

## NOTES

### FORMING PART OF THE FINANCIAL STATEMENTS

#### 31. TAX EXPENSE

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

|  | (₹ Millions) |                   |
|--|--------------|-------------------|
|  | Mar-18       | Mar-17 (Restated) |
| <b>Income tax related to items recognised directly in the statement of profit and loss</b> |              |                   |
| Current tax - current year   | 8,645        | 3,851             |
| - earlier years  | (9)          | 54                |
| Deferred tax charge / (benefit)  | (444)        | 2,562             |
| <b>Total</b>   | <b>8,192</b> | <b>6,467</b>      |
| <b>Effective tax rate</b>  | <b>30%</b>   | <b>40%</b>        |

A reconciliation of income tax expense applicable to profit before income tax at statutory rate to the income tax expense at 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) |
| <b>Profit before tax</b>                                   | <b>27,311</b> | <b>16,151</b>     |
| <b>Income tax</b>  |               |                   |
| Statutory income tax rate of 34.608% (34.608%) on profit   | 9,452         | 5,590             |
| Tax effect on non-deductible expenses                      | 637           | 1,706             |
| Additional allowances for tax purposes                     | (24)          | (244)             |
| Effect of exempt income and income taxed at lower rates    | (1,433)       | (537)             |
| Tax credit availed   | (450)         | 6                 |
| Effect of change in tax rate                               | 2             | -                 |
| Tax effect for earlier years                               | 8             | (54)              |
| Tax expense recognised in the statement of profit and loss | <b>8,192</b>  | <b>6,467</b>      |

#### Deferred tax recognized in statement of other comprehensive income

|                            | (₹ Millions) |                   |
|----------------------------|--------------|-------------------|
| <b>For the year ended</b>  | Mar-18       | Mar-17 (Restated) |
| Defined benefit obligation | 15           | (6)               |

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.

The Company does not have any temporary differences in respect of unutilized tax losses.

#### Deferred tax recognized as on 31 March 2018

|  | (₹ Millions)    |                              |  |                               |                 |
|--|-----------------|------------------------------|--|-------------------------------|-----------------|
| <b>Deferred Tax (liabilities) / Assets in relation to:</b> | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Recognised directly in equity | Closing balance |
| Defined benefits obligation                                | 243             | 57                           | (15)                                     | -                             | 285             |
| Depreciation and amortization                              | 38              | (43)                         | -  | -                             | (5)             |



## NOTES

### FORMING PART OF THE FINANCIAL STATEMENTS

(₹ Millions)

| Deferred Tax (liabilities)/<br>Assets in relation to:                                | Opening balance | Recognised in<br>profit or loss | Recognised<br>in other<br>comprehensive<br>income | Recognised<br>directly in<br>equity | Closing balance |
|--|-----------------|---------------------------------|---|-------------------------------------|-----------------|
| Allowance for doubtful debts and advances  | 236             | 161                             | -   | -                                   | 396             |
| Unutilized tax credits on account of acquisition<br>and amalgamation (refer note 43) | 114             | (114)                           | -   | -                                   | -               |
| Disallowances under section 40 (a)   | 17              | 382                             | -   | -                                   | 399             |
| Tax liability on redemption of preference shares                                     | -               | -                               | -   | (3,284)                             | (3,284)         |
| <b>Total</b>   | <b>648</b>      | <b>444</b>                      | <b>(15)</b>                                       | <b>(3,284)</b>                      | <b>(2,209)</b>  |

#### Deferred tax recognized as on 31 March 2017

(₹ Millions)

| Deferred Tax (liabilities)/<br>Assets in relation to:                                | Opening balance | Recognised in<br>profit or loss | Recognised<br>in other<br>comprehensive<br>income | Recognised<br>directly in<br>equity | Closing balance |
|--|-----------------|---------------------------------|---|-------------------------------------|-----------------|
| Defined benefits obligation  | 152             | 86                              | 6   | -                                   | 243             |
| Depreciation and amortization  | 6               | 32                              | -   | -                                   | 38              |
| Allowance for doubtful debts and advances  | 167             | 68                              | -   | -                                   | 236             |
| Unutilized tax credits on account of<br>acquisition and amalgamation (refer note 43) | -               | (2,765)                         | -   | 2,879                               | 114             |
| Disallowances under section 40 (a)   | -               | 17                              | -   | -                                   | 17              |
| <b>Total</b>   | <b>325</b>      | <b>(2,562)</b>                  | <b>6</b>  | <b>2,879</b>                        | <b>648</b>      |