



**SURAT SMART CITY  
DEVELOPMENT LIMITED**

**ANNUAL REPORT FOR  
FINANCIAL YEAR 2016-17**

Final Audit File

# NATVARLAL VEPARI & CO.

Chartered Accountants

PAN : AADFN5448E

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## To the Members of Surat Smart City Development Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Surat Smart City Development Limited**, which comprise the Balance Sheet as at March 31, 2017, Profit and Loss account and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so

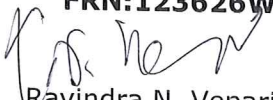
required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its cash flows for the period ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. 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 Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we 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 Balance Sheet and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g. 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 does not have any pending litigations which would impact its financial position.
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - h. The Company has provided requisite disclosures in its financial statements as to holdings well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 1(6) to the financial statements

**Forming an Opinion and Reporting on Financial Statements  
For Natvarlal Vepari & Co.  
Chartered Accountants**

**FRN:123626W**

  
Ravindra N. Vepari  
Partner

Membership No. 006728

Place : SURAT  
Date : 6<sup>th</sup> October, 2017



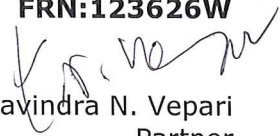
**Surat Smart City Development Limited****ANNEXURE 'A' TO AUDIT REPORT****(As referred to in our Report of even date)**

- (i) (a) The company has maintained proper records showing full particulars and situation of fixed asset.
- (b) We are informed that the fixed asset has been physically verified by the management.
- (c) The immovable property is vested in the name of the company.
- (ii) There being no Inventories, clause (ii) of the Order is not applicable to the company.
- (iii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013 and therefore clauses 3 (iii) (a), (b) & (c) of the Order are not applicable to the Company.
- (iv) According to the information provided, the company has not entered into any transaction in respect of loans, investments, guarantees and security. Therefore, the clause 3 (iv) of the Order is not applicable to the company.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Consequently, the clause 3 (v) is not applicable to the Company.
- (vi) The maintenance of cost records under section 148(1) of the Companies Act, 2013, is not applicable to the Company.
- (vii) (a) Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed statutory dues which remained outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the records made available to us and the information and explanations given by the management, there are no disputed statutory dues on account of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax that have not been deposited on account of matters pending before appropriate authorities.
- (viii) According to the records made available to us and, the information and explanations given by the management, the Company has not borrowed funds from any financial institution or bank or Government or issued debentures till 31st March, 2017. Consequently, in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or Government or debenture holders does not arise.
- (ix) In our opinion and according to the information and explanations given to us, the company neither has raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans, nor has any unutilised amount as on the 1st day of the financial year out of moneys raised during the earlier years on this account. Accordingly, the

- provisions of Clause 3 (ix) are not applicable to the Company.
- (x) According to the records and information and explanations provided by the management, we report that no fraud on or by the company has been noticed or reported during the course of audit.
- (xi) According to the records verified and, information and explanations provided by the management, the company has not paid or provided for the managerial remuneration during the period. Therefore, the clause (xi) of the Order does not become applicable to the Company.
- (xii) The Company not being a Nidhi company, the clause 3 (xii) of the Order is not applicable to the company.
- (xiii) According to the records verified and, information and explanation provided to us, the company has not entered into a contract or arrangement with its related parties during the year with respect to Sec. 188 during the year, therefore, the clause 3 (xiii) of the Order is not applicable to the company.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore, the clause 3 (xiv) of the Order is not applicable to the company.
- (xv) The company or its directors have not entered into an arrangement for acquisition of assets for consideration other than cash, therefore the clause (xv) of the Order is not applicable to the company.
- (xvi) According to the information and explanation provided by the management, the company is not engaged in the business which is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, therefore the clause 3 (xvi) of the Order does not become applicable to the company.

**Forming an Opinion and Reporting on Financial Statements  
For Natvarlal Vepari & Co.  
Chartered Accountants  
FRN:123626W**

Place : SURAT  
Date : 6<sup>th</sup> October, 2017

  
Ravindra N. Vepari  
Partner  
Membership No. 006728



**Surat Smart City Development Limited**

**ANNEXURE 'B' TO AUDITOR'S REPORT PERIOD ENDED 31-3-2017**

**Report on the Internal Financial Controls 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 **Surat Smart City Development Limited** as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

**Management's Responsibility for the Financial Statements**

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 ('ICAI'). 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.

**Auditor's 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 judgement, including the assessment of the risks of material misstatement of the 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 financial reporting.

**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 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 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 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 March 31, 2017, 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.

**Forming an Opinion and Reporting on Financial Statements  
For Natvarlal Vepari & Co.  
Chartered Accountants**

**FRN:123626W**

Place: SURAT

Date: 6<sup>th</sup> October, 2017



Ravindra N. Vepari  
Partner

Membership No. 006728

# SURAT SMART CITY DEVELOPMENT LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars                      | Note No | As at 31st March 2017 (Rs) |
|----------------------------------|---------|----------------------------|
| <b>I. Equity and Liabilities</b> |         |                            |
| <b>(1) Shareholders' Funds</b>   |         |                            |
| Share Capital                    | 2       | 20000,00,000               |
| Grant Funds                      | 3       | 19154,53,973               |
| Reserve & Surplus                | 4       | 1347,91,545                |
| <b>Total</b>                     |         | <b>40502,45,518</b>        |
| <b>(2) Current Liabilities</b>   |         |                            |
| Current Liabilities              | 5       | 1135,51,078                |
| <b>Total</b>                     |         | <b>1135,51,078</b>         |
| <b>Grand Total</b>               |         | <b>41637,96,596</b>        |
| <b>II. Assets</b>                |         |                            |
| <b>(1) Non-current Assets</b>    |         |                            |
| Non-Current Assets               | 6       | 157,84,103                 |
| Capital Work-in-progress         | 7       | 1095,48,821                |
| <b>Total</b>                     |         | <b>1253,32,923</b>         |
| <b>(2) Current Assets</b>        |         |                            |
| Cash and Cash Equivalents        | 8       | 39314,38,696               |
| Loans and Advances               | 9       | 10,50,000                  |
| Other Current Assets             | 10      | 1059,74,977                |
| <b>Total</b>                     |         | <b>40384,63,672</b>        |
| <b>Grand Total</b>               |         | <b>41637,96,596</b>        |

Significant Accounting Policies

Notes forming part of Financial Statements

1  
1 to 21

As per our report of even date

For Natvarlal Vepari & Co.  
Chartered Accountants.

Firm Reg. No. 123626W

Partner.

Company Secretary

(Prinyanka Rathod)

Date :6th October, 2017

Place : Surat

For and on behalf of Surat  
Smart City Development Ltd.

(1) Chaitanya Bhatt

Director (DIN : 07462947)

(2) Jivanbhai Patel

Director (DIN : 07464092)

Chief Financial Officer

(Sharad Mehta)

Date :6th October, 2017

Place : Surat



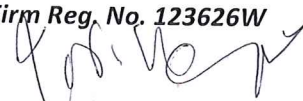
# SURAT SMART CITY DEVELOPMENT LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

| Particulars   | Note No            | 2016-2017 (Rs)     |
|---|--------------------|--------------------|
| Revenue from Operations   | 11                 | -                  |
| Other Income  | 12                 | 2227,65,034        |
| <b>Total Revenue</b>  |                    | <b>2227,65,034</b> |
| <b>Expenses :</b>   |                    |                    |
| Project Management Consultant Fee                                 | 13                 | 109,76,773         |
| Administrative Expenses   | 14                 | 37,21,275          |
| Financial Costs   | 15                 | 4,313              |
| Depreciation and Amortization Expense                             | 16                 | 32,71,128          |
| <b>Total Expenses</b>   |                    | <b>179,73,489</b>  |
| Profit/(Loss) Before Exceptional and Extraordinary Items and Tax  |                    | 2047,91,545        |
| Exceptional Items   |                    | -                  |
| Profit/(Loss) Before Extraordinary Items and Tax                  |                    | 2047,91,545        |
| Profit/(Loss) Before Tax  |                    | 2047,91,545        |
| Tax Expense :   |                    |                    |
| - Current Tax   |                    | 700,00,000         |
| - Deferred Tax  |                    | -                  |
| Profit/(Loss) After Tax for the Period from Continuing Operations |                    | 1347,91,545        |
| Profit/(Loss) for the Period                                      |                    | 1347,91,545        |
|   | <b>Basic EPS</b>   | <b>0.67</b>        |
|   | <b>Diluted EPS</b> | <b>0.67</b>        |

Notes forming part of Financial Statements 1 to 21

As per our report of even date  
For Natvarlal Vepari & Co.  
Chartered Accountants.  
Firm Reg. No. 123626W

  
Partner.

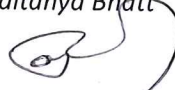
  
Company Secretary

(Prinyanka Rathod)

Date :6th October, 2017  
Place : Surat

For and on behalf of Surat Smart  
City Development Ltd.

(1) Chaitanya Bhatt

  
Director (DIN : 07462947)

(2) Jivanbhai Patel

  
Director (DIN : 07464092 )

Chief Financial Officer

  
(Sharad Mehta)

Date :6th October, 2017  
Place : Surat

# SURAT SMART CITY DEVELOPMENT LIMITED

| Note No |  | As at 31st March 2017<br>(Rs) |
|---------|--|-------------------------------|
| 2       | <b>Share Capital</b>   |                               |
|         | Equity Share Capital   |                               |
|         | Authorised Share capital<br>(20,00,00,000 shares of Rs 10/- each)            | 20000,00,000                  |
|         | Issued Share capital<br>(20,00,00,000 shares of Rs 10/- each)                | 20000,00,000                  |
|         | Subscribed & Fully Paid up capital<br>(20,00,00,000 shares of Rs 10/- each). | 20000,00,000                  |
|         | <b>Total</b>   | <b>20000,00,000</b>           |

| Note No | Grant Funds  | As at 31st March 2017<br>(Rs) |
|---------|--|-------------------------------|
| 3       | Grant received from Government of India  | 18600,00,000                  |
|         | Less : Project Specific Expenses - AMC for CCTV Feed ARS Trust<br>Grant- A & OE Fund (Net of Company Incorporation Expense)* | 100,38,251                    |
|         |  | 18499,61,749                  |
|         | <b>Total</b>   | <b>654,92,224</b>             |
|         |  | <b>19154,53,973</b>           |

\* As per Surat Smart City Guidelines, the initial Company Incorporation Expense is to be written off against the A & OE grant fund received during the first year. Amount remaining after writing of such expenses are amortised over period of five years starting from current financial year. [Please Refer Note No. 1(c)]

| Note No |                              | As at 31st March 2017<br>(Rs) |
|---------|------------------------------|-------------------------------|
| 4       | <b>Reserve &amp; Surplus</b> |                               |
|         | Profit/(Loss) for the period | 1347,91,545                   |

| The details of Shareholders holding 5% and above shares |
|---|
| Surat Municipal Corporation                             |
| Government of Gujarat                                   |

| As at 31st March 2017 |        |
|-----------------------|--------|
| Number of Shares      | % held |
| 1000,00,000           | 50.00% |
| 1000,00,000           | 50.00% |

| Note No |   | As at 31st March 2017 |
|---------|---|-----------------------|
| 5       | <b>Current Liabilities</b>                    |                       |
|         | Trade Payables                                | 201,75,057            |
|         | Security Deposit from Suppliers & Contractors | 3,74,194              |
|         | Retention Money Deposit from Suppliers        | 5,10,099              |
|         | Earnest money deposit from contractors        | 203,60,000            |
|         | Provision for Tax                             | 700,00,000            |
|         | Service Tax Payable                           | 1,56,300              |
|         | TDS Payable                                   | 18,51,146             |
|         | State sales tax payable                       | 35,266                |
|         | Construction cess payable                     | 89,015                |
|         | <b>Total</b>                                  | <b>1135,51,078</b>    |

| Note No |                                       | As at 31st March 2017 |
|---------|---------------------------------------|-----------------------|
| 7       | <b>Capital Work-in-progress</b>       |                       |
|         | Water Tank                            | 59,76,403             |
|         | Sewage & Drainage (Plant & Machinery) | 389,20,880            |
|         | Computer Equipments                   | 32,07,893             |
|         | Electronic Equipments                 | 470,87,654            |
|         | Electrical Equipments                 | 143,55,991            |
|         | <b>Total</b>                          | <b>1095,48,821</b>    |

| Note No |                                  | As at 31st March 2017 |
|---------|----------------------------------|-----------------------|
| 8       | <b>Cash and Cash Equivalents</b> |                       |
|         | Fixed Deposits with banks        | 37670,00,000          |
|         | Current account-SBI              | 1644,29,441           |
|         | Cash/cheque collection in hand   | 2,359                 |
|         | Imprest (Petty) cash in hand     | 6,896                 |
|         | <b>Total</b>                     | <b>39314,38,696</b>   |

SURAT SMART CITY DEVELOPMENT LIMITED

Note 6 - Fixed Assets

| Sr. No. | DESCRIPTION                            | GROSS BLOCK             |                                 |                   |                         | DEPRECIATION            |                     |                   |                         | NET BLOCK               |                         |
|---------|--|-------------------------|---------------------------------|-------------------|-------------------------|-------------------------|---------------------|-------------------|-------------------------|-------------------------|-------------------------|
|         |  | As On 31.03.2016<br>Rs. | Addition During the Year<br>Rs. | Adjustment<br>Rs. | As On 31.03.2017<br>Rs. | Up to 31.03.2016<br>Rs. | For the Year<br>Rs. | Adjustment<br>Rs. | As On 31.03.2017<br>Rs. | As On 31.03.2017<br>Rs. | As On 31.03.2016<br>Rs. |
|         | <b>Tangible Assets</b>                 |                         |                                 |                   |                         |                         |                     |                   |                         |                         |                         |
|         | Computer Equipments                    | -                       | 9,66,754                        | -                 | 9,66,754                | -                       | 5,094               | -                 | 5,094                   | 9,61,660                | -                       |
|         | Office equipment                       | -                       | 4,400                           | -                 | 4,400                   | -                       | 98                  | -                 | 98                      | 4,302                   | -                       |
|         | Electronic Equipments                  | -                       | 151,23,248                      | -                 | 151,23,248              | -                       | 32,51,785           | -                 | 32,51,785               | 118,71,463              | -                       |
|         | Electrical Installations and Equipment | -                       | 3,50,902                        | -                 | 3,50,902                | -                       | 2,111               | -                 | 2,111                   | 3,48,791                | -                       |
|         | Furniture and Fittings                 | -                       | 26,09,927                       | -                 | 26,09,927               | -                       | 12,041              | -                 | 12,041                  | 25,97,886               | -                       |
|         | <b>Total</b>                           | -                       | <b>190,55,231</b>               | -                 | <b>190,55,231</b>       | -                       | <b>32,71,128</b>    | -                 | <b>32,71,128</b>        | <b>157,84,103</b>       | -                       |



**SURAT SMART CITY DEVELOPMENT LIMITED**

| Note No   |   | As at 31st March 2017<br>(Rs) |
|-----------|---|-------------------------------|
| <b>9</b>  | <b>Loans and Advances</b>                     | <b>As at 31st March 2017</b>  |
|           | Advance to Suppliers                          | 10,50,000                     |
|           | <b>Total</b>                                  | <b>10,50,000</b>              |
| <b>10</b> | <b>Other Current Assets</b>                   | <b>As at 31st March 2017</b>  |
|           | Interest Accrued                              | 380,49,114                    |
|           | Prepaid Expense (Annual Maintenance Contract) | 9,69,049                      |
|           | TDS Receivable                                | 177,56,814                    |
|           | Advance Income Tax                            | 492,00,000                    |
|           | <b>Total</b>                                  | <b>1059,74,977</b>            |
| <b>11</b> | <b>Revenue from Operations</b>                | <b>As at 31st March 2017</b>  |
|           | Revenue from operations                       | -                             |
|           | <b>Total</b>                                  | <b>-</b>                      |
| <b>12</b> | <b>Other Income</b>                           | <b>As at 31st March 2017</b>  |
|           | Interest on fixed deposits with bank          | 2044,51,195                   |
|           | Collections of Tender Form Fees               | 1,62,000                      |
|           | Amortisation of A & O E Fund                  | 163,73,056                    |
|           | Performance related penalty from contractors  | 17,78,783                     |
|           | <b>Total</b>                                  | <b>2227,65,034</b>            |
| <b>13</b> | <b>Project Costs</b>                          | <b>As at 31st March 2017</b>  |
|           | Project Management Consultant Fee             | 109,76,773                    |
|           | <b>Total</b>                                  | <b>109,76,773</b>             |
| <b>14</b> | <b>Administrative Expenses</b>                | <b>As at 31st March 2017</b>  |
|           | Rent on vehicles hired                        | 9,522                         |
|           | Postage & Telegram Expense                    | 318                           |
|           | Telephone Expense                             | 9,552                         |
|           | Contractual Salary                            | 5,10,638                      |
|           | Printing & Stationery Expense                 | 3,03,495                      |
|           | Local Conveyance Expense                      | 1,250                         |
|           | Travelling Allowance                          | 2,380                         |
|           | Audit Fee                                     | 4,60,000                      |
|           | Consultancy Fee                               | 6,46,070                      |
|           | Registration Charges                          | 5,43,205                      |
|           | License Fee                                   | 6,560                         |
|           | Publicity & Advertisement                     | 76,763                        |
|           | Books, Periodical & Newspaper Expense         | 1,684                         |
|           | Seminar & Symposiums                          | 4,55,463                      |
|           | Staff Training Expense                        | 34,500                        |
|           | Awards- Public contest Expense                | 5,30,000                      |
|           | Consumable Store                              | 9,239                         |
|           | Other Office Expense                          | 1,20,636                      |
|           | <b>Total</b>                                  | <b>37,21,275</b>              |
| <b>15</b> | <b>Financial Costs</b>                        | <b>As at 31st March 2017</b>  |
|           | Bank charges & Commission                     | 4,313                         |
|           | <b>Total</b>                                  | <b>4,313</b>                  |
| <b>16</b> | <b>Depreciation and Amortization Expense</b>  | <b>As at 31st March 2017</b>  |
|           | Depreciation for the year                     | 32,71,128                     |
|           | <b>Total</b>                                  | <b>32,71,128</b>              |

**SURAT SMART CITY DEVELOPMENT LIMITED**

|         |  |  |                               |
|---------|--|--|-------------------------------|
| Note No |  |  | As at 31st March 2017<br>(Rs) |
| 17      | Contingent liabilities and commitments<br>(to the extent not provided for) |  | -                             |
|         | <b>Total</b>   |  | -                             |


|    |   |   |                 |
|----|---|---|-----------------|
| 18 | Director's remuneration paid during the year is Rs. Nil |   |                 |
| 19 | Payment to Auditors (Including Service Tax)             | Figure for the current reporting period (Rs.) |                 |
|    | As Auditors:  | 4,60,000                                      |                 |
|    | As Advisor in other capacity                            |   |                 |
|    | Company Law Matter                                      | 2,30,000                                      |                 |
|    | Taxation Matter   | 3,738   |                 |
|    | Management Services                                     | -   |                 |
|    | In any other matter:                                    | -   |                 |
|    | <b>Total</b>  |   | <b>6,93,738</b> |

20 There are no Micro and Small Enterprises, to whom the company owes dues as at 31<sup>st</sup> March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

|      |  |                                  |
|------|--|----------------------------------|
| 21   | Related Party Disclosures  |                                  |
| 21.1 | List of related parties with relationships:  | For The Current reporting period |
|      | Relationships  | Name of Related Parties          |
|      | Subscriber to Share Capital  | Surat Municipal Corporation      |
|      | <i>Note: Related party relationship is as identified by the Company and relied upon by the Auditors.</i> |                                  |

|      |  |  |
|------|--|--|
| 21.2 | Transactions during the year with Related Parties: | Figures for the Current reporting period |
|      | Nature of Transactions                             | Amount                                   |
|      | Subscription to Share Capital                      | 10000,00,000                             |

As per our report of even date  
For Natvarlal Vepari & Co.  
Chartered Accountants  
FRN : 123626W

  
Partner

Company Secretary  
  
(Prinyanka Rathod)

Date :6th October, 2017  
Place : Surat

For and on behalf of Surat Smart City  
Development Ltd.

(1) Chaitanya Bhatt

  
Director (DIN : 07462947)

(2) Jivanbhai Patel

  
Director (DIN : 07464092)

Chief Financial Officer

  
(Sharad Mehta)

Date :6th October, 2017  
Place : Surat

**SURAT SMART CITY DEVELOPMENT LIMITED**  
**FINANCIAL PERIOD: 2016-2017**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOTE NO. 1**

**(1) Significant accounting policies:**

Significant accounting policies adopted in the preparation and the presentation of the accounts are as under:

**(a) Basis of Accounting and preparation of financial statements:**

1. The financial statements are prepared to comply in all material respects with the Notified Accounting Standard specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.
2. The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with Generally Accepted Accounting Principles.

**(b) Provision & Contingencies:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a permanent obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are not recognized.

**(c) Accounting for Government Grants:**

All the grants are accounted on cash basis. Grants received during the year in the nature of promoters contribution are considered as Shareholders fund based on the "Capital Approach" as per Accounting Standard-12 – "Accounting for Government Grants" issued by the Institute of Chartered Accountants of India (ICAI).

Grants received which are revenue in nature for meeting revenue expenditure are considered as income based on the "Income Approach". The grant so received, after application towards the expenses for which it pertains to, is amortized over a period of 5 years considering the uncertainty hinging as a result of commitment of utilization obligation of the revenue grant so received.

✓



(d) **Cash & cash equivalents:**

Cash & cash equivalents include cash & cheque in hand, bank balances, demand deposits with banks and other short term highly liquid investments where original maturity is three months or less.

(e) **Fixed Assets:**

Fixed assets are stated at cost of acquisition. Costs comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(f) **Depreciation:**

Depreciation on the Fixed Assets is provided based on the useful life of the assets as provided under Schedule II to the Companies Act, 2013 after retaining the residual value of the asset.

Depreciation is provided on the pro-rata basis for the Assets which are added / put to use during the year.

(g) **Cash flow Statement:**

Cash flows are reported using the indirect method where by the profit before tax is adjusted for the effect of the transaction of non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

(2) **Earnings per share:**

| Particulars |  | Current Period<br>Amount (In Rs.) |
|-------------|--|-----------------------------------|
| i.          | Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders | 13,47,91,545                      |
| ii.         | Number of equity shares used as denominator for calculating EPS                              | 20,00,00,000                      |
| iii.        | Basic Earnings Per Share (EPS)   | 0.67                              |
| iv.         | Face Value per equity share  | Rs 10/-                           |

✓

**(3) Preliminary Expenses:**

Expenditure incurred for incorporation has been written off against A & OE funds received during the year since A & OE funds allocation and receipt includes funding for the expenditure incurred by the promoters for the incorporation of the company.

**(4) Capital Commitment as at 31.03.2017 :**

| <b>Estimated Cost of projects which have initiated as at 31.03.2017</b> | <b>Amount expensed off during the current period related to projects which have initiated</b> | <b>Balance Amount considered as capital commitment (as at 31.03.2017)</b> |
|---|---|---|
| Rs 563,29,99,884  | Rs 28,69,52,195   | Rs 534,60,47,689  |

**(5)** Surat Smart City Development Limited, is incorporated as a Special Purpose Vehicle (SPV) in form of Limited Company , under the Smart City Mission Statement & Guidelines issued by Ministry of Urban Development, Government of India for comprehensive development of physical, institutional, social and economic infrastructure and mobility through leveraging state-of-the-art technology and for utilizing Surat city's potential in a smart way for enhancing quality of life; thus making Surat a futuristic global city and preserving the identity & culture of the city.

**(a)** Clause 11 and 12 of the Smart City Mission Statement and Guidelines defines the broad scope for the Financing and Fund Release for the various purpose of the Smart City Mission. Considering same as the broad guidelines, accounting of various transactions related to funds are given effect to.

**(b)** As per Clause 11.1 of the Smart City – Mission Statement and Guidelines -The Smart City Mission is to be operated as a Centrally Sponsored Scheme (CSS) and the Central Government proposes to give financial support to the mission over five years. An equal amount, on a matching basis is required to be contributed by the state/ULB.

Accordingly, Government of India ('GoI') has given funds of Rs. 194 Crores in the first year by way of Grant for project funds as well as for Administrative and Other Expenses (A & OE).

To match the Central grant of Rs, 100 crore, Surat Municipal Corporation ('SMC') and Government of Gujarat ('GoG') each has contributed by way of equity Rs. 100 crore. Accordingly, share capital of Rs. 200 crores has been received as corpus in equal proportion from the Government of Gujarat and SMC.

- (c) Grant fund from Government of India and A & OE of Rs. 186 Crore and 9.75 Crores have been received during the year. Grant received from Government of India is considered as part of promoters contribution and is considered as shareholders fund after application of the specific expenses related to the projects.

Grants received for A & OE are considered as revenue in nature and the same has been accounted (after application of expenses pertaining to same) as deferred income over period of five years.

- (d) The Grants being received towards specific purpose are to be applied for the purpose for which the same has been received. Accordingly, amounts so received, pending utilization, have been temporarily parked in Bank Fixed Deposits till they are utilized for the purpose for which it is received.

**(6) Disclosure on Specified Bank Notes:**

During the year, the company had Specified Bank Notes (SBNs) and other denomination notes as specified under MCA Notification G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from 8th November, 2016 to 31st December, 2016 are as follows:

| Particulars                           | SBNs | Other Denomination Notes | Total |
|---------------------------------------|------|--------------------------|-------|
| Closing Cash on Hand as on 08/11/2016 | -    | -                        | -     |
| Add: Permitted Receipts               | -    | -                        | -     |
| Less: Permitted Payments              | -    | -                        | -     |
| Less: Deposited in Bank               | -    | -                        | -     |
| Closing Cash Balance as on 31/12/2016 | -    | -                        | -     |

✓



- (7) The company was incorporated on 31.03.2016. As per the Companies Act, 2013, the first financial year of the Company is considered for period 31<sup>st</sup> March, 2016 to 31<sup>st</sup> March, 2017. Accordingly, previous year figures have not been taken into account in preparation of the financial statements.

**Signature to Schedules 1 to 21**

**For NATVARLAL VEPARI & CO.,  
CHARTERED ACCOUNTANTS,  
Firm Registration No. : 123626W**



**Ravindra N Vepari  
Partner**

**Membership No. 006728**

**For and on behalf of  
SURAT SMART CITY DEVELOPMENT LIMITED**

**(1) Chaitanya Bhatt**

**(2) Jivanbhai Patel**



**(Director – DIN:07462947)**



**(Director – DIN:0746409)**

**(Company Secretary)**

**(Chief Financial Officer)**



**(Prinyanka Rathod)**



**(Sharad Mehta)**

**Place: Surat**

**Date: 6<sup>th</sup> October, 2017**

**Place: Surat**

**Date: 6<sup>th</sup> October, 2017**

**SURAT SMART CITY DEVELOPMENT LIMITED**

Cash Flow Statement for the period ended 31st March, 2017

| Particulars  | 31.03.2017    |                      |
|--|---------------|----------------------|
| <b>(A) Cash Flow from Operating Activities:</b>                        |               |                      |
| Net profit/(loss) before tax and Extraordinary items:                  |               | 2047,91,545          |
| Adjusted for:  |               |                      |
| <b>Add:</b>  |               |                      |
| Depreciation   |               | 32,71,128            |
| Finance Cost   |               | 4,313                |
| Operating Profit before Working Capital Changes                        |               | 2080,66,986          |
| Adjusted for:  |               |                      |
| (Increase)/Decrease in Trade and Other Receivables                     | (1551,74,977) |                      |
| Increase/(Decrease) in Trade Payables & other liabilities              | 435,51,078    |                      |
| Advance to suppliers   | (10,50,000)   | (1126,73,899)        |
| Cash Generated from Operations before prior period item                |               | 953,93,087           |
| Tax Paid   |               | 492,00,000           |
| <b>Net Cash Generated from/ (used in) Operations</b>                   |               | <b>1445,93,087</b>   |
| <b>(B) Cash Flow from Investing Activities:</b>                        |               |                      |
| Purchase of Fixed Assets   |               | (190,55,231)         |
| Increase in Capital WIP  |               | (1095,48,821)        |
| <b>Net Cash Generated from Investing Activities</b>                    |               | <b>(1286,04,052)</b> |
| <b>(C) Cash Flow from Financing Activities:</b>                        |               |                      |
| Finance Cost   |               | (4,313)              |
| Proceeds from Share Capital and grants                                 |               | 39154,53,973         |
| <b>Net Cash Generated from/ (used in) used in Financing Activities</b> |               | <b>39154,49,660</b>  |
| Net-(Decrease)/Increase in Cash and Cash Equivalents                   |               | 39314,38,696         |
| Cash and Cash Equivalents at the beginning of the year                 |               | -                    |
| <b>Cash and Cash Equivalents at the end of the year</b>                |               | <b>39314,38,696</b>  |

Figures in brackets shows outflow

For Natvarlal Vepari & Co.  
Chartered Accountants.  
Firm Reg. No. 123626W

Partner

For and on behalf of Surat Smart City  
Development Ltd.

(1) Chaitanya Bhatt

(2) Jivanbhai Patel

Director (DIN : 07462947)

Director (DIN : 07464092)

Company Secretary

(Prinyanka Rathod)

Chief Financial Officer

(Sharad Mehta)

Date :6th October, 2017

Place : Surat

Date :6th October, 2017

Place : Surat