



Other Expenditure /Prior Period Adjustments

Other expenditure includes various operational, selling and administrative expenses, most significantly under-loading expenses paid to Indian Railways, mine rehabilitation expenses, security expenses, and rent, rates and taxes. Miscellaneous expenses also include traveling expenses, employee training expenses, cost of printing and stationery, communication, advertisement and publicity related expenses, freight charges for stores and materials, demurrage paid to Indian Railways and land/crop compensation and hire charges for office administration equipment.

Other expenditure also includes royalty & cess and excise duty payable on own consumptions including feedstock to washeries. These costs form part of the washery cost and are recovered through washeries sales revenue. Due to increased washery production and also due to increased clean energy cess and additional amount on royalty in the form of District Mineral Foundation and National Mineral Exploration Trust, these charges accounted for in other expenditure were higher. Further, there was an element of arrear water tax paid during the year in one of the subsidiary. All these contributed to increase in other expenditure.

Miscellaneous Expenses/Prior Period adjustments increased by ₹814.00 crore, i.e. 26.44%, from ₹3078.36 crore in FY 2014-15 to ₹3892.36 crore in FY 2015-16.

Taxation

Income tax expense comprises current tax expense and deferred tax expense or income computed in accordance with the relevant provisions of the Income Tax Act and Accounting Standards, as amended. Provision for current taxes is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act.

Net Deferred tax assets/ liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits shown in our financial statements. Deferred tax assets and liabilities are measured using tax rates and tax regulations enacted or substantively enacted up to the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the financial statement of the relevant financial year of change of rate. Deferred tax assets in respect of carry forward losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Other deferred tax assets are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

The total income tax expenses during current FY 2015-16 is ₹7314.79 crore as against ₹7857.30 crore in previous year resulting in effective tax rate of about 34 % in FY 2015-16 as against effective tax rate of about 36% in FY 2014-15.

The decline in tax expenses was largely due to the effect of actual write off of certain bad debts during the year, which were provided as doubtful earlier. As per provisions of Income Tax Act, 1961 the actual tax benefit (of allowance of expenditure) accrues only on writing off and not at the time of making such provisions and hence, the tax benefit has accrued during FY 2015-16 on occurrence of write off.

BREAK UP OF PROFITS

| | | (₹ in crores) |
|--|----------|---------------|
| Particulars | 2015 -16 | 2014 -15 |
| Profit Before Tax (PBT) | 21589.09 | 21583.92 |
| Income Tax | 7314.79 | 7857.30 |
| Profit for the period from continuing operations | 14274.30 | 13726.62 |
| Profit/(Loss) from discontinuing operations | (0.01) | (0.01) |
| Profit for the period | 14274.29 | 13726.61 |
| Less:- Share of Minority | (0.04) | (0.09) |
| Profit for the group (PAT) | 14274.33 | 13726.70 |