



# Kumra Bhatia & Co.

CHARTERED ACCOUNTANTS

8, VASANT ENCLAVE, PALAM MARG  
NEW DELHI - 110 057

TEL : +91-11-2614 1630, 2614 8076  
+91-11-4100 8405, 4100 8406  
FAX : +91-11-2614 8122  
E-MAIL : kumrabhatia@hotmail.com  
hemantkumra@hotmail.com  
pkb54@live.com  
HEMANT KUMRA : +91-11-26142096, 26144780 (Res.)  
PRAVEEN BHATIA : +91-11-26661035

## Independent Auditors' Report

### To the Members of Intelligent Communication Systems India Limited

#### **Report on the financial statements**

We have audited the accompanying financial statements of Intelligent Communication Systems India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the statement of Profit and Loss and the Cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information only in respect of the operations in India. The accounts of Kuwait branch are unaudited but certified by the management. These are incorporated in the annexed statements, as per figures appearing in the books of accounts.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimated made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.





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- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

## Report on other legal and regulatory requirements.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

PLACE : NEW DELHI  
DATE : 08.09.2014

For Kumra Bhatia & Company  
(FRN 002848N)  
Chartered Accountants

  
Sharad Pathak  
Partner (M.No: 81724)



**ANNEXURE REFERRED TO IN THE PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS**

1.
  - a) *The Company is maintaining records in soft format which do not show certain prescribed particulars like identification numbers and situation of fixed assets. The records are not maintained in hard copy/ physical form.*
  - b) *The management has not carried out physical verification of the fixed assets during the year.*
  - c) *Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.*
  
2.
  - a) *As per the management company carries on the trading activities on back to back basis, i.e the goods ordered by the customers are supplied by the vendors on back to back basis and therefore, generally on any given point of time, inventory is not held by the company, except at the year end where goods remain to be supplied to customers against purchase bills booked at the year end. The company does not maintain stock records.*  
  
*The management has not physically verified inventories including those of stationery items at the year end.*
  
3. *The company has not taken any loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.*
  
4. *In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and service. During the course of audit we have observed major weakness in internal control system. The company does not have proper controls in place for recording the substantial amount of expenses, revenues and the connected statutory liabilities on time, which in many instances, have been accounted for at year end. Due to such practices the statutory liabilities including Service tax, PF, ESI and TDS etc. have been recognized and booked in accounts at the year end. The company has no system / policy for identifying and following up of write off / write back of old debit and credit balances and there is no system in place to obtain confirmations from the parties.*
  
5. *In respect of transaction of contracts covered U/S 301 of the Companies Act, 1956.*  
  
*In our opinion and according to the information and explanation given to us, there are no such contracts or arrangement during the year that needed to be entered into in the register maintained U/s 301 of the Companies Act, 1956.*
  
6. *The Company has not accepted any deposits, during the year, from the public within the meaning of section 58 A and 58 AA of the Companies Act and the Rules framed there under.*
  
7. *The Company has a system of getting the internal audit done. This system needs to be strengthened so as to make it commensurate with its size and nature of business. The internal audit needs to be done during the year and on regular intervals so as to make it meaningful.*
  
8. *The Central Government has not prescribed for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.*





9. *In respect of Statutory dues:*

According to the records of the company, the company has been generally irregular in depositing undisputed statutory dues including Provident Fund, ESI, Income-tax, Sale-tax, Service Tax and other statutory dues with the appropriate authorities. In case of manpower supply contracts, PF/ESI is deposited as and when received from the customers, as also the service tax liability is booked after the amount is received from customers. The company has old liability of Rs 15,55,807.59 towards service tax, for services which were rendered in earlier years. As per service tax law in force at that time, this service tax liability would become due for payment only after it is collected from customers. The company has however not kept records to identify the parties and bills against which this service tax is outstanding as liability. In absence of this information the company has not been able to identify whether this service tax has become due for payment or not. In view of this we are unable to report whether arrears of undisputed service tax as at 31<sup>st</sup> March, 2014 include amounts which were outstanding for a period of more than six month from the date they became payable.

10. The Company has no accumulated losses.
11. In our opinion and according to the information and explanations given to us the Company does not carry on the business of a chit fund and is not a nidhi/mutual benefit fund/society.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
13. The Company has not done any trading in shares and mutual funds.
14. In our opinion and according to the information and explanation given to us, the Company has not given guarantees for loans taken by other from banks or financial institutions during the year.
15. On the basis of the verification of records and information and explanations given to us, the Company has not taken any loans from financial institutions or banks.
16. On the basis of an overall examination of the Balance Sheet of the company and according to the information and explanations given to us, in our opinion, there are no funds raised on a short-term basis or long-term basis.
17. During the year, the Company has not made any preferential allotment of share to parties and companies covered in the Register maintained under section 301 of the Companies Act 1956.
18. The company has not issued any debenture during the year.
19. The company has not raised any amount by public issue.
20. Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

PLACE : NEW DELHI  
DATE : 08.09.2014

For Kumra Bhatia & Company  
(FRN-002848N)  
Chartered Accountants

Sharad Pathak  
Partner (M.No: 81724)