

NOTES

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

31. TAX EXPENSE

The major components of income tax for the year are as under:

	(₹ Millions)	
	Mar-18	Mar-17 (Restated)
Income tax related to items recognised directly in the statement of profit and loss		
Current tax - current year	8,792	4,280
- earlier years	(14)	53
Deferred tax charge / (benefit)	(369)	2,475
Total	8,409	6,808
Effective tax rate	36%	23%

A reconciliation of income tax expense applicable to profit before income tax at statutory rate to income tax expense at the Company's effective income tax rate for the year ended 31 March 2018 and 31 March 2017 is as follows:

	(₹ Millions)	
	Mar-18	Mar-17 (Restated)
Profit before tax	23,187	29,009
Income tax		
Statutory income tax rate of 34.608% (34.608%) on profit	8,024	10,040
Effect of differential tax rates for components	(2,882)	(4,090)
Tax effect on non-deductible expenses	791	1,195
Prior Years tax loss carry forward utilised	2	(39)
Non creation of deferred tax asset on unused tax losses	134	194
Additional allowances for tax purposes	(120)	(136)
Effect of exempt income and income taxed at lower rates	2,788	(437)
Tax credit availed	(450)	-
Tax effect for earlier years	(14)	53
Others	136	28
Tax expense recognised in the income statement	8,409	6,808

Deferred tax recognized in consolidated statement of other comprehensive income

	(₹ Millions)	
For the year ended 31 March	Mar-18	Mar-17 (Restated)
Employee retirement benefits obligation	14	(15)
Foreign currency translation reserve	2	(6)
Total	16	(21)

The applicable tax rate is the standard effective corporate income tax rate in India. The tax rate is 34.608% (34.608%) for the year ended 31 March 2018. Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.



NOTES

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Deferred tax recognized as on 31 March 2018

(₹ Millions)

Deferred Tax (liabilities)/ Assets in relation to:	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balance
Defined benefits obligation	265	30	14	-	309
Allowances for doubtful debts and advances	313	105	-	-	418
Unutilized tax losses	318	(170)	-	-	148
Disallowances under section 40(a)	(17)	466	-	-	449
Other disallowances	79	53	-	-	132
Depreciation and amortisation	(55)	(115)	2*	-	(167)
Tax liability on redemption of preference shares	-	-	-	(3,284)	(3,284)
Total	903	369	16	(3,284)	(1,996)

* Represents foreign currency translation reserve

Deferred tax recognized as on 31 March 2017

(₹ Millions)

Deferred Tax (liabilities)/ Assets in relation to:	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Derecognised on sale of subsidiaries / sports business	Recognised directly in equity	Closing balance
Defined benefits obligation	166	84	(15)	30	-	265
Allowances for doubtful debts and advances	337	(24)	-	-	-	313
Unutilized tax losses	62	(2,622)	-	-	2,878	318
Disallowances under section 40(a)	-	(17)	-	-	-	(17)
Other disallowances	76	96	-	(93)	-	79
Depreciation and amortisation	7	8	(6)*	(64)	-	(55)
Total	648	(2,475)	(21)	(127)	2,878	903

* Represents foreign currency translation reserve

The group has unused tax losses of ₹ 635 Millions (₹ 256 Millions) with no expiry on carry forward whereas ₹ 1,113 Millions (₹ 1,300 Millions) are available for offsetting over a period of time till 2026-27. The losses are mainly in the nature of business losses.