



Tax Transparency Report

for year ending March 2022

December 2022

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Glossary

Background

Sustainability in Business Operations

JSW Steel Limited ('JSW' or 'the Company'), the flagship company of the diversified USD 22 billion JSW 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 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. The 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 deep de-carbonisation and is actively pursuing a climate change goal. This has 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 efficient governance has been the key driving force in achieving our strategic focus of increasing profits, maximising efficiency and mainstreaming sustainability. 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.

₹ 1,77,098 crores

Overall market capitalisation
(March 31, 2022)

100+ countries

Diversified customer base spread

**Bhushan Power & Steel and
Monnet Ispat business**

Integration

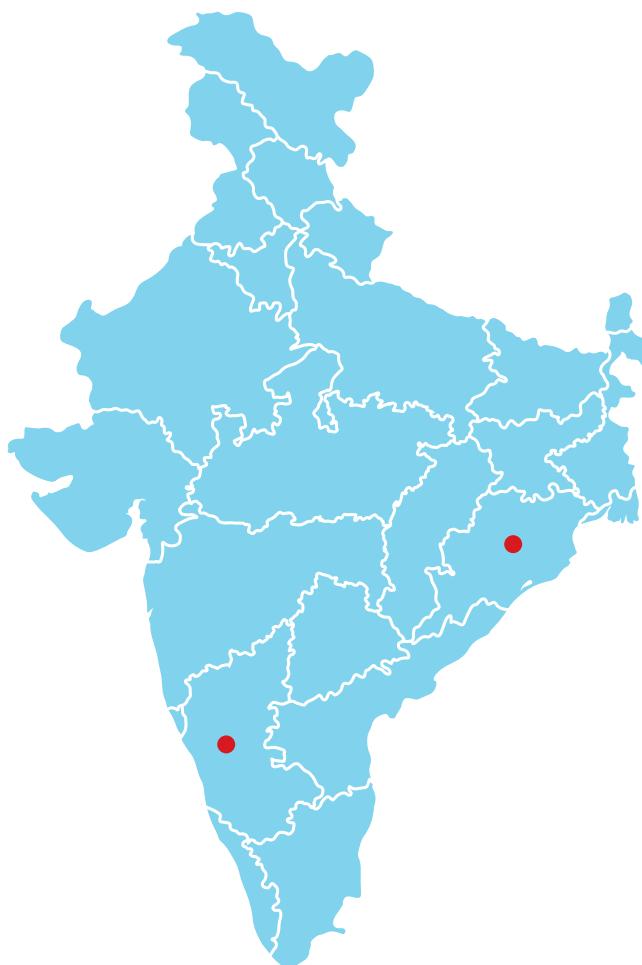
Presence in India and Abroad

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 such as the UK, Chile, Mozambique, Netherlands 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 45 direct and indirect subsidiaries and 11 joint ventures as of March 2022. The primary business activities and key highlights of each of our subsidiaries and joint ventures are disclosed under Page 100 - 104 and Page 405 - 410 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.



- Domestic crude steel capacity (including BPSL and JSW Ispat Special Products Ltd.) of 27MTPA
- Karnataka iron ore reserves – 216 MnT
- Odisha iron ore reserves – 1,135 MnT
- 31.62 MnT captive iron ore production
- Captive iron ore mines - 13

- Ohio – Hot rolling mill with a 3 MNTPA capacity. Partially backward integrated with a 1.5 MNTPA Electric Arc Furnace.
- Baytown – 1.2 MNTPA plate mill and 0.55 MNTPA pipe mill

- Piombino – 1.3 MNTPA finishing capacity
- Key products - Rails, wire rods, bars and grinding balls

Financial Performance

The consolidated turnover of JSW Steel Group for the year ending March 2022 is ₹ 1,43,829 crores. Out of this, JSW Steel contributes 62.96%, with a turnover of ₹ 90,550 crores (excluding sales to related parties). 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 ₹ 24,699 crores which is 21.12% of Total Revenue of JSW Steel.

The relevant financial parameters of JSW Steel Group across key geographies are tabulated below:

Countries	India	USA	Italy	Others
Primary Activities	Integrated manufacturing of diverse range of steel products	Integrated manufacturing of diverse range of steel products	Integrated manufacturing of diverse range of steel products	Mining related operations
Number of employees	22,907	734	1662	4
Turnover (Sale of products) (Excluding sales to related party)	₹ 1,33,889 crores [93% of total turnover]	₹ 7,070 crores [5% of total turnover]	₹ 2,869 crores [2% of total turnover]	0
Profit (Loss) before tax*	₹ 29,236 crores	₹ 1,451 crores	(₹ 85 crores)	(₹ 204 crores)
Income tax expense (Current tax + Deferred tax)*	₹ 8,681 crores	₹ 24 crores	₹ 9 crores	(₹ 1 crore)
Current tax expenses as per profit and loss statement	₹ 4,983 crores	₹ 27 crores	-	₹ 0.05 crores
Income tax paid	₹ 4,916 crores	₹ 15 crores	(₹ 2 crores)	₹ 0.09 crores

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

18.18 MnT

Consolidated Saleable Steel Sales

₹ 1,46,371 crores

Consolidated Annual Revenue (including other operating income)

₹ 20,938 crores

Consolidated Annual Net Profit After Tax

₹ 39,007 crores

Consolidated Annual Operating EBIDTA

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 our first Tax Transparency Report (Report) for FY 2021-22.

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 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 tax contributions made by the JSW 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 Group while meeting the tax obligations.

This is the first 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.

Covid-19 pandemic has left an almost unsurmountable and unruly impact on the global economy. The lockdowns led to massive loss of livelihood, employment as well as commercial output, adversely impacting the revenue flow for the governments throughout the world. With this perspective, the collection and payment of fair and just taxes by the corporate citizens is a bare minimum requirement and we at JSW are committed to ensure transparent and progressive contribution to this socio-economic objective.

As a responsible business house, with global footprint in 100+ countries, employing more than 23,000 people, we pursue a holistic tax policy that focuses on paying fair

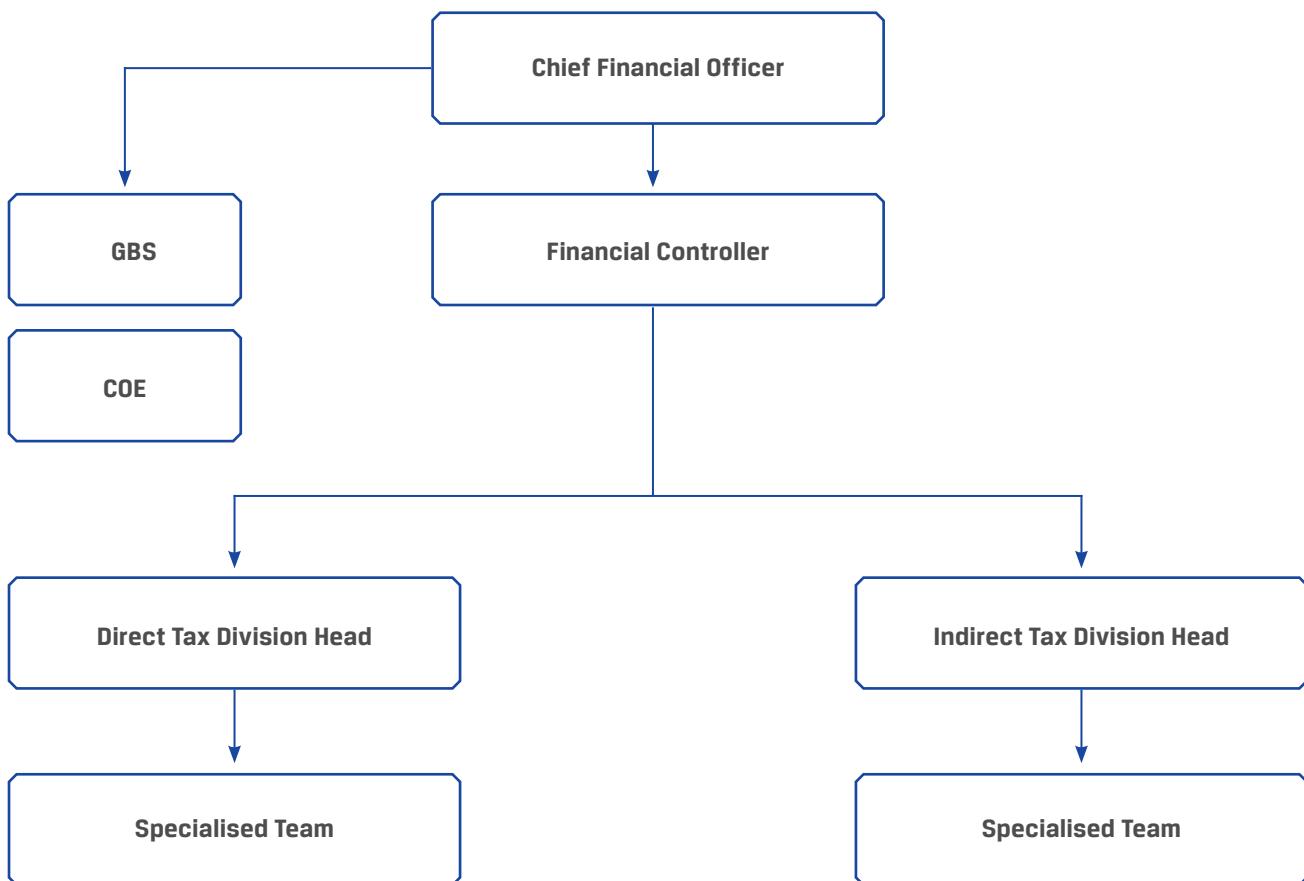
taxes in each of the jurisdictions we operate in. We strive to be transparent to our stakeholders on our approach towards tax and compliance with regulatory requirements in the countries of our operation. We believe in sharing the tax strategy followed by the Company, in order to build and maintain trust and credibility with our internal as well as external stakeholders.

In line with the above, we are glad to present our first Tax Transparency Report for the year ending March 2022. 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 group as well as tax contributions (as a part of the economic contributions) made by us towards the society.

JSW Tax Team

We have a robust team of tax professionals with rich experience and qualifications in the specialised areas of taxation. Our tax teams supplemented by our external tax advisors, collectively, have a comprehensive knowledge of the tax laws and regulations of all the countries we operate in. Our in-house tax team comprises of various sub divisions who specialise in their respective areas such as Income tax, GST, Customs and other direct and indirect taxes. Where considered necessary the tax team is supplemented by external tax advisors and legal counsels.

The in-house tax team periodically reviews the tax positions adopted by the Company in light of ongoing tax developments within and outside the organisation. Any significant tax development relevant to the JSW Steel Group business with its impact on the overall Group Tax Strategy is brought to the notice of the Financial Controller, CFO and Audit Committee. Further, any key tax matters where tax positions adopted by the Company are challenged by the tax authorities that may have material financial impact on our Company under tax exposure analysis are brought to the notice of the Audit Committee on quarterly basis.



Similar team structure and governance framework is followed across all the key domestic and overseas JSW Steel Group entities and plant locations.

Our Approach Towards Tax

Broad Approach

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.

We have an in-house team of competent tax professionals who monitor the tax positions adopted by the JSW Steel Group entities. The Company has internal tax framework which mandates independent evaluation on tax matters from technical and legal perspective coupled with analysing risk assessment. 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. 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.

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 Financial Controller 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. 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 Financial Controller and/ or CFO and takes guidance on complex issues.

We follow the OECD framework along with the domestic laws relevant to transfer pricing of goods and services among our group entities. We do not use jurisdictions classified as tax havens or low tax jurisdictions for diverting profits. 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.

Through our group tax policy, we commit to abide by the following aspects:

- We endeavor to comply with the letter and spirit of the tax laws and regulations of the countries in which we operate in.
- We have a strict resistance against shifting profits to low tax jurisdictions.
- We refrain from creating cross border tax structures without any commercial substance.
- We undertake related party transactions, both domestic and international, on arm's length basis.
- We do not use jurisdictions classified as tax havens for tax avoidance.

As a part of the Company's tax risk management procedure:

- Our tax team remains abreast of developments in the tax regulations and jurisprudence relevant to the tax matters of the Company.
- 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
- Consultations are sought from external tax advisors if any change in tax position is envisaged
- If necessary, the tax positions are revised after deliberation with the Board Committee on Finance.

For instance, the Government of India had, vide Finance Act 2022, introduced new provisions for withholding of tax under section 194R of the Income-tax Act, 1961 with effect from July 01, 2022. As per the said provisions, the Company is liable to withhold tax in case any benefit or perquisite is provided by the Company in the course of its business. This amendment to the law potentially increased the tax compliance and in some cases the tax cost of the Company. As a proactive response, in-line with the Company's tax risk management procedures, the tax team critically analysed the applicability of the provisions to various trade practices of the Company in tandem with the external tax advisors and consulted the business development team of the Company on the steps and checks to be ensured for due compliance with the new provisions.

The Company adopts a proactive action in case of any change in law or judicial views 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.

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

Our tax team looks after the following broad aspects of the business from tax perspective:

Principal driving the overall tax functions

Attitude towards tax planning

Tax practices including tax compliances

Total tax 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

Tax Disclosures

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 Financial Controller and overseen by the CFO of the company and presented before the Audit Committee.

Apart from the above refer disclosure, the outstanding tax liabilities on account of open tax matters are separately reported in the CARO Report by the statutory auditor of the Company and contingent liabilities in Page 180 of the Annual report of the company.

Tax Principles

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

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

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

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

Strict resistance against any form of tax evasion

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

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

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

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

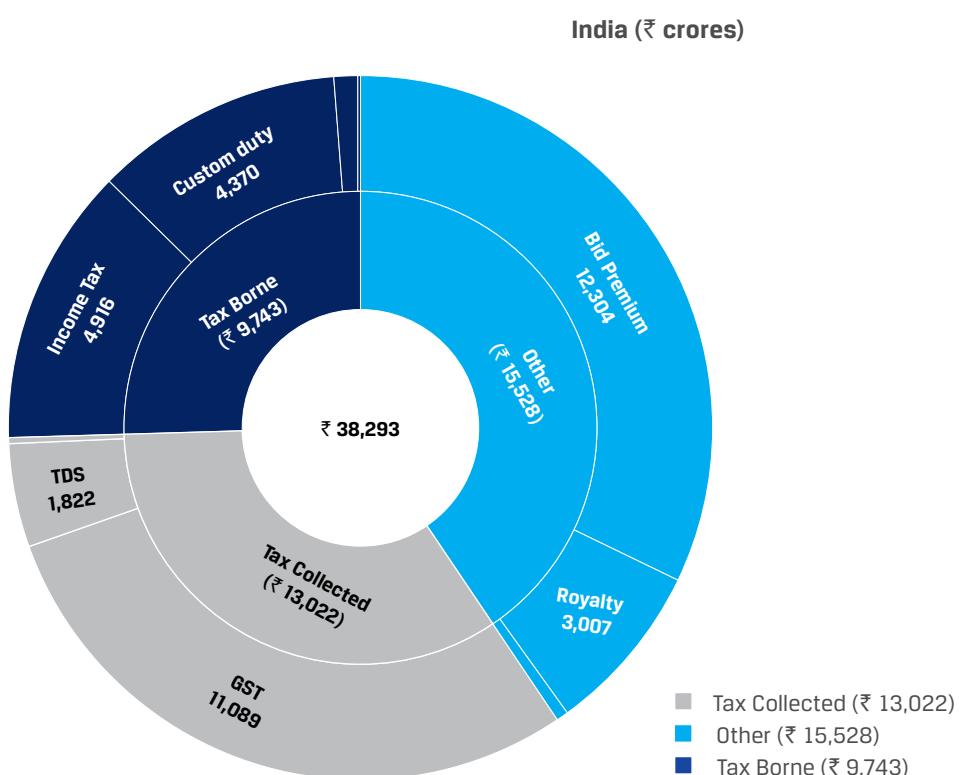
Total Tax Contribution

Tax 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 ₹ 38,293 crores i.e. 129% of the consolidated profit before tax of the Group in India, 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.

The contribution to the exchequer of JSW Steel on standalone basis for the FY 2021-22 is depicted below (on cash basis):



* Tax Collected in relation to TCS, VAT and Professional Tax is ₹ 111 crores,

* Tax Borne in relation to Electricity Duty and other Miscellaneous taxes is ₹ 457 crores

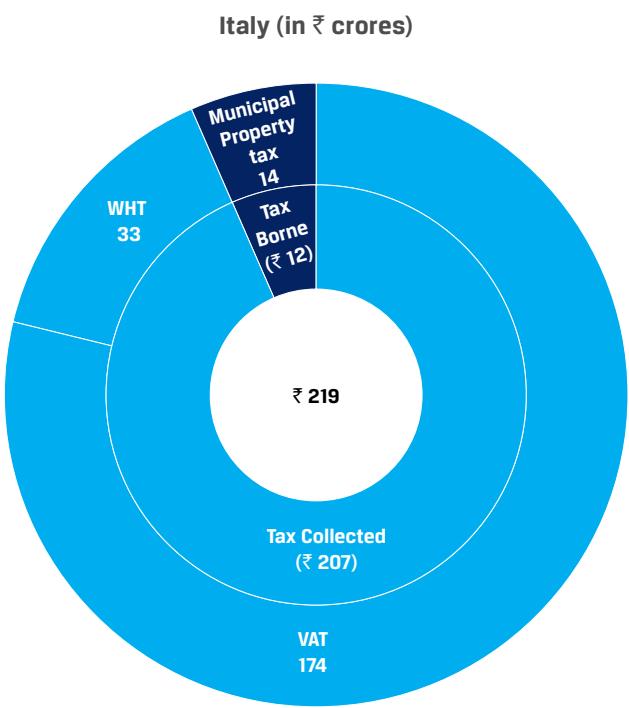
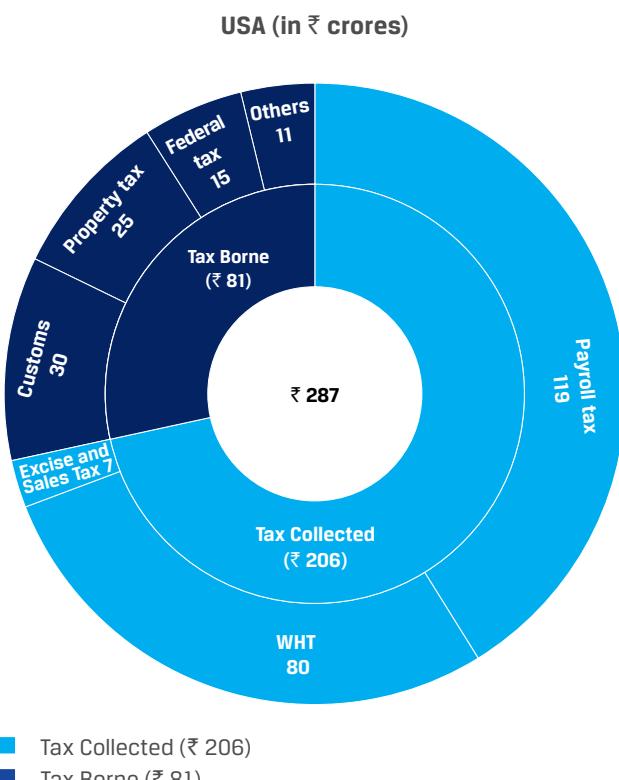
* Other includes CSR of ₹ 217 crores

Overseas tax contributions

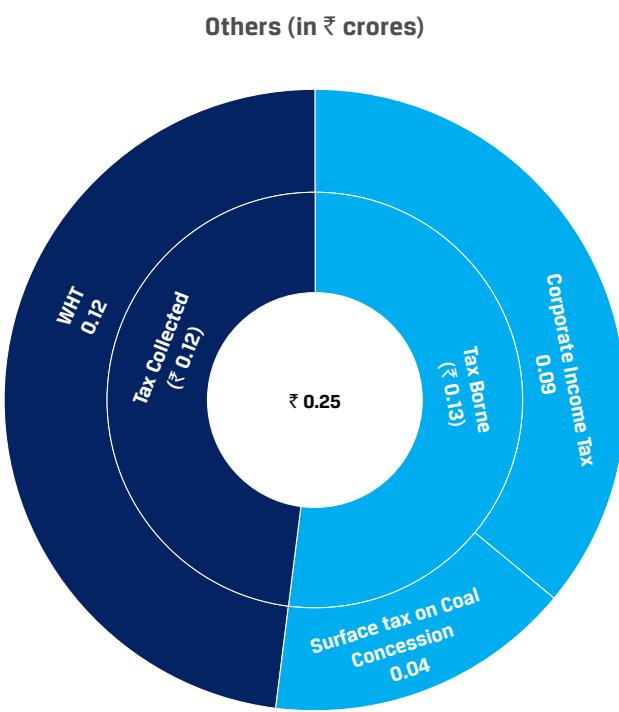
The Company, as a world citizen, plays a proud role in contributing to the exchequer of the world economies through its various overseas subsidiaries primary being Italy and USA. The Company aims to provide returns to the societies of these countries who have helped JSW Group set up base and earn revenues therefrom. Over the time, the growth and expansion of our overseas subsidiaries shall lead to an increased contribution of JSW 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 ₹ 506 crores i.e., 2% of the consolidated profit before tax of the Group outside India, to the exchequer in the form of various taxes and levies outside India.

The tax contribution in Italy, USA and other jurisdictions (on cash basis) is as follows:



- Tax Collected (₹ 206)
- Tax Borne (₹ 81)
- Tax Collected (₹ 207)
- Tax Borne (₹ 12)



- Tax Collected (₹ 0.12)
- Tax Borne (₹ 0.13)

* USA Pie-Diagram:

Tax Collected in relation to Excise and Sales Tax is ₹ 7 Crore.

* Italy Pie-Diagram:

Total Tax Borne is ₹ 12 Crore which is net of Municipal Property Tax of ₹ 14 Crore and Other Taxes of ₹ 2 Crore)

Effective Tax Rate

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

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

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.

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 Financial Controller 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 consumer 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 I and Phase II expansion of 3.3 MTPA to 5 MTPA and 5 MTPA to 10 MTPA at Dolvi, Maharashtra in May 2016 and during financial year 2021-22 respectively and has also received the eligibility certificate for the same basis which it has started availing incentives under the PSI 2007 since then. Accordingly, the Company has recognised a grant income amounting to ₹ 571 crores for the year ending March 2022.

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

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 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 association, to represent our views on proposed amendment 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 the government 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 matters. 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.

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 Company as on 31 March 31, 2022 2022 are reported under Note 45 (Page 274) of the Annual report. An indicative list of such key issues are as follows:

- The Company has challenged a levy of Forest Development Tax/ Forest Development Fee by the Government of Karnataka under Karnataka Forest (Amendment) Act 2016. The matter has been decided in favor 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 total contingent liability recognised in this regard is ₹ 3,710 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 interim order directing the State of Goa to not to take coercive steps till the matter is decided. The total contingent liability recognised in this regard is ₹ 293 crores
- 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 ₹ 969 crores
- 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 crores. Out of the same, the Company has recognised ₹ 200 crores as contingent liability and the balance demand as remote liability.

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 the CFO of the Company which is addressed by a discussion with him as mentioned in para 4 above.

Basis of Preparation

We have reported the Contribution to Exchequer to the Government by JSW Steel and our subsidiaries under section 5 above. Further, the entities which were liquidated or have insignificant operations as on March 31, 2022, 2022 have been excluded from reporting. The major tax contribution is bifurcated amongst India, USA and Italy. Contribution in other jurisdiction is reflected under 'Others' category.

We have reported Contribution to Exchequer on cash basis. The reporting methodology followed for each type of Contribution to Exchequer has been detailed below:

Corporate Tax/Income Tax:

Direct Tax comprises of Corporate Income Tax but does not include Deferred Tax. These taxes are the actual payments made 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 reported. Payment of taxes on procurements paid to vendors are not considered here. Also, any indirect taxes paid which are not available as input tax credit are considered here. It also includes other indirect taxes such as GST, and Excise Duty etc. which have been collected from customers and deposited with the government.

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:

Taxes collected include withholding taxes collected from vendors and employees, taxes collected from customers and other payroll taxes. 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. 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.

Mining Royalty and Charges:

This comprises contributions made to the government in the form of Bid-premium and royalties for mining-related operations, and other mining-related payments for the extraction of minerals and ore.

Other Taxes and Charges:

This comprises taxes/cess/charges paid on consumption of water, generation of electricity, property tax, municipal taxes, forest development tax, vehicle tax, panchayat tax and other taxes borne. In addition, professional tax that is withheld from employee remuneration which is paid to the government by the respective companies in the capacity of an employer are also included.

Independent Auditor's Report on Global Tax and Other Contribution

Independent Auditor's Report on 'Tax Contribution' schedule included in the "Tax Transparency Report FY22"

We, D S M S & Co LLP ('D S M S' or 'we'), were engaged by the management of JSW Steel Limited ('JSW Steel / the Company') to report on the 'Tax Contribution' schedule [consisting of JSW Steel Limited and its subsidiaries] contained in its Tax Transparency Report for the Financial Year ('FY') 2021-22, in the form of an independent audit report, concluding whether the 'Tax Contribution' schedule is properly prepared, in all material respects, based on 'Basis of Preparation' included in the Tax Transparency Report. We have verified the accompanying 'Tax Contribution' schedule for the year ended March 31, 2022, included in the Tax Transparency Report 2021-22 of JSW Steel headquartered in Mumbai, India.

Management's Responsibility

The Management of JSW Steel is responsible for the preparation and presentation of the Tax Transparency Report for the FY 2021-22 in accordance with the "Basis of Preparation" and is also responsible for maintaining such internal controls, as management determines necessary, to enable the preparation of the Tax Transparency Report for the FY 2021-22 in a manner that is free from material misstatement, whether due to fraud or error. The Management is responsible for preparing the Basis of Preparation.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of 'Tax Contribution' schedule of JSW that is free from material misstatement whether due to fraud or error and ensuring that it complies with laws and regulations applicable to its activities.

Independent Auditor's Responsibility

Our responsibility is to examine and express an opinion on the 'Tax Contribution' schedule of JSW Steel, based on our review and to report thereon, giving reasonable assurance, in the form of an independent conclusion based on the evidence obtained. We have taken into account ISA 805, which requires us to obtain reasonable assurance that the 'Tax Contribution' schedule for the FY 2021-22 is free from material misstatement, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, could

reasonably be expected to influence the economic decisions of users taken on the basis of this Tax Transparency Report for the FY 2021-22.

We have relied upon the audited financial statements and other evidence as made available to us for the purpose of this verification.

Our Opinion

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the 'Tax Contribution' schedule as contained in the Tax Transparency Report of JSW for the FY 2021-22 has been prepared properly, in all material respects, in accordance with the Basis of Preparation.

This Report is not issued under any statute / law.

Restriction on Use of our Report

This Report has been issued at the request of JSW Steel and should not be used by any other person. We are appointed only to verify whether the 'Tax Contribution' schedule contained in the Tax Transparency Report for the FY 2021-22 is in accordance with the Basis of Preparation shared with us and we are not the auditors of JSW Steel or any of its group entities.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than JSW Steel for any purpose or in any context. Any party other than JSW Steel who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than JSW Steel for our work, for this audit report or for the conclusions that we have reached.

Our report is released to JSW Steel on the basis that it shall not be copied, referred to or disclosed, in whole (save for inclusion in JSW Steel's Tax Transparency Report) or in part, without our prior written consent.

**For D S M S & Co LLP
Chartered Accountants
ICAI Firm Registration No.: W100834**

**Mihir Patwa
Partner
ICAI Membership No: 152605
UDIN: 22152605BGLTFW3773**

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
ESG	:	Environment, Social and Governance
FY	:	Financial Year
GBS	:	Global Business Solutions
GST	:	Goods and Service Tax
₹	:	Indian Rupee
JSW Steel	:	JSW Steel Limited, Company
MAT	:	Minimum Alternate Tax
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



JSW Steel is the flagship business of the diversified, US\$ 22 billion JSW Group. As one of India's leading business houses, JSW Group also has interests in energy, infrastructure, cement, paints, sports, and venture capital. JSW Steel, certified by Great Places To Work in 2021, 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 28.5 MTPA in India and the USA (including capacities under joint control).

Its next phase of growth in India will take its total capacity to 38.5 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 2022), Leadership Rating (A-) in CDP (2020 and 2021), 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 the only Indian company to be ranked among the top 15 global steel producers by World Steel Dynamics for 13 consecutive years since 2008. As a responsible corporate citizen, JSW Steel's carbon reduction goals are aligned with India's Climate Change commitments under the Paris Accord.

If undelivered, please return to:

JSW Centre

Bandra Kurla Complex,
Near MMRDA Grounds,
Bandra East,
Mumbai 400 051

P: +91 22 4286 1000
F: +91 22 4286 3000
E: contact@jsw.in
W: www.jsw.in