

**Notes to consolidated financial statements** for the year ended March 31, 2018**18. Income taxes** (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2018:

INR Crores

	March 31, 2018	March 31, 2017
Accounting profit before tax	2,305	1,922
<b>Accounting profit before income tax</b>	<b>2,305</b>	<b>1,922</b>
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	798	665
Profit taxable at higher/lower/nil tax rates in certain jurisdictions	(451)	(416)
Investment allowance on new Plant and Machinery	-	(16)
Additional deduction on expenditure on research and development	(7)	(15)
Adjustment of tax relating to previous years	(144)	-
Other tax credits and allowances	(38)	(27)
Income exempt for tax purpose	(22)	(35)
Impact of change in tax rates	41	-
Utilisation of previously unrecognised tax losses	1	(15)
Share of results of associates and joint ventures	32	6
Other non-deductible expenses	11	7
Unrecognised deferred tax asset on carry forward losses	74	24
Others	(20)	11
<b>At the effective income tax rate of 11.93% (31 March 2017: 9.81%)</b>	<b>275</b>	<b>189</b>
Income tax expense reported in the statement of profit and loss	275	189
	<b>11.93%</b>	<b>9.81%</b>

**c) Deferred tax**

INR Crores

Deferred tax relates to the following:

	Balance Sheet		Statement of profit and loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Accelerated depreciation for tax purposes	(267)	(270)	(3)	(312)
Fair value of derivatives	-	-	-	(3)
Unrealised profits on intercompany transactions	185	233	48	(82)
Financial assets impairment - expected credit loss	135	146	11	(19)
Carry forward of tax losses and unabsorbed depreciation	84	131	47	(79)
Leave encashment	25	23	(2)	(5)
Minimum alternative tax credit	69	12	(57)	80
Defined benefits obligation - Gratuity	14	7	(7)	(5)
Provisions and others	196	219	23	316
Exchange impact	-	-	(17)	-
<b>Deferred tax expense/(income)</b>			<b>43</b>	<b>(109)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>441</b>	<b>501</b>		

Reflected in the balance sheet as follows:

INR Crores

	Balance Sheet	
	March 31, 2018	March 31, 2017
Deferred tax assets	529	670
Deferred tax liabilities:	(88)	(169)
<b>Deferred tax liabilities, net</b>	<b>441</b>	<b>501</b>