

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,2014 (CONTD.)

### 31 INCOME TAX MATTERS

The Director General of Income Tax (Exemptions) withdrew exemption granted to the Company u/s 10(23C)(iv) of the Income Tax Act, 1961, from the Assessment Year 2009-10 and onwards on the grounds that the Company is engaged in activities of trade, commerce or business or rendering services in relation to trade, commerce or business as per the amended proviso of Section 2(15) of the Income Tax Act, 1961, effective from 1.4.2008, inspite of the Company retaining its basic character of a charitable organisation, having registrations u/s 25 of the Companies Act, 1956, and u/s 12A of the Income Tax Act, and functioning without any change since inception in its character of working as well as sources of income.

As per the legal advice, the Company contested the withdrawal of exemption in the Hon'ble High Court of Delhi. The arguments in the matter have been completed and the pronouncement of the judgment is awaited.

Consequent to the said withdrawal of exemption, demands were raised for the Assessment Years 2009-10, 2010-11 and 2011-12 and the TDS & other refunds due to the Company were adjusted against these demands. Besides, as per directions of the Income Tax Department, the Company also deposited some amounts under protest. The further deposit of demands was stayed in view of the matter pending in the Hon'ble High Court of Delhi.

The position of demands raised and paid/adjusted till 31.3.2014 are as under:-

Assessment Year	Demand Raised (Rs.)	Demands Paid under protest and refunds adjusted (Rs.)	Balance Pending demands (Rs.)	Remarks
2009-10	860,601,190	430,225,710	430,375,480	Recovery of balance demand stayed
2010-11	367,599,750	92,712,990	274,886,760	-do-
2011-12	330,785,060	-	330,785,060	Recovery of demand has been stayed till decision by the CIT (Appeals)
Total	1,558,986,000	522,938,700	1,036,047,300	

As the matter of withdrawal of exemption is sub-judice and the Company is hopeful of a favourable decision, no provision for the total demand of Rs.1,558,986,000 and interest and penalties, if any, have been made in the accounts. However, the same is included as a Contingent Liability at Note No.30(a). Further, no provision for income tax for the subsequent Assessment years 2012-13, 2013-14 and 2014-15 have been made in the accounts. Accordingly, no provision for deferred tax as per Accounting Standard-22 has been made in the accounts.

The adjustment of refunds and amounts deposited by the Company under protest have been reflected in the accounts as "Income Tax Recoverable".