakeholders is of paramount importance. Our aim, through this Report, is to transparently disclose to our stakeholders our tax principles based on which tax laws are complied in various jurisdictions where we operate. We have also captured total contributions made by the JSW Steel Group in India as well as the overseas jurisdictions. We have also captured tax governance framework which lays down the tax policy as well as other internal controls followed by the JSW Steel Group while meeting the tax obligations.

This is the Second Report released by the Company to reflect its commitment towards transparent disclosure of our tax framework. To the extent possible, this Report is prepared considering the guidance provided by Global Sustainability Standards Board through GRI 207¹.

We invite the views, concerns and feedback from our stakeholders (i.e., consumers, vendors, employees and other workers, governments, local communities, non-governmental organisations, shareholders and other investors) on our tax strategy/tax practices.



¹This Standard is part of the set of Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards). The Standards are designed to be used by organisations to report about their impacts on the economy, the environment, and society.

MESSAGE FROM CFO

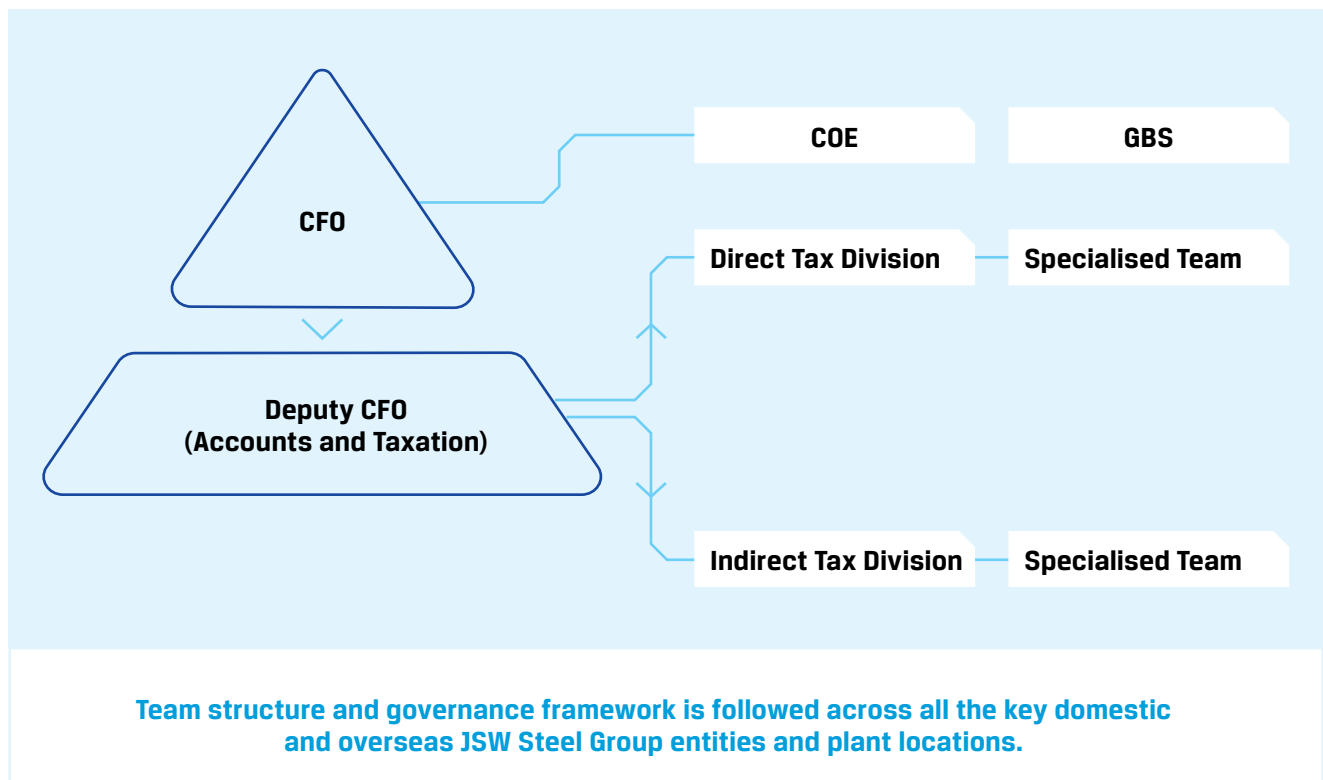


As we all know, taxes are a key pillar for financing sustainable, equitable, stable and progressive world economic order. It is a key source of revenue for any government and fuels economic growth and sustainability for the nation's leading to prosperity for the citizens.

As a responsible business house, with global footprint in 100+ countries, employing more than 30,000 people, we pursue a holistic tax policy that focuses on paying fair taxes in each of the jurisdictions we operate in. We strive to be transparent to our stakeholders on our approach towards tax and compliance with regulatory requirements in the countries of our operation. We believe in sharing the tax strategy followed by the Company, in order to build and maintain trust and credibility with our internal as well as external stakeholders. We are actively following developments in the Organisation for Economic Co-operation and Development (OECD) Pillar 1 and 2 discussion and the implementation of global minimum tax.

In line with the above, we have undertaken early adoption of the Tax Transparency Report. Accordingly, in continuation to our first Tax Transparency Report for the year ending March 2022, we are glad to present our Second edition of the Tax Transparency Report for the year ending March 2023. The Report has been prepared taking into consideration the guidance provided by Global Sustainability Standards Board through GRI 207. The Report covers the tax practices followed by us and the way in which we deliver our responsibilities towards the tax compliance and disclosure as required by the local laws of all the countries in which we operate. We believe that this Report will serve as a medium to understand the overall tax framework adopted by the JSW Steel Group as well as contributions (as a part of the economic contributions) made by us towards the society.

Rajeev Pai



OUR APPROACH TOWARDS TAX

Broad Approach

Compliance:

JSW Steel Group is sincerely committed to adherence to the laws and regulations of the countries in which we operate. We strictly comply with the applicable laws and regulations of each country in letter and spirit.

Regular updation of change in law:

We have an in-house team of competent tax professionals who monitor the tax positions adopted by the JSW Steel Group entities. Our tax teams are carefully monitoring the developments around new taxes in key jurisdictions where we have customers and vendors. The tax team keeps providing periodical updates to the Deputy CFO and/or CFO and takes guidance on complex issues.

Regular risk assessment:

The Company has internal tax framework which mandates independent evaluation on tax matters from technical and legal perspective coupled with analysing risk associated with it.

Consistency in approach:

This tax framework is consistently followed on all tax matters including matters related to transfer pricing, local income tax, cross-border taxation and indirect tax matters.

External support of experts: While adopting tax position on any unique matter involving contentious issues, the Company seeks external guidance and the tax position adopted are backed by the opinions of expert professionals and tax consultants having subject matter expertise. In case of any divergent views on a particular transaction, we consult senior legal counsels before taking a tax position. Open tax matters are reviewed periodically and presented on a quarterly basis to Audit Committee.



Robust tax framework:

While adopting a tax position, a detailed evaluation is done on "more likely than not" chances of success before the appellate forums. In case any new tax position is agreed upon or any existing position is revised, a detailed internal analysis backed with technical propositions is done and presented to the Deputy CFO and/or CFO of the Company. After their agreement, such tax position is implemented by the Company. The key tax positions are also discussed with the Board Committee on Finance.

Overseas companies of JSW Steel Group are represented by Professional board and senior management team/ CFO/ CEO of the respective company, therefore such companies have its place of effective management in those relevant jurisdictions.

Abreast with recent developments:

We follow the OECD framework along with the domestic laws relevant to transfer pricing of goods and services among our JSW Steel Group entities. OECD has proposed an international coordinated system of taxation intended to ensure large multinational enterprise (MNE) groups to pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. We, as a group, are actively following developments in the OECD Pillar 1 and 2 discussions, and have been undertaking discussions for analysis of their impact, if any, with regards to all our jurisdictions so as to ensure proper compliance with the global minimum tax regime, as and when implemented.

Anti-Tax-Avoidance policy:

We have a strict resistance against using jurisdictions classified as tax havens or low tax jurisdictions for diverting profits. We refrain from creating cross border tax structures without any commercial substance. If as part of any acquisition there are entities in low tax jurisdictions, we are in the process of streamlining the overall historically acquired holding structure from tax perspective.

Related party transactions:

We undertake related party transactions, both domestic and international, on arm's length basis in compliance with the Transfer pricing law of the relevant jurisdiction and in accordance with OECD principles.

Risk management procedure

Regular updation

Our tax team remains abreast of developments in the tax regulations and jurisprudence relevant to the tax matters of the Company.

Systematic analysis

In case any change in a material key predetermined tax position is anticipated on account of developments in law or jurisprudence, the tax position is re-visited by the tax team.

Expert help

Consultations are sought from external tax advisors if any change in tax position is envisaged.

Transparency

If necessary, the tax positions are revised after deliberation with the audit committee.



OUR APPROACH TOWARDS TAX

Proactive risk mitigation:

The Company adopts a proactive action in case of any change in law or judicial views which impact their predetermined tax positions causing a tax risk to the Company. Such potential tax risks are identified in advance by the tax team and acted upon in advance so as to mitigate such risks for the Company. To avoid any

non-compliance, the Company has applied proper internal controls on its data compilation, accounting and reporting so to avoid any human errors to the extent possible.

The head of tax teams are responsible for formulating and updating the tax positions which are reviewed by the Deputy CFO and overseen by CFO of the Company.

Broad Aspects of Tax Policy:

Principal driving the overall tax functions	Attitude towards tax planning	Tax practices including tax compliances	Total contribution to the exchequer
Tax incentives and evaluate eligibility to avail it	Relationship with the tax authorities	Disclosures to be made from tax perspective for benefit of all the stakeholder	Representation to be made to the government authorities through trade associations or otherwise

Transparency

We strive to comply with all the tax and regulatory requirements including transparent disclosure of tax matters where tax authorities have enquired into/ challenged the positions taken by the Company. Accordingly, we categorise all the open tax matters in three buckets based on the likelihood of an adverse outcome viz. "Probable, Possible or Remote".

In relation to the open tax matters where tax positions adopted by the Company are challenged, the Company keeps performing periodic assessment. Where there is a possibility that the tax position adopted by the Company may not be accepted at the highest appellate level on account of aspects like alternative interpretation of law, amendments to the law, new jurisprudence etc. the Company makes appropriate tax provision for the same.

On the other hand, where the open tax matters are uncertain of the final outcome at the highest appellate

level the Company evaluates the probability of adverse tax outcome and report it as a contingent liability. Neither a provision is made nor a reporting is done as a contingent liability, in relation to the matter where an adverse outcome is "Remote".

Our above tax exposure analysis is reviewed by the Deputy CFO and overseen by the CFO of the company and presented before the Audit Committee.

The tax positions adopted by the Company in case of disputes and their classification as probable, possible and remote is also reviewed by the third party tax consultants.

Apart from the above refer disclosure, the outstanding tax liabilities on account of open tax matters are separately reported in the Audit report by the statutory auditor of the Company and contingent liabilities in Page 573 of the Annual report of the JSW Steel Group.

Tax Principles

At JSW Steel Group, we abide by the following tax principles which drive our overall tax functions:

01

To maintain integrity, diligence and transparency while undertaking various compliances and reportings

02

To follow a zero-tolerance approach towards any delay/lapse in tax compliances

03

To abide by the spirit of the legislation and to avail only the legitimate intended tax benefits allowed under the tax laws and policies

04

Strict resistance against any form of tax evasion

05

Have our business constituents follow our standards of tax practices in dealing with us

06

To promptly respond to the notices received from various tax authorities and to take action wherever required

07

To maintain a respectful and professional demeanor and maintain a transparent and honest relationship with the Government authorities

08

To make true and fair disclosure of all the pending tax matters in the financial statements either as a tax provision or contingent liability



CONTRIBUTION TO THE EXCHEQUER

Total Contribution

Contributions in India

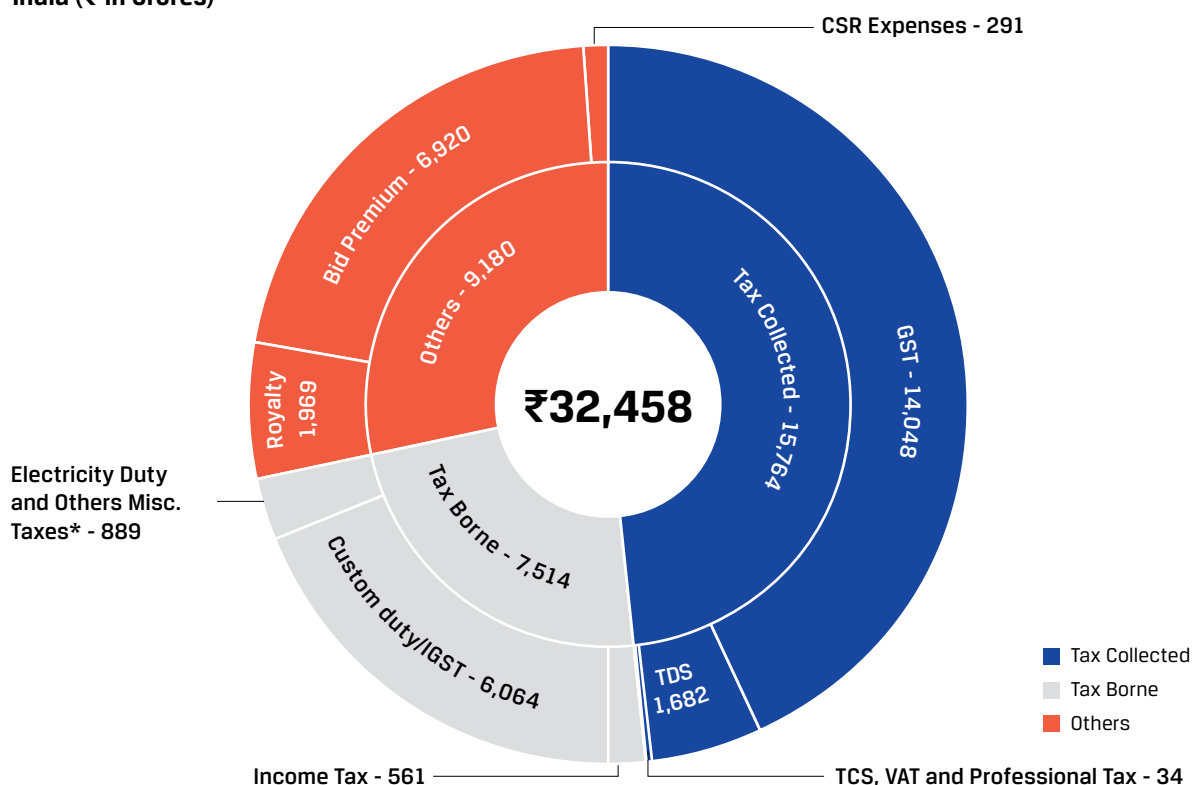
We are cognisant of the role played by Corporates in the overall development of the economy. Tax revenues, being the largest contributor to the overall collections of the Central and State Government, enables them to undertake various welfare schemes, development projects and meet commitments for sustainable development goals, climate and other protocols as a progressive country. We feel proud in having participated in these efforts by contributing ₹32,458 crore to the exchequer in the form of various taxes and levies in India. We have full regard to our role as a taxpayer and also as an agent of the Government at the time of deducting/collecting tax at source.

Overseas contributions

The Company, as a world citizen, plays a proud role in contributing to the exchequer of the world economies through its various overseas subsidiaries primary being Italy and USA. The Company aims to provide returns to the societies of these countries who have helped JSW Steel Group set up base and earn revenues therefrom. Over the time, the growth and expansion of our overseas subsidiaries shall lead to an increased contribution of JSW Steel Group to the economies of these countries in form of tax revenues. Additionally, like India, the overseas subsidiaries of the Company also act as an agent of the government in deducting/collecting taxes at source while undertaking the business transactions. We have contributed ₹432 crore to the exchequer in the form of various taxes and levies outside India.

The contribution to the exchequer of the JSW Steel Group on consolidated basis for the FY 2022-23 is depicted below (on cash basis):

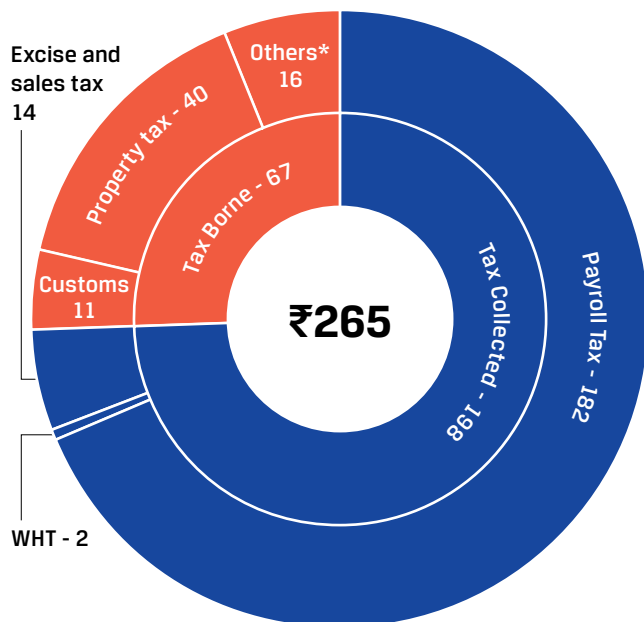
India (₹ in Crores)



* Other miscellaneous taxes includes Export Duty, DMF/ NMET, Vehicle Tax, Panchayat Tax, etc.

Note: The above contribution does not include contribution of JSW Ispat Special Products Ltd. & Creixent Special Steels Ltd.

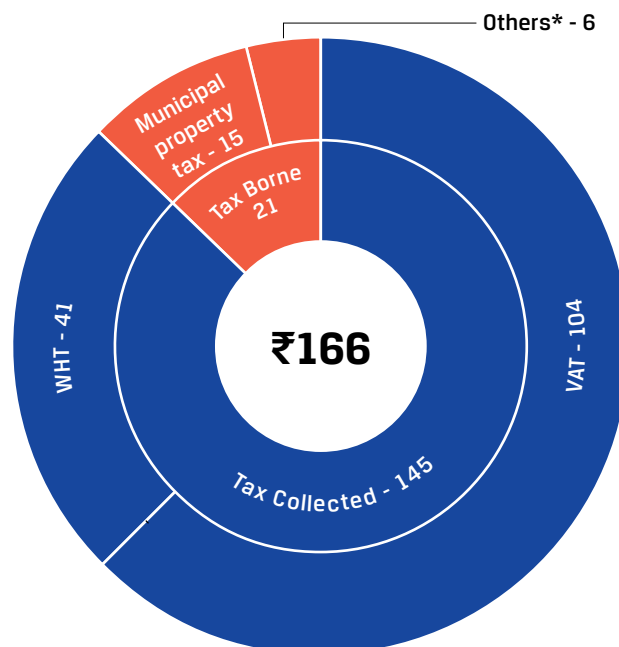
USA (₹ in Crores)



■ Tax Collected
■ Tax Borne

* Others include payroll tax, margin tax, CAT and Killowatt Hour tax.

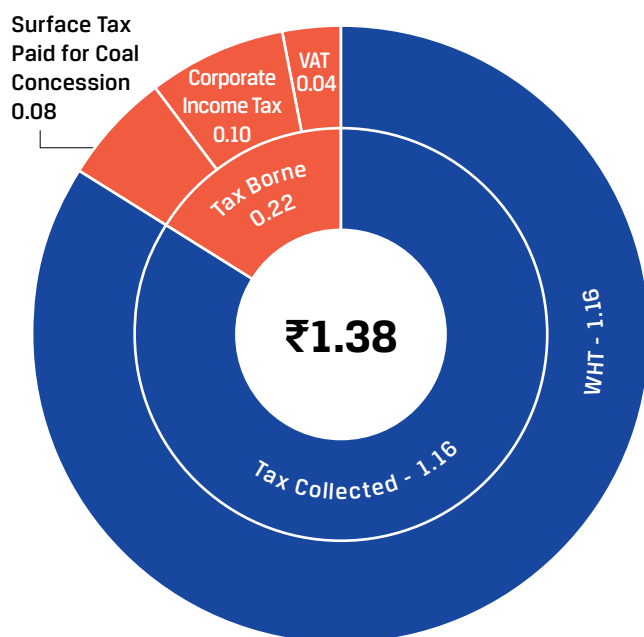
Italy (₹ in Crores)



■ Tax Collected
■ Tax Borne

* Others include regional Income Tax, corporate Income Tax, stamps, chamber of commerce tax, other municipal tax and minor taxes.

Other Countries* (₹ in Crores)



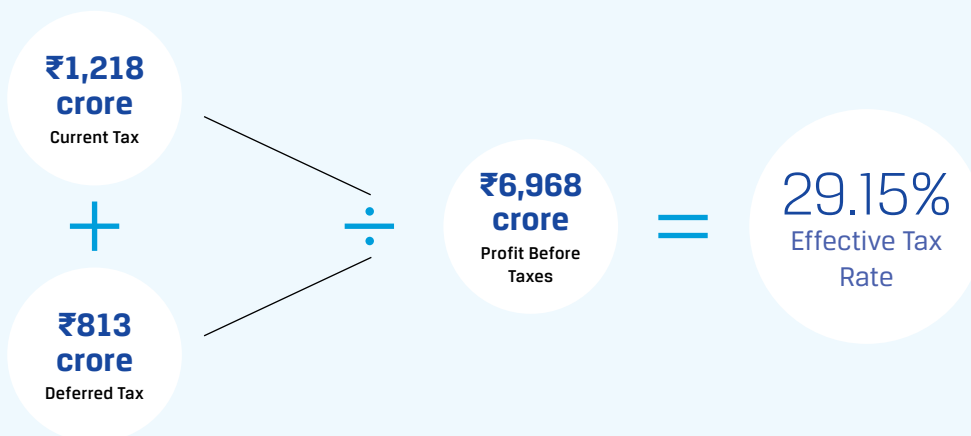
■ Tax Collected
■ Tax Borne

* Other countries include Mozambique, Singapore, UK and Netherlands



EFFECTIVE TAX RATE

The effective rate of income-tax borne by the Company is 29.15% based on the audited Standalone Financial Statements for the financial year ended March 31, 2023. The same has been determined as follows:



The Central Government levies statutory income-tax and surcharge on corporates at statutory rate of 34.94%. Section 115BAA of the Income-tax Act, 1961 ("the Act") allows the companies an option to be taxed at tax rate of 25.168%, provided the companies do not claim certain tax benefits (including the MAT credit) available under the Act.

For the purpose of tax provision in the books, the Company has made the tax provision considering the statutory rate of 34.94% after claiming tax benefits that were available to the Company.

Post finalisation of books of account for FY 22-23, the Hon'ble NCLT has approved the merger of JSW Ispat and Creixent with the Company with an appointed date of April 1, 2022, vide order dated July 12, 2023. However, the above effective tax rate has been computed without considering the effect of the said merger. The effect of the said merger has been given in the books of account during FY 2023-24 and accordingly the same would be considered while calculating Effective Tax Rate for FY 2023-24. For the purpose of filing income tax return of the Company for FY 22-23 (as a merged entity), a special purpose financial statements ('SPFS') were prepared considering the books of accounts of the Company, JSW Ispat and Creixent along with other tax considerations such as tax losses, tax credits, etc. The foregoing tax rate is without considering the said SPFS. In the tax return for FY 2022-23, the Company has opted to be taxed @25.17% as per Section 115BAA of the Act.

A comparative analysis of effective tax rate basis the audited Financial Statements as per the Companies Act in current year vis-à-vis in last year is tabulated as under:

Particulars	FY 2022-23	FY 2021-22
Standalone Basis	29.15%	32.42%
Consolidated basis	26.81%	29.61%

The Company maintains reconciliation of the enacted/ statutory tax rate and effective income tax rate in its financial statements. The primary reasons for the variance are provided as under:

- Tax holidays and depreciation allowances availed by the Company, as allowed under the income-tax laws;
- Non-taxable incomes or income taxable at the lower tax rate;
- Expenses not deductible in determining taxable profits, such as CSR expenses, Interest under Income Tax, fines, penalties etc.

The effective tax rate basis the SPFS after considering the merger of Creixent and JSW Ispat in current year and transition to the new tax regime is 42.54%.

The Company maintains reconciliation of the enacted/ statutory tax rate and effective income tax rate in its SPFS. The primary reasons for the variance are provided as under:

1. Write off of MAT credit due to moving to the new tax regime
2. Restatement of deferred tax asset with a tax rate from 34.94% to 25.17%

JSW Steel Group is committed to abiding by the spirit of the legislation and avails only the legitimate tax benefits allowed by the government under the tax laws. We have a strict resistance against any form of tax evasion.

TAX PRACTICE

Compliance

The motto of JSW Steel Group is to maintain integrity, diligence and transparency while undertaking compliance and reporting under the laws and regulations in all the countries we operate. Our tax team is mindful of various tax compliance and its importance for the stakeholders as well as government. We have robust internal controls and protocols to ensure that all the statutory compliances are appropriately complied within the due dates. We also maintain a tax calendar to ensure timely compliance. The JSW Steel Group follows a zero-tolerance approach towards any delay/lapse in tax compliance.

The tax positions required to be taken by the respective JSW Steel Group company in its tax returns are analysed by the in-house tax team, along with the external tax advisors. The tax position taken, along with the rationale, pros and cons, are duly documented. The opinion of legal counsels and external tax advisors are taken on the

positions taken by the Company. These tax positions are then reviewed/discussed with the Deputy CFO and/or CFO of the Company. After appropriate consultation, the tax positions are adopted by the Company.

In case of compliance for payment of statutory taxes like withholding tax, advance tax, self-assessment tax, goods and service tax, the cash flow budgets are planned and the roles and responsibilities are defined within the team to ensure payment of taxes is within the time limits specified under the law.

The Company has a Legal Compliance Software to monitor and comply to various statutory compliances. There is a robust mechanism to ensure timely compliance with automated controls. The compliance officer with the help of risk management and legal team ensures compliance to applicable Laws.

Tax Incentives for Development of Notified Areas

Our goals are aligned with the founding principles of our country which ensure an egalitarian development of all the parts of the nation. In this light, we endeavor to contribute towards the development of under developed regions of the nation by setting up and expanding manufacturing facilities in those regions. This results into an increased rate of employment and improvement in the overall standard of living of the people and the society. We have made substantial capital investment in those regions towards this objective.

We are happy to share that these efforts of ours have been recognised by various State Governments and tax incentives have been awarded to the Company for the capital investments made and the employment opportunities generated in notified areas including improvements in standard of living of consumers and vendors. We have also undertaken rehabilitation initiatives for those who are affected by our mining operations.

The Company is eligible for claiming incentives for investments made under the Industrial Policy of the Government of Maharashtra under PSI Scheme 2007 & PSI 2013 Scheme. The Company completed the

Phase 1 and Phase II expansion of 3.3 MTPA to 5 MTPA and 5 MTPA to 10 MTPA at Dolvi, Maharashtra in May 2016 and May 2021 respectively and has also received the eligibility certificate for the same basis which it has started availing incentives under the PSI 2007 since then. Further, the Company completed the second phase of expansion from 5 MTPA to 10 MTPA at Dolvi Maharashtra during the financial year 2021-22 and the Company has received Eligibility Certificate and addendum to it for the investment relating to Phase 2 capacity expansion from 5 MTPA to 10 MTPA in FY 2022-23. Accordingly, the Company has recognised a grant income amounting to ₹649 crore for the year ending March 2023.

JSW Vijayanagar Metallica Limited (currently under project stage) and Neotrex Steel Private Limited has opted for lower tax regime under Section 115BAB of the Act wherein the tax liability is determined at an effective rate of 17.16%.

The business decisions of the JSW Steel Group are driven by the commercial rationale, with taxation aspect and implications being given a fair consideration in the overall decision-making process.

TAX PRACTICE

Country by Country Reporting

We consider that it is important to increase the stakeholder's understanding of tax matters and their trust in larger corporate groups by being transparent about our tax affairs and cooperating with the tax authorities. More people than ever have a vested interest in tax matters and wish to obtain insights and understanding of board tasks and responsibilities, board oversight, effective tax-risk management, and auditable tax reporting. Tax transparency, reporting and the tax gap are in greater focus for governments, supranational groups, and NGOs.

We ensure that we provide adequate transparent disclosure of our tax affairs so that our stakeholders including the government are informed about how tax works in our JSW Steel Group and what are our tax governance practices. By making timely and adequate payment of taxes, we contribute to government revenues which support public infrastructure and services. We are committed to disclose our tax information (Tax contribution, our compliance with laws and regulations, etc.) under global sustainability standards and reporting of the public Country by Country (CbC) report. We are transparent about our tax payments, and we strive for an open dialogue with governments.

Approach towards Related Party Transactions

The related party transactions between JSW Steel Limited and the related parties adhere to the arm's length principle contained in the Companies Act, 2013, Income- tax Act, 1961, Income-tax Rules, 1962 and the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ('OECD Guidelines – January 2022') published by the Organisation for Economic Cooperation and Development. To determine the appropriate pricing and other terms of each transaction (including inter-corporate loans, guarantees, sale and purchase of goods, availing of services), a detailed analysis is carried out on the terms and conditions of the transaction, market rates, market demand and supply trends, third party pricing, third party quotations, government circulars, economic analysis, etc. which facilitates the characterisation of the transactions between related parties and assists in establishing a degree of comparability with similar transactions in uncontrolled conditions. The transactions entered

into by the Company (including inter-corporate loans, guarantees, sale and purchase of goods, availing of services), are approved by the Audit Committee, Board of Directors and the Shareholders of the Company, as required under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2022.

Adequate documentation as required under the respective laws and regulations is maintained to substantiate the arm's length principle.

The policy on dealing with related parties as approved by the Board is uploaded on the Company's website (<https://www.jsw.in/investors/investor-relations-steel>). The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.



ENGAGING WITH TAX AUTHORITIES AND REGULATORS

Tax Representations

We proactively share our views and suggestions on the overall tax framework of the Country keeping in mind the changing practicalities of the commercial landscape. We aim to ensure an inclusive growth of the business and economy as a whole.

As part of our tax advocacy initiative, we engage with governments as a member of trade associations, to represent our views on proposed amendments to the existing or proposed law which has an industry-wide impact and possible challenges in its implementation.

On certain occasions, we also directly represent to the government or make representation highlighting any concerns faced by the Company.

At all times, we maintain a respectful and professional demeanor towards the Government authorities. Our representations and discussion with the government is unbiased and keeping in mind the overall economic development of the Country as a whole. We have a stringent policy against any unethical and illegal gratifications. JSW Steel has developed and implemented a robust policy on Ethical Business Conduct which is uploaded on the website of the Company (<https://www.jsw.in/groups/sustainability-policies>).

Tax Assessments and Litigations

In case any adverse view is taken against the Company by any tax or appellate authorities, the tax team of the Company analyses the detailed fact pattern, extant law and jurisprudence on the subject matter before taking a decision to litigate further. The Company also consults its external tax advisors and legal counsels at the time of taking such decision.

Our tax team maintains a list of ongoing tax assessments and open tax matters initiated by or against the Company, which is updated on a real time basis. Our endeavor is to file timely responses to the information sought from various

tax authorities and act promptly to co-operate with the tax authorities on any ongoing tax scrutiny matter. Our responses provide a detailed explanation on the technical as well as the factual aspects based on which tax positions are adopted by the Company, supported by legal precedents or technical interpretations of the law. The Company represents the tax matters and also assistance is taken from the external tax advisors and legal counsels for representation as well as submitting required explanation. We actively take assistance from external tax advisors and senior legal counsels for drafting our responses while making representations.



ENGAGING WITH TAX AUTHORITIES AND REGULATORS

A detailed tax exposure analysis is carried out by the Company which is reviewed and vetted by the external tax advisors and the same is presented before the Audit Committee on an annual basis.

The key issues constituting the contingent liabilities of the Group Company as on March 31, 2023 are reported under Note 45 (Page 573) of the Annual report. An indicative list of such key issues are as follows:

- The Company has challenged a levy of Forest Development Tax('FDT')/Forest Development Fee('FDF') by the Government of Karnataka under Karnataka Forest (Amendment) Act 2016. The matter has been decided in favour of the Company by the High Court of Karnataka. Presently, an appeal filed by Karnataka Government against this order is admitted by Hon'ble Supreme Court. The appeal was admitted by the Supreme Court in 2018, however refund has been stayed. Since judgment has not been stayed, the Company continues to recognize the FDF as contingent liability. Both the FDT and FDF appeals are pending before the Hon'ble Supreme Court and yet to be scheduled for hearing. The total contingent liability recognised in this regard is ₹4,123 crore. Total Amount Paid under Protest up to 31st Dec 2023 is ₹1,985 Crores and amount charged to P&L is ₹1,102 Crores.
- The State of Goa has levied Green Cess on coal and coke amongst other materials under The Goa Cess on Products and Substances Causing Pollution (Green Cess) Act, 2013. This levy has been challenged before the Goa Bench of Bombay High Court and the court has passed an final order upholding the constitutional validity of the Goa Green Cess Act & dismissing the writ petition. There after company filed SLP in the Supreme Court against the High Court order & Court has passed interim order directing the State of Goa to proceed to make the assessment and issue formal demand to the company & pay to the State 50% of the said demand. Accordingly, the state of Goa, VAT department has done assessment from 2014-15 to 2022-23 and worked out demand of ₹45.58 Crores out of this aforesaid amount 50% amount i.e. ₹22.79 Crores has been deposited with Goa state exchequer. The total contingent liability in this matter recognised in this regard is ₹389 crore, provision has been created in the books and hence reduced from the contingent liability
- The Company is in receipt of a show cause notice for payment of rural cess under The Goa Rural Improvement Welfare Cess Act, 2000. The Company has responded to the notice and also filed a writ petition before Bombay High Court wherein the court has suspended the demand

and sought a reply from the State Transport Department. The total contingent liability recognised in this regard is ₹1,006 crore.

- GST – Enforcement unit had issued a show cause notice on cross charge of invoices raised from JSW Odisha registration to JSW Mumbai (ISD registration). Consequently, in a writ petition filed by the Company before Odisha High Court, the GST authorities were directed to hold fresh adjudication and pass a revised order. Accordingly, a revised order has been passed and the GST authorities have raised a demand of 2,678 crore. Further, the Department has passed order dated September 30, 2022 for ₹326 crore and the Company has filed appeal in December 2022 against which department has turned down our appeal vide order in original dated 28.08.2023 and upheld the demand. Hence, the total demand for this matter as on March 31, 2023 totalling to ₹3,004 crore out of which ₹217 crore is recognised as contingent liability and remaining amount is treated as remote. Appeal has to be filled against demand orders once GST Tribunals are constituted. Company has paid pre deposit of ₹316.70 Crores.

An indicative key issues of remote contingent liabilities are as follows:

Income Tax - In the re-assessment/ assessment proceedings for the AY 2013-14 and AY 2017-18, the tax officer has made transfer pricing adjustments, disallowed certain expenses and made certain additions in the income, which are having a tax impact of ₹1,667 crores and ₹1,940 crores respectively. While doing so, the tax officer has not considered the facts and judicial precedents on the issues involved. Aggrieved by the same, the Company has litigated the issue at appropriate appellate forums, which are currently pending for hearing. The Company has received an interim stay order from the Hon'ble Bombay High Court for AY 2013-14. The possibility of above assessment / reassessment proceedings going against the Company has been assessed as remote.

The legal department of the Company peruse open litigations in the respective codes based on the scheduled hearings for their earliest resolution. The Company is keeping updated on the judicial developments on the issue under litigation and also takes the opinion of the legal counsel from time to time.

Any matter that arises in a tax proceeding is escalated to Deputy CFO and/or CFO of the Company which is addressed by a discussion with them as mentioned in para 4 above.

BASIS OF PREPARATION

JSW Steel Group have reported the Contribution to Exchequer for JSW Steel and its subsidiaries above. The major contribution is bifurcated amongst India, USA and Italy. Contribution in other jurisdiction is reflected under 'Others' category.

JSW Steel and its subsidiaries have reported Contribution to Exchequer on cash basis. The reporting methodology followed for each type of Contribution to Exchequer has been detailed below:

Taxes Borne

Corporate Tax/Income Tax:

Direct Tax comprises of Corporate Income Tax but does not include Deferred Tax. These taxes are the actual payments made and TDS credit (net off refunds received) during the financial year under consideration with respect to Corporate Income Tax of the same year and/or of previous years.

Indirect Taxes:

Indirect Tax payments such as Customs Duty represent payments remitted to the Government Exchequer on cash basis. Indirect tax payments made for reverse charge liability and on imports paid in cash also form part of the amount of customs duty reported. Also, any indirect taxes paid which are not available as input tax credit are considered here. Typically, the amounts of Custom Duty have been obtained from various statutory periodic forms/returns and statements/challans or any other documents being filed and maintained with the relevant government authorities.

Other Taxes and Charges:

This comprises taxes/cess/charges paid on consumption of water, generation of electricity, DMF and NMET (mining related payments for the extraction of minerals and ore) property tax, municipal taxes, vehicle tax, panchayat tax and other taxes borne.

Taxes Collected

Indirect Taxes:

It comprises of other indirect taxes such as GST, VAT, professional tax, etc. which have been collected from customers or employees and deposited with the government. Payment of taxes on procurements paid to vendors are not considered here. Typically, the amounts of indirect tax payments have been obtained from various statutory periodic forms/returns and statements/challans or any other documents being filed and maintained with the relevant government authorities.

Withholding Taxes:

This includes withholding taxes deducted from vendors and employees and taxes collected at source from customers. A withholding tax is an income tax to be paid to the government by the payer of the income rather than by the recipient of the income by deducting the same from the consideration payable to the recipient. Withholding taxes usually apply to payments made to employees, vendors, service providers, non-residents, etc., of the company. This also includes taxes collected on various payments received from customers for prescribed goods or services.

Others

1) Corporate Social Responsibility (CSR)

This comprises of some social expenditures in the form of Corporate Social Responsibility (CSR) related contributions, etc. mandated under The Companies Act, 2013.

2) Bid Premium and Royalties

This comprises contributions made to the government in the form of Bid-premium and royalties payments made as per contractual terms of the Mining Development and Production Agreement entered with respective state governments

INDEPENDENT AUDITOR'S REPORT ON TOTAL CONTRIBUTION

Re: Independent Auditor's Report on the "Total Contribution" schedule forming part of the Tax Transparency Report for FY 2022-23 of JSW Steel Limited.

1. We, BANSI S. MEHTA & CO., Chartered Accountants, have been appointed by JSW Steel Limited (hereinafter referred as "the Company") vide engagement letter dated September 26, 2023 to issue a Report expressing our opinion on the accuracy of the "Total Contribution" schedule (consisting of the Company and its subsidiaries) for Financial Year 2022-23 ("the Statement") prepared by the Management, which forms part of its Tax Transparency Report for Financial Year 2022-23, based on the "Basis of Preparation" included in the said Tax Transparency Report.

Management's Responsibility

2. The preparation of the Statement in accordance with the Basis of Preparation is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents supporting its contents.
3. The Management's responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Our responsibility is to provide a reasonable assurance as to whether the Statement is prepared in accordance with the Basis of Preparation.
5. We have conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination and according to the information and explanations and representations given to us, we are of the opinion that the Statement is prepared, in all material respects, in accordance with the "Basis of Preparation".
8. This report is not issued under any statute/law.

Restriction on use

9. This report has been issued at the request of the Company solely for the purpose of forming part of the Tax Transparency Report for the Financial Year 2022-23 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No. 100991W

ANKIT AGRAWAL

Partner

Membership No. 131266

UDIN: 24131266BKDG0X1242

GLOSSARY

CARO	Company Audit Report Order
CCD	Compulsory Convertible Debentures
CFO	Chief Financial Officer
COE	Centre of Excellence
CSR	Corporate Social Responsibility
CST	Central Sales Tax
DMF	District Mineral Foundation
ESG	Environment, Social, and Governance
FY	Financial Year
GBS	Global Business Solutions
GST	Goods and Service Tax
₹	Indian Rupee
JSW Steel or the Company	JSW Steel Limited
JSW Steel Group	JSW Steel Limited and its Subsidiaries
MAT	Minimum Alternate Tax
NMET	National Mineral Exploration Trust
OFCD	Optionally Fully Convertible Debentures
Report	Tax Transparency Report
UK	United Kingdom
USA	United States of America
VAT	Value Added Tax
WHT	Withholding Tax

NOTES

NOTES

JSW Steel is the flagship business of the diversified, \$23 billion JSW Group. As one of India's leading business houses, JSW Steel Group also has interests in energy, infrastructure, cement, paints, sports, and venture capital. JSW Steel, is recognised as India's Best Employers Among Nation Builders, 2023 and has emerged as an organisation with a strong cultural foundation. Over the last three decades, it has grown from a single manufacturing unit to become India's leading integrated steel company with a capacity of 29.2 MTPA in India and the USA (including capacities under joint control).

Its next phase of growth in India will take its total capacity to 37 MTPA by FY 2024-25. The Company's manufacturing unit in Vijayanagar, Karnataka is the largest single-location steel-producing facility in India with a capacity of 12 MTPA. JSW Steel has always been at the forefront of research and innovation. It has a strategic collaboration with global leader JFE Steel of Japan, enabling JSW Steel to access new and state-of-the-art technologies to produce and offer high-value special steel products to its customers. These products are extensively used across industries and applications including construction, infrastructure, automobile, electrical applications, and appliances. JSW Steel is widely recognised for its excellence in business and sustainability practices.

Some of these recognitions include World Steel Association's Steel Sustainability Champion (consecutively from 2019 to 2023), Leadership Rating (A) in CDP (2022), Deming Prize for TQM for its facilities at Vijayanagar (2018), and Salem (2019). It is part of the S&P Dow Jones Sustainability Index (DJSI) for Emerging Markets (2021) and S&P Global's Sustainability Yearbook (consecutively for 2020 and 2021). JSW Steel is ranked 8th globally among the top steel producers by World Steel Dynamics. As a responsible corporate citizen, JSW Steel's carbon reduction goals are aligned with India's Climate Change commitments under the Paris Accord.

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