

## Textual information (26)

### Disclosure of accounting policies, change in accounting policies and changes in estimates explanatory [Text Block]

#### NOTE 1: CORPORATE INFORMATION

Integrated Enterprises ( India ) Private Limited (the company) was incorporated under the provisions of the Companies Act, 1956 (the erstwhile Act). The company provides financial services like distribution of financial instruments viz. mutual funds, bonds& deposits, depository participant, and stock broking.

#### NOTE 2: A.SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements: The financial statements of the Company have been prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) on accrual basis under the historical cost convention. Indian GAAP comprises mandatory Accounting Standards prescribed under the section 133 of Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified. The preparation of the financial statements, in conformity with Indian GAAP principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. The assets and liabilities have been classified as current and non - current based on a twelve month operating cycle and based on Management's intention.

2.2 Revenue Recognition: Income is recognized on accrual basis. Income recognised includes service tax wherever applicable. Dividend income is recognized as and when the same is declared and received.

2.3 Fixed Assets: Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Spares and accessories which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the cost as adjusted for net book value of the asset exchanged and any balancing cash consideration.

2.4 Depreciation: The Company has provided for depreciation on tangible assets (as and when put to use) on written down value basis based on the useful life specified in Schedule II to the Companies Act, 2013. Assets individually costing Rs.5,000/- or less acquired during the year, if any, are fully depreciated.

Depreciation has not been provided during the year in respect of assets where the carrying cost of the same as on 1st April 2014 is less than 5% of the original cost of the asset.

Depreciation on addition to Fixed Assets: Depreciation on addition during the year has been charged on full year basis irrespective of the month of addition on the useful life specified in Schedule II to the Companies Act, 2013.

2.5 Investment: All investments are classified as Current investments and they are carried at cost or market value whichever is lower. Cost of investments includes acquisition charges such as brokerage, fees and duties.

2.6 Stock in Trade: There is no stock in trade (being stock of shares)

2.7 Employee retirement benefits: The Company has retirement benefits such as Provident Fund and Gratuity. Retirement benefits in the form of Provident Fund schemes are charged to the profit and loss account of the year when the contributions to the respective funds is due. Gratuity is covered by group policy with the Life Insurance Corporation of India, the premium of which is charged to revenue. Provisions for incremental liability in respect of encashable privilege leave are made as per independent actuarial valuation at the year end.

2.8 Deferred Tax : Deferred tax is recognized on timing difference, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or subsequently enacted as at the reporting date. Deferred tax liabilities are recognized for all timing difference. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing difference of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax law and the Company has a legally enforceable right for such set off. As a matter of commercial prudence the company has not recognized the deferred tax asset.

2.9 Provision for Income Tax: Tax liability is provided for Taxable income of the current year as per the applicable tax rates and tax laws under the Income Tax Act, 1961.

2.10 Impairment of Assets: The carrying amount of assets is reviewed at each Balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized when the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

2.11 Foreign Currency Transactions : Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transaction.

22. D) i) RELATED PARTY DISCLOSURE: Related party disclosure as per Accounting Standard AS 18 Related Party Disclosure are as follows.

Integrated Insurance Broking Services Private Limited

Enterprise in which relative of the shareholder who is having substantial interest in the reporting enterprise is having substantial interest.

Integrated Investment Management Services LLP

Enterprise in which relative of the shareholder who is having substantial interest in the reporting enterprise is having substantial interest.

(Rs. In lacs)

Name of the Party Nature of Transaction 2016-17 2015-2016

Integrated Insurance

Broking Services

Private Ltd Rental income Rs.13.74 lacs Rs.11.82 lacs Integrated Investment

Management Services

LLP Advance Amount Rs.750 lacs Nil

Integrated Investment

Management Services

LLP Interest Income Rs.20.27 lacs Nil



No income from/expenditure to the related party claimed / offered in the earlier year has been written back / written off in this year.

Key Management Personnel

Mr. V.Sriram Whole Time Director

Mr. V.Krishnan Whole Time Director

Mr. S. Sridhar Chief Financial Officer

Mrs. N. Subha Company Secretary

The compensation details of Key management personnel as defined under Accounting Standard (AS 18), - related party disclosures, which comprises Whole time Directors, Chief Financial Officer and company Secretary are as follows:

Particulars Year Ended

31.03.2017 31.03.2016

Salary and other employee benefits to

whole time Directors, Chief Financial Officer Rs.168.56 lacs Rs.188.94 lacs

and Company Secretary

#### 23. Provisions for Income Tax:

In the current year, the company has made provision for tax of Rs.230.00 lacs towards Income Tax liability on current year's income.

#### 24. Disputed Tax:

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Name of the Statute Nature of Dues Amount in Asst Years When the Rs. lacs Forum dispute is pending

Income Tax Act, Income Tax Nil 2001-2002 Hon'ble High Court, Chennai

1961 Nil 2002-2003 Hon'ble High Court, Chennai

Nil 2003-2004 ITAT Chennai

Nil 2004-2005 ITAT Chennai

Nil 2006-2007 ITAT Chennai

Nil 2007-2008 Hon'ble High Court, Chennai

Nil 2008-2009 CIT Appeals

Nil 2009-2010 CIT Appeals

Nil 2010-2011 CIT Appeals

Nil 2012-2013 CIT Appeals

Nil 2013-2014 CIT Appeals

10.29 2014-2015 CIT Appeals

(Erstwhile Transferor Company Integrated Securities Ltd.)

@ 238.22 2008-2009 ITAT Chennai

Nil 2009-2010 CIT Appeals

@ adjusted against refund



The demands relating to various years as above have been paid/adjusted against refunds. The company is confident of defending the disputed matter successfully. Hence no provision has been made.

A sum of Rs.28.52 lacs and Rs.12.61 lacs representing the interest charged u/s. 234 (B) and u/s. 220(2) of the Income-tax Act is disputed by the Company and Interest waiver petitions have been preferred before the income tax Authorities. However provision has already been made in the accounts towards the said disputed interest.

The IT department has filed appeals for the AY 2001-2002 to AY 2004-2005, AY2006-2007 and AY 2007-2008 with IT Appellate Tribunal / Hon'ble Madras High Court on issues which have been won by the company with lower authorities. As the company is confident that the appeals will be decided in its favour ultimately, the company has not made any provision therefor.

#### 25. Contingent Liabilities:

Bank Guarantee for Rs.2488.75 lacs (Previous Year Rs.2518.50 lacs) for stock exchanges for capital market operations is extended. Cash margin of Rs.1244.86 lacs (Previous Year Rs.937.00 lacs) for Bank Guarantee is given by way of Fixed Deposit with Lien marked over the same.

The company extended its fixed deposit of Rs.130.00 lacs as security for the loan availed by Softsmith Infotech Pvt. Ltd. from City Union Bank Ltd. The outstanding as on 31.3.2017 was Rs.101.00 lacs.

#### 26. Expenditure in Foreign Currency

During the year Rs. Nil. (31.03.2016 Rs.Nil )

#### 27. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of the information and records available with the management and confirmation sought from suppliers who are registered with the specified authority under MSMED, in the absence of confirmation from the Vendors regarding their status, the Company is unable to quantify the amount outstanding at the period end.

#### 28. EARNINGS PER SHARE

Particulars 2016-17 2015-16

Profit for the year (A) Rs. In lacs 489.33691.09

Weighted average number of equity shares outstanding (B) 4,00,00,000 1,20,00,000

Basic Earnings per share (face value Rs 1/-) -(C) = (A) / (B) 1.22 5.75

#### 29. Sundry Debtors, Sundry Creditors and other balances are subject to confirmation.

30. Additional information has been provided by way of foot notes where ever possible in respect of items of income or expenditure which exceeds 1% of revenue from operations.

#### 31. Disclosure on Specified Bank Notes:

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31,2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars \*SBNs Other denomination notes Total

Closing cash in hand as on 08.11.2016 1000 380 1380

(+) Permitted receipts- 432680 432680

(-) Permitted payments - - -

(-) Amount deposited in Banks 100 431220 432220

Closing cash in hand as on 30.12.2016 - 1840 1840

\* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407 (E), dated the November 8, 2016.

# In the ordinary course of business the company collects fees in cash from various employees of IT industry at Chennai, Bangalore and Hyderabad for registering their bio-metrics in the capacity of PoS appointed by NDML which is shown as permitted receipts.

32. Scheme of Arrangement (Demerger): A Scheme of Arrangement (Demerger) of Integrated Enterprises (India) Ltd.(IEIL)(Demerged Company 1), Integrated Registry Services Ltd (IRSL) (Demerged Company 2) and IEP Insurance Broking Services Private Limited (IEPIB)(Demerged Company 3) with Integrated Registry Management Services Pvt. Ltd.(IRMS)(resulting company), pursuant to the provisions contained in sections 391 to 394 of the Companies Act, 1956 as approved by the shareholders of the respective demerged companies & the resulting company, was sanctioned by the Hon'ble High Court of Judicature at Madras on June 3, 2016.

In terms of the Scheme of Arrangement (demerger), the Registry Business Division, Investment Business Division and related assets & liabilities of the demerged company 1 (IEIL) was transferred at book value to the resulting company (IRMS) and the Paid up Share Capital of the company was reduced to Rs.4,00,00,000/- consisting of 4,00,00,000 equity shares of Rs.1/- each fully paid with the effect from 1.4.2016.

Further, with the effect from 1.4.2016, the status of the company has been changed to Integrated Enterprises (India) Private Limited as approved by the Hon'ble High Court of Judicature at Madras on June 3, 2016.

Further, as per the said order of the Hon'ble High Court of Madras, the following assets and liabilities of the demerged company have been transferred to the Resulting company with the effect from April 1, 2016:

(Rs. In lacs)

Investments 5255.83

Current Assets 89.18

Current liabilities (76.05)5268.96

Shareholders account (Capital reduction) 800.00

Shareholders Reserves reduction 4468.96 5268.96

The process of completing the other formalities to comply with the Court Order and regulatory authorities is in final stages.

33. Previous year figures have been re-grouped wherever necessary to compare with the current year figures.