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Income tax expense consists of the following:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Year ended December 31, 2014:	—	33,603,466	33,603,466
Year ended December 31, 2013:	—	18,410,575	18,410,575

Tax rate reconciliation

The applicable Indian statutory tax rate for the tax year ended 2014 and 2013 is 34.61% and 33.99%, respectively.

Income tax expense differed from the amounts computed by applying the statutory Indian income tax rate of 34.61% to profit before income taxes.

	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Current tax		
Income tax at Indian statutory rate	34.61%	34.61%
<i>Increase (reduction) in income taxes:</i>		
Impact of tax holidays	63.27%	321.27%
Indexation benefits on land	(4.67%)	(30.65%)
Valuation allowance	4.67%	30.65%
Others	0.43%	(10.27)%
Effective tax rate	<u>98.31%</u>	<u>345.61%</u>

Significant component of deferred taxes

The significant components of deferred tax assets and liabilities attributable to income from operations for the year ended December 31, 2014 and December 31, 2013 are as follows:

	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Deferred tax assets / liabilities		
<i>Deferred tax liabilities:</i>		
Plant and equipment, principally due to differences in depreciation	52,014,041	18,410,575
<i>Deferred tax assets:</i>		
Land, due to indexation benefits in tax	3,227,940	1,632,737
Less: valuation allowance	(3,227,940)	(1,632,737)
Net deferred tax liabilities	52,014,041	18,410,575

The Company has unabsorbed depreciation for Indian income tax purposes of INR 204,880,652 as at December 31, 2014 and INR 142,405,580 as at December 31, 2013 which are available to offset future taxable income, if any, over an indefinite period. In addition, the Company has a net operating loss carryforward of INR 128,772,265 as at December 31, 2014 and 2013 which is available to offset future taxable income, if any, until the tax year ended March 31, 2021.

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