



JAIN & MALHOTRA

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTELLIGENT COMMUNICATION SYSTEMS INDIA LIMITED

Report on the Standalone Ind AS financial statements

Opinion

We have audited the accompanying Ind AS financial statements of **INTELLIGENT COMMUNICATION SYSTEMS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements along with Notes to Accounts and the matters specified in this Audit Report give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind AS") and Accounting Principles Generally Accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income) and its cash flows and the changes in equity for the year ended on that date.

Basis For Opinion

We conducted our audit of the standalone Ind-AS financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind-AS financial statements under the provisions of the Act and the rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind-AS financial statements.





Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- a) Refer Note No. 'W' of Audited Standalone Financial Statements, according to the nature of business activities of the ICSIL the basic document is agreement between ICSIL & customer. In the number of cases franchise agreement with the franchisees and manpower supply agreement with customer have already been expired and no fresh agreements are on the record. As per the Management Representation the renewal of agreements Franchisees/customers are under process.
- b) Refer Note No. 'X' of Audited Standalone Financial Statements, The agreement between the principal (TCIL) & ICSIL have already been expired in 2005. As per the Management Representation the agreement with the principal has been executed after the balance sheet date.
- c) Refer Note No. 'Y' of Audited Standalone Financial Statements, the ICSIL has booked the income of Rs. 1421.60 lakhs and Franchise expenses of Rs. 47.64 lakhs. The company has not discharged or provided statutory liabilities of GST and TDS in the financials.
- d) Refer Note No. 'L' of Audited Standalone Financial Statements, the Balance Confirmations and reconciliation from trade receivables , trade payables, Security Deposits received, Earnest money deposits, wages payable and claim recoverable are pending. These balance are including Non-Current balances also which are lying in the books of accounts since long. The management is confident that on confirmation/reconciliation there will not be any material impact on the Standalone Financial Statements.

Information Other than the Standalone Ind-AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind-AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind-AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind-AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.





If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management & those charged with Governance for the financial Statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind-AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind-AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind-AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind-AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind-AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind-AS financial statements, including the disclosures, and whether the Ind-AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements/information of Kuwait branch of the company, included in standalone financial statements of the company. Our opinion in so far as it relates to the amounts and disclosures included in respect of the said branch is based solely on the report of the branch auditor.





Report on Other Legal and Regulatory Requirements

1. We are enclosing our report in **Annexure 'A'** on the directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in **Annexure 'B'** a statement on the matters specified in paragraph 3 and 4 of the order.
3. As required by Section 143 (3) of the Act, based on our audit report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The reports on the accounts of the branch offices of the company audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - (d) The Balance Sheet, the statement of Profit and Loss (including other comprehensive income), the Cash Flow statement and the statement of Changes in equity dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion, the aforesaid standalone Ind-AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with companies (Indian Accounting Standards) Rule ,2015 as amended .
 - (f) We are informed that in terms of Notification No. G.S.R. 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, the provisions of section 164(2) of the Act, in respect of disqualification of directors, are not applicable to the company;
 - (g) We are enclosing herewith a report in **Annexure 'C'** for our opinion on adequacy of internal financial control over financial reporting of the company and the operating effectiveness of such controls.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. According to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

With respect to the matter included in the Auditor's report under section 197(16):

We are informed that in terms of notification No. G.S.R. 463(E) dated June 05, 2015, the government companies are exempt from the provisions of section 197 of the Act. Accordingly, We are not required to report whether remuneration paid by the company to its directors is in accordance with provisions of this section.

For JAIN & MALHOTRA
Chartered Accountants
Firm Registration no. 003610N


Vikas Garg
Partner
M. No. 501516



Place: New Delhi
Dated: 31.12.2020

UDIN:- 20501516AAAEL7295



Annexure –A to the Independent Auditor’s Report

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements section of our report of even date)

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of Annual Accounts of Intelligent Communication Systems India Limited (Standalone) for the year 2019-20 issued by the Comptroller and auditor General of India under section 143(5) of the Companies Act, 2013.

S.No.	Directions	Our Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The accounting software used by the company is “Tally ERP 9”. Accounts staff has been given a right to data entry in Tally ERP 9. The right of alteration, modification and deletion is lying with HOD finance only.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company’s inability to repay the loan? If yes, the financial impact may be stated.	NIL
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	NIL

For JAIN & MALHOTRA
Chartered Accountants
Firm Registration no. 003610N


Vikas Garg
Partner
M. No. 501516



Place: New Delhi
Dated: 31.12.2020
UDIN:- 20501516AAAEL7295



ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

1. In respect of Fixed Assets:
 - a) The company is maintaining Fixed Assets records, which do not showing full particulars like identification numbers and situation of fixed assets.
 - b) The company has a regular program of physical verification of its fixed assets by which fixed assets are verified annually. In accordance with this program, fixed assets were verified during the year. As informed to us, no material discrepancy was noticed on such verification.
 - c) The company does not own immovable properties.
2. According to the information and explanations given to us there was no inventory available in the company. Hence, no physical verifications conducted during the year ;
3. As informed to us the company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3 (iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the company.
4. The company has not granted any loans, made investments excepting for providing guarantees through Indian Bank worth Rs. 8,40,38,572/- as performance guarantees for safe performance of contract entered into with various departments. The guarantees are covered by mortgaging FDRs of Rs. 2,88,73,779/-;
5. According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. Further, no order has been passed by Company Law Board, National Company Law Tribunal or RBI or any other court or tribunal.
6. In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act;
7. a) As per the information and explanations given to us, At times the company is not depositing undisputed statutory dues in case of provident fund and employees' state insurance dues to appropriate authorities within prescribed time.





b) As per the information and explanations given to us, there are following dues of Income Tax/GST which have not been deposited on account of appeals being filed:

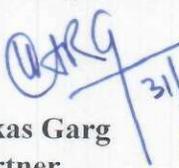
Name of Department	Nature of Dues	Demand Amount	Period for which related	Forum
GST Department	Related to Exempted Services	Rs. 1,550 Lakhs (appx.)	A.Y. 2013-14 to A.Y. 2015-16	CESTAT
GST Department	VAT	87.38 Lakhs	A.Y. 2011-12 to A.Y. 2014-15	DVAT Appeal
Income Tax Department	Disallowance of ESIC and EPF	143.50 Lakhs	A.Y. 2019-20	Income Tax Appeal
Income Tax Department	Disallowance of ESIC and EPF	NIL	A.Y. 2018-19	Income Tax Appeal
Income Tax Department	Disallowance of ESIC and EPF	NIL	A.Y. 2017-18	Income Tax Appeal

8. As per the information and explanations provided to us and based on our examination of the books of accounts, we report that the company, during the period, has not defaulted in repayment of its dues to banks or government or financial institutions and debenture holders;
9. Based on our Audit Procedures and according to the information & explanations given to us, during the financial year 2019-20, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further the company has not taken any term loan during the year. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the company.
10. With respect to the clause 3(x) of the order, we report that based upon the audit procedures performed and information and explanations given by the management, no fraud by the company or on the company has been noticed or reported during the course of our audit for the year ended 31.03.2020.
11. In view of the exemption given in terms of notification No. G.S.R. 463(E) dated June 05, 2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 read with schedule V of the Companies Act 2013 regarding managerial remuneration are not applicable to the company.
12. According to the information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.



13. According to the information and explanations given to us and on the basis of our examination of the records of the company, transactions entered into by the company with related parties are in compliance with the provisions of section 177 and section 188 of the Companies Act, 2013 and the details of such transactions have been disclosed by the company in the notes to the Ind AS financial statements as required by the applicable accounting standards.
14. During the financial year 2019-20, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of Order are not applicable to the company.
15. According to the information and explanations given to us and based on the audit procedures performed by us, we report that the company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of Order are not applicable to the company.
16. The company is not a finance company and is not required to obtain registration under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the company.

For JAIN & MALHOTRA
Chartered Accountants
Firm Registration no. 003610N


Vikas Garg
Partner
M. .No. 501516



Place: New Delhi
Dated: 31.12.2020

UDIN: 20501516AAAEL7295



ANNEXURE- C TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report in Internal Financial Controls over Financial Reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls over financial reporting of **INTELLIGENT COMMUNICATION SYSTEMS INDIA LIMITED** ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

Emphasis of matter:

Attention is drawn to:

1. Internal Control system for financial reporting w.r.t. agreement with the franchisees and manpower supply agreement with customer, in the number of cases have already been expired and no fresh agreements are on the record. Even though agreement between the principal (TCIL) & ICSIL has already been expired in 2005 (read with note no. 'W' and 'X' of standalone financial statements), may potentially have material impact in the financial statements.



2. Internal Control system for financial reporting w.r.t. the Balance Confirmations/reconciliation from trade receivables , trade payables, Security Deposits received, Earnest money deposits, wages payable and claim recoverable are pending (read with note no. 'L' of standalone financial statements) may potentially have material impact in the financial statements.

For JAIN & MALHOTRA
Chartered Accountants
Firm Registration no. 003610N

WARG
31/12/2020

Vikas Garg
Partner
Mo.No.501516



Place: New Delhi
Dated: 31.12.2020
UDIN: 20501516AAAAEL7295