

**Effective Tax Rate**

The effective rate of income-tax borne by the company is 32.42%. The same has been determined as follows:

$$\begin{array}{rcl}
 \text{₹ 4,411 crores} & + & \text{₹ 3,602 crores} \\
 \text{Current Tax} & & \text{Deferred Tax} \\
 \hline
 \text{₹ 24,715 crores} & = & \text{32.42 \%} \\
 \text{Profit Before Taxes} & & \text{Effective Tax Rate}
 \end{array}$$

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 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 Income-tax Act, 1961.

The Company has made an assessment of the impact of opting to be taxed under Section 115BAA and has opted to continue to be taxed at the rate of 34.94% until utilisation of accumulated MAT credit and shall opt to new regime once MAT credit is utilised.

The Company maintains reconciliation of the enacted/ statutory 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 credited to profit and loss account

such as income from Mutual funds, Dividend from Shares, Deferred Tax on Fair Valuation of Optionally Fully Convertible Debentures/Compulsorily Convertible Debentures.

- Non-deductible expenses incurred by the Company such as CSR expenses, Interest under Income Tax, fines, penalties etc.
- Tax provision on disallowance of education cess pursuant to retrospective amendment in tax laws.

A comparative analysis of effective tax rate in current year vis-à-vis in last year is tabulated as under:

Particulars	FY 2021-22	FY 2020-21
Standalone Basis	32.42%	31.18%
Consolidated basis	29.61%	34.47%

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.