



**SURAT SMART CITY
DEVELOPMENT LIMITED**

**ANNUAL REPORT FOR
FINANCIAL YEAR 2018-19**

DIRECTOR'S REPORT

To,
 The Members,
 SURAT SMART CITY DEVELOPMENT LIMITED,
 Surat.

The Directors have pleasure in presenting the 03rd **DIRECTOR'S REPORT** of the Company together with the Audited Statement of Accounts and the Auditors' Report of the company for the Financial Year ended 31st March, 2019.

1. FINANCIAL SUMMARY OR PERFORMANCE OF THE COMPANY

PARTICULARS	YEAR ENDED 31.03.2019	YEAR ENDED 31.03.2018
Revenue from operations	-	-
Other Income	106408703	265703210
Total Income	106408703	265703210
Total Expenses	62565869	46450896
Profit before exceptional and tax	43842834	219252314
Profit before Tax	43842834	219252314
Less: Tax Expenses(Current tax)	12500000	6,00,00,000
Profit for the period from continuing operations	31342834	159252314
Profit from the discontinued operations	-	-
Tax expenses of discontinued operations	-	-
Profit from discontinuing operations(after tax)	31342834	159252314
Profit for the period	31342834	159252314
Add: Surplus if any	294043859	134791545
Balance carried to Balance Sheet	325386693	294043859
Earnings Per Share		
1. Basic	0.16	0.80
2. Diluted	0.16	0.80

2. STATE OF COMPANY'S AFFAIRS

During the year under review company has Profit of Rs. 3,13,42,834 and the profit for the previous year was Rs. 15,92,52,314.

3. TRANSFER TO RESERVES IN TERMS OF SECTION 134(3)(J) OF THE COMPANIES ACT, 2013

For the financial year ended 31st March, 2019 the Company proposes to transfer the entire amount of profit to Reserves.

4. DIVIDEND

The Company being an SPV, does not declare any dividend.

5. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR.

There have been no material changes and commitments affecting the financial position of the Company from the end of the financial year of the Company to the date of this Board's report.

6. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

7. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company is having a wholly owned subsidiary company named AIC SURATi iLab Foundation which is a Section 8 Company registered under the Companies Act 2013, for promoting Start-up and Innovation.

8. ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed herewith for your kind perusal and information. ANNEXURE-A

9. CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of the business of the company

10. CAPITAL STRUCTURE

There is no change in capital structure of the company during the year under review. The Company is under process of conversion of Physical Shares into Electronic Form and has appointed M/s. NSDL Database Management as an RTA agent for the same.

11. STATUTORY AUDITOR & AUDIT REPORT

Pursuant to the provisions of section 139 of the Act and the Rules framed thereunder, M/s. Natverlal Vepari & Co., Chartered Accountants (Firm Reg. Number 123626W), were appointed as statutory auditors of the Company from the conclusion of the AGM held on 30.10.2017 till the conclusion of the AGM to be held in the year 2023, subject to ratification of their appointment at every AGM. Since the Act has been subsequently amended, the ratification has not been considered necessary.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

12. CHANGES IN THE DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL

Details of directors and Key Managerial personal who were appointed or have resigned during the year are enclosed in ANNEXURE B.

13. MEETINGS OF THE BOARD OF DIRECTORS

The following Meetings of the Board of Directors were held during the Financial Year 2018-19:

Sr. No.	Date of Meeting	No. of Director eligible to attend Meeting	No. of directors attended Meeting
1.	11/05/2018	11	5
2.	07/09/2018	11	6
3.	17/12/2018	12	9
4.	02/03/2019	12	6

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that -

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration from the Independent Directors of the company.

16. **RISK MANAGEMENT POLICY**

The risk management policy of the company is determined by the Board of Directors. The Board of Directors identifies elements of risk, if any, which in its opinion may threaten the existence of company. The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

17. **INTERNAL FINANCIAL CONTROL**

The Board of Directors inter alia review the internal policies and procedures of the Company in respect to the Financial Statements to ensure that there is an orderly and efficient detection of frauds and errors, if any. Further, internal policies and procedures are in place to determine the accuracy and completeness of the accounting records and there is a system in place for preparation of reliable financial information.

18. **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The company is Special Purpose Vehicle incorporated for meeting the Government's vision of Smart Cities of India and therefore all the activities on regular basis are amounted to Corporate Social Responsibilities and the entire amount/ grant/income/revenue is meant for CSR and therefore no separate arrangement has been made in this regard. The Management regularly takes the matter into consideration and necessary steps to meet its Social Responsibilities towards the citizen.

19. **SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL ACT, 2013)**

The company has always believed in providing a safe and secure workplace for every individual working in companies premises through various interventions

and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on prevention of Sexual Harassment at Workplace was placed. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior.

During the year ended 31 March, 2019, the Company has received Nil complaints pertaining to sexual harassment.

No. of Complains received during the Year: Nil

No. of Complains Redressed during the Year: Not applicable

20. **REMUNERATION POLICY**

No remuneration is paid to the directors (executive/non-executive) in the financial year ended 31st March, 2019.

21. **DEPOSITS**

During the year, the company has not invited/accepted any deposits during the year ended 31st March, 2019, U/S 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014. Hence, there were no of unclaimed or unpaid deposits as on 31st March, 2019.

22. **LOANS, GUARANTEES AND INVESTMENTS**

The Company has no Loans, Guarantee given and Investments made under section 186 of the Companies Act, 2013 for the financial year ended 31st March 2019.

23. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

The details on Conservation of energy, technology absorption and foreign exchange earnings and outgo of the company, in the prescribed format, u/s 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are NIL.

24. RELATED PARTY TRANSACTIONS

During the year, the Company has not entered into any contract or arrangements with related parties which attracted the provisions of Section 188(1). Thus, disclosure in Form AOC-2 is not required.

25. ADOPTION OF SECRETARIAL STANDARDS

The Company confirms compliance with the provisions of Secretarial Standards-I and Secretarial Standards-II as issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs U/s 118(10) of the Companies Act, 2013 and in way it is being adopted by the Company.

26. COMMITTEE DETAILS
I. NOMINATION AND REMUNERATION COMMITTEE

The Company has formed Nomination and Remuneration Committee with the following directors as a member of the committee:

Name of the Member	Post	Designation in Company	Designation in Committee
Mr. Anil Goplani	Standing Committee Chairman, Surat Municipal Corporation	Director	Chairman
Mr. B. I. Dalal	City Engineer, Surat Municipal Corporation	Director	Member
Mr. C. Y. Bhatt	Deputy Commissioner (ISD) – Surat Municipal Corporation	Director & CEO	Member
Mr. Persi Engineer	Principal, SCET	Independent Director	Member
Mr. Vejlibhai Sheta	Ex-Chairman, CREDAI, Gujarat	Independent Director	Member

During the year under review:

- Nomination and Remuneration Committee meeting was held on 14.12.2018 and 13.02.12019 during the year.

II. AUDIT COMMITTEE

The Company has formed Audit Committee with the following directors as a member of the committee:

Name of the Member	Post	Designation in Company	Designation in Committee
Mr. Anil Goplani	Standing Committee Chairman, SMC	Director	Chairman
Mr. B. I. Dalal	City Engineer, Surat Municipal Corporation	Director	Member
Mr. Vejlilbhai Sheta	Ex-Chairman, CREDAI, Gujarat	Independent Director	Member
Mr. Persi Engineer	Principal, SCET	Independent Director	Member

During the year under review:

- Audit Committee meeting was held on 04.09.2018 during the year.

III. CSR COMMITTEE

The Company has formed CSR Committee with the following directors as a member of the committee:

Name of the Member	Post	Designation in Company	Designation in Committee
Mr. Banchhanidhi Pani	Surat Municipal Commissioner	Additional Director	Chairman & Member
Mr. B. I. Dalal	City Engineer, Surat Municipal Corporation	Director	Member
Mr. C. Y. Bhatt	Deputy Commissioner, Surat Municipal Corporation	Director & CEO	Member
Mr. Bankim Desai	Deputy Commissioner, Surat Municipal Corporation	Independent Director	Member
Mr. Vejlilbhai Sheta	Ex-Chairman, CREDAI, Gujarat	Independent Director	Member

During the year under review:

- No CSR Committee meeting was held during the year.

27. RIGHT TO INFORMATION ACT

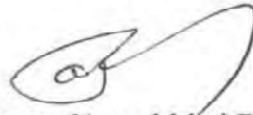
In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the provision of the Right to Information Act, 2005. Your Company has nominated Public Information Officer and Appellate Authorities at its units/offices across the Company to provide information to citizens under the provision of the RTI Act.

28. SECRETARIAL AUDIT

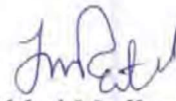
CS Arvindkumar Yadav of M/s AKY & CO., Company Secretaries in Practice was appointed as a Secretarial Auditor for the year 2018-19. The comments on Secretarial Audit referred to in the report of the Secretarial Auditor are self explanatory. The Secretarial Audit report in Form MR-3 is attached as Annexure to this report.

29. ACKNOWLEDGEMENT

The Directors wish to express their grateful appreciation to the continued co-operation received from the Shareholders during the year under review. The Directors also wish to place on record their deep sense of appreciation for the committed service of the executives, staff and workers of the Company.

Date: 24.09.2019**For, and on behalf of the Board of Directors,****Place: Surat****SURAT SMART CITY DEVELOPMENT LIMITED,**

Chaitanya Yogeshbhai Bhatt
CEO & Director
DIN: 07462947



Jivanbhai Madhavlal Patel
Director
DIN: 07464092

ANNEXURE A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year Ended on 31st March, 2019

*Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Company
(Management & Administration) Rules, 2014*

I. REGISTRATION AND OTHER DETAILS

i)	Name of the Company	SURAT SMART CITY DEVELOPMENT LIMITED		
	CIN:	U74999GJ2016PLC091579		
	Foreign Company Registration Number/GLN	-		
	Registration Date [DDMMYY]	31/03/2016		
ii)	Category of the Company [Pl. tick]	1. Public Company <input checked="" type="checkbox"/> 2. Private Company		
iii)	Sub Category of the Company [Please tick whichever are applicable]	1. Government Company		
		2. Small Company		
		3. One Person Company		
		4. Subsidiary of Foreign Company		
		5. NBFC		
		6. Guarantee Company		
		7. Limited by shares		√
		8. Unlimited Company		
		9. Company having share capital		√
		10. Company not having share capital		
		11. Company Registered under Section 8		
iv)	Whether shares listed on recognized Stock Exchange(s) If yes, details of stock exchanges where shares are listed	NO		
		SN	Stock Exchange Name	Code
		1	-	-
		2	-	-
	Last AGM details-	29/09/2018		

v)	Whether extension of AGM was granted – Yes / No, (If yes, provide reference number , date of approval letter and the period upto which extension granted)	NO
	If Annual General Meeting was not held, specify the reasons for not holding the same	NA
vi)	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
	Company Name	SURAT SMART CITY DEVELOPMENT LIMITED
	Address	SURAT SMART CITY DEVELOPMENT LIMITED, 1ST FLOOR, SOUTH ZONE OFFICE, SMC, OPP. SATYANAGAR, UDHNA
	Town / City	SURAT
	State	GUJARAT
	Pin Code:	394210
	Country Name:	INDIA
	Country Code	+91
	Telephone (With STD Area Code Number)	0261-2278429, 0261-2277043
	Fax Number:	0261-2272147
	Email Address	ceo@suratsmartcity.com
	Website	www.suratsmartcity.com
	Name of the Police Station having jurisdiction where the registered office is situated	Rd No 1 MG Rd, Udhana GIDC, Udhna Udhyog Nagar, Udhna, Surat, Gujarat 394210
	Address where Books of Accounts are maintained	SURAT SMART CITY DEVELOPMENT LIMITED, 1ST FLOOR, SOUTH ZONE OFFICE, SMC, OPP. SATYANAGAR, UDHNA

	Name of the Police Station having jurisdiction where the Books of Accounts are maintained	Rd No 1 MG Rd, Udhana GIDC, Udhna Udhyog Nagar, Udhna, Surat, Gujarat 394210
	Address for correspondence, if different from address of registered office:	-
vii	Name and Address of Registrar & Transfer Agents (RTA):- Full address and contact details to be given.	
	Registrar &	M/s. NSDL Database Management Limited
	Address	4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel
	Town /	Mumbai
	State	Maharashtra
	Pin Code:	400 013
	Telephone (With STD Area Code Number)	-
	Fax Number :	-
	Email Address	-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
NA			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name And Address Of The Company	NIC Code of the Product/service	% to total turnover of the company
NA			

V. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (in crores) [As on 01-April-2018]				No. of Shares held at the end of the year (in crores) [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	100	100	50	-	100	100	50	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	100	100	50	-	100	100	50	-
Total shareholding of Promoter (A)	-	200	200	100	-	200	200	100	-
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-

c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-

Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	200	200	100	-	200	200	100	-

B) Shareholding of Promoter-

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Government of Gujarat (GOG)	100	50%	-	100	50 %	-	-
2	Surat Municipal Corporation (SMC)	100	50%	-	100	50 %	-	-

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Share holding during				

	the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	
	At the end of the year	

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
1					
	At the end of the year	-	-	-	-
1					

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--			
	At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of financial year				
i) Principal Amount	NIL			
ii) Interest due but not paid	NIL			
iii) Interest accrued but not due	NIL			
Total (i+ii+iii)	NIL			
Change in Indebtedness during the financial year				
* Addition	NIL			
* Reduction	NIL			
Net Change	NIL			
Indebtedness at the end of the financial year				
i) Principal Amount	NIL			
ii) Interest due but not paid	NIL			
iii) Interest accrued but not due	NIL			
Total (i+ii+iii)	NIL			

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
A. REMUNERATION TO DIRECTOR, WHOLE-TIME DIRECTORS AND/OR
MANAGER:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	NA		

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors					-
	Fee for attending board /committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	1,64,322	4,72,355	6,36,677
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	1,64,322	4,72,355	6,36,677

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Date: 24.09.2019

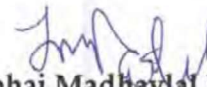
Place: Surat

For, and on behalf of the Board of Directors,

SURAT SMART CITY DEVELOPMENT LIMITED,



Chaitanya Yogeshbhai Bhatt
 CEO & Director
 DIN: 07462947



Jivanbhai Madhavlal Patel
 Director
 DIN: 07464092

ANNEXURE-B

Changes in Directors and Key Managerial Personnel:

Name and DIN	Date of appointment/ resignation/Change in designation	Reason for Variation	Remark
Mr. Chaitanya Yogeshbhai Bhatt	10.04.2018	Appointment as the CEO of the company.	Order no. GAD/EST/324 has been passed by the Municipal Commissioner dated 10/04/2018 for Appointment of Mr. C.Y. Bhatt as CEO of the company.
Mr. M. Nagarajan	09.04.2018	Resignation as a Director and CEO of the company.	-
Mr. M. S. Patel	11.05.2018	Appointment as a Director	Mr. M.S. Patel, IAS took the charge of ACEO, GUDM and State Mission Director, Smart cities- Gujarat on 11/05/2018.
Mr. Lochan Sehra	11.05.2018	Resignation from the post of the Director of the company.	General Administration Department, Government of Gujarat Notification no. AIS/35.2018/18/G dated 05-05-2018.
Mr. Rajesh Desai	15.06.2018	Resignation from the post of the Director of the company.	Pursuant to resolution no. SMT/20/2016/43(ii)/P of Government of Gujarat, Urban Development and Urban Housing Department dated 22-02-2016.
Mr. Anil Dipchand Goplani	15.06.2018	Appointment as a Director of the company.	Pursuant to resolution no. SMT/20/2016/43(ii)/P of Government of Gujarat, Urban Development and Urban Housing Department dated 22-02-2016, Standing committee chairman shall be the Director of Surat Smart City Development Limited

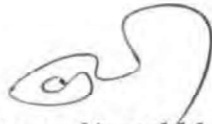
Mr. Dr. Dhavalkumar Kiritkumar Patel	29.09.2018	Appointment as an Additional director.	Pursuant to Resolution No. SMT/20/2016/43(ii)P, dated 22.02.2017 of Urban Development and Urban Housing Department
Mrs. Anjali Jain	17.12.2018	Appointment as a Chief Financial Officer of the company.	-
Mrs. Priyanka Rathod	06.09.2018	Resignation from the post of Company Secretary of the company	
Miss Vidhi Bharatkumar Desai	18.03.2019	Appointment as a Company Secretary of the company.	

Date: 24.09.2019

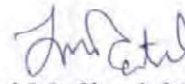
Place: Surat

For, and on behalf of the Board of Directors,

SURAT SMART CITY DEVELOPMENT LIMITED,



Chaitanya Yogeshbhai Bhatt
CEO & Director
DIN: 07462947



Jivanbhai Madhavlal Patel
Director
DIN: 07464092

NATVARLAL VEPARI & CO.

Chartered Accountants

PAN : AADFN5448E

1st Floor, River Palace-II, Near Navdi Ovara, Nanpura, Surat 395 001 | www.vepari.com

Tel. : +91 261 246 3636 | +91 261 246 3634 | E-mail : vepari@youtele.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Surat Smart City Development Limited

Report on the Audit of Financial Statements as per Indian Accounting Standards

Opinion

We have audited the accompanying standalone financial statements as per Indian Accounting Standards of Surat Smart City Development Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the standalone financial statements" as per Indian Accounting Standards)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Indian Accounting Standards financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit and Loss and Total Comprehensive Income, Changes in Equity and its Cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of Standalone 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Management's Responsibility for the Standalone Financial Statements as per Indian Accounting Standards

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.

In preparing the standalone financial statements as per Indian Accounting Standards, the management 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 management either intends to liquidate the Company or to cease the operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of Standalone Financial Statements as per Indian Accounting Statements

Our responsibility is to issue an auditor's report and 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 of the Indian Accounting Standard financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act and other authoritative pronouncements 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 Indian Accounting Standards financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in of the Indian Accounting Standard financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Indian Accounting Standards 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 Indian Accounting Standards 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 Indian Accounting Standards financial statements. 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 standalone financial statements.

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

- (a) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- (b) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls, wherever applicable.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether 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 auditors report to the related disclosures in the standalone 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 auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies identified in internal control.

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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors 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 would reasonably be expected to outweigh the public interest benefits of such communication.

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, Profit and Loss, Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid Indian Accounting Standard 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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.

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

Place :Surat
Date : 24/09/2019



Hiren R. Vepari
Partner

Membership No. 102680

UDIN

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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, guarantees and security. However, the Company has made investment in its subsidiary company within the threshold limits of two-layers of investment. 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, 2019 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, 2019. 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 : 24/09/2019


Hiren R. Vepari
Partner
Membership No. 102680

UDIN

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Surat Smart City Development Limited

ANNEXURE 'B' TO AUDITOR'S REPORT PERIOD ENDED 31-03-2019

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, 2019 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, 2019, 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: 24/09/2019



Hiren R. Vepari
Partner

Membership No. 102680

UDIN

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Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

1. Corporate Information:

Surat Smart City Development Limited (herein referred to as “the Company”) is a public company domiciled and incorporated in India under the Companies Act, 2013 (‘the Act’). The registered office of the company is at First floor, South Zone Office of Surat Municipal Corporation, Udhna, Surat. The company has been formed as a Special Purpose Vehicle under Smart City Mission of the Government of India for implementation of smart city projects in Surat. The Company was incorporated on March 31, 2016.

2. Significant accounting policies:

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

(A) Statement of Compliance and Basis of Accounting:

(i) Statement of Compliance with Ind AS

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the ‘Act’) read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant provisions of the Act and Rules thereunder.

(ii) Historical Cost Convention

The financial statements have been prepared on historical cost basis, except for the certain financial assets and liabilities which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of consideration given in exchange for goods or services.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for the current annual reporting period commencing from April 01, 2018:

- IND AS 115-Revenue from contracts with customers
- Amendment to IND AS 20-Accounting for Government Grants and disclosure of Government Assistance
- Amendment to IND AS 12- Income Taxes

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

- Amendment to IND AS 112-Disclosure of Interests in other entities.

(iv) Standards issued but not yet effective:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

- Issue of Ind AS 116 – Leases

Ind AS 116-Leases has superseded the current Ind AS 17 on leases and provides significant changes in the way a lessee shall account for leases in the books of account.

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 109 – Financial Instruments
- ii. Ind AS 12 - Income Taxes
- iii. Ind AS 28 - Investments in Associates and Joint Ventures and
- iv. Ind AS 19 – Employee Benefits

Application of above standards are not expected to have any significant impact on the Company's Ind AS Financial Statements.

(B) Subsidiary Company – AIC SURATI iLAB FOUNDATION:

AIC SURATI iLAB FOUNDATION, a fully owned subsidiary of Surat Smart City Development Limited, has been incorporated as a Section 8 licensed company under the Companies Act, 2013 for establishing Atal Incubation Centre (AIC). The main objective is to set up and implement Atal Incubation Centre in partnership with Atal Innovation Mission, NITI Aayog, with an objective of supporting innovative technology based start-up enterprises in India. The AIC shall endeavour to implement the following:

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

- i) Establish a high class incubation facility, including but not limited to a suitable physical infrastructure and operating facilities and affiliations with the sectoral experts.
- ii) Enable support ecosystem for incubated start-ups, including but not limited to mentoring, planning, organizing events, lab facilities, regulatory guidance, etc.
- iii) Provide preference in support to start-ups or innovators that have applications/impact in the core sectors of the economy.
- iv) Encourage innovation in the Indian ecosystem, through activities such as, but not limited to awareness workshops, training and capacity building, mentoring support to early stage start-up enterprises.
- v) Encourage creation of new technologies and intellectual property.
- vi) To support and carry out any other activity relevant to promotion and incubation of start-ups in the country.

As per IND AS 110-Consolidated Financial Statements, subsidiaries are all the entities (including structured entities) over which the company has control. The company controls an entity if and only if the company has all of the following:

- (a) Power over the entity;
- (b) Exposure or rights to variable returns from its involvement with the entity;
and
- (c) The ability to use its power over the entity to affect the amount of company's returns.

SURATi iLAB Foundation has one of its prime objective that *"the profit, if any or other income and property of the said company, whenever derived, shall be applied solely for the promotion of the objects as set forth in the Memorandum of Association of the company and that no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to persons who at any time are or have been members of the said company or to any of them or to any person claiming through any one or more of them."* Considering the said prime objective of the subsidiary company incorporated as a Section 8 licensed company, the company cannot have any exposure or right to variable returns earned by such subsidiary company due to restriction of use of such earned profits for its set objective as mentioned in

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

Memorandum of Association and hence, the criteria as mentioned in (B) (b) and (B) (c) is not fulfilled. Since only the condition mentioned in (B) (a) is satisfied, it cannot be said that the company has any control over its subsidiary company as per these standards and hence the consolidation of financials is not required to be done.

(C) Other Income:

Revenue is recognised on accrual basis of accounting. The company recognises interest income as its revenue when the amount of interest can be reliably measured and it is probable that future economic benefits will flow to the entity. Interest income is calculated by using the *effective interest rate* to the *gross carrying amount of the financial asset*, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial asset to that asset's net carrying amount on initial recognition.

(D) Going Concern:

There are no significant instructions or order passed by the relevant authorities which would impact the going concern status of the Company and its future operations.

(E) Fair Value Measurement:

The Company measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, being the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(F) Financial Instruments:

A Company recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument

(i) Financial Assets:

a) Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at Fair Value Through Statement of Profit and Loss Account) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

acquisition of financial assets at fair value through Statement of Profit and Loss are recognized immediately in Statement of Profit and Loss.

However, trade receivable that do not contain a significant financing component are measured at transaction price.

b) Subsequent measurement:

For subsequent measurement, the company classifies financial asset in following broad categories:

- Financial asset carried at amortized cost.
- Financial asset carried at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial asset carried at Fair Value Through Profit and Loss (FVTPL)

Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset giving rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the Statement of Profit and Loss. Cash and bank balances, trade receivables, loans and other financial asset of the company are covered under this category.

Under the EIR method, the future cash receipts are discounted to the initial recognition value using EIR. The cumulative amortization using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortized cost at each reporting date. The corresponding effect of the amortization

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

under EIR method is recognized as interest income over the relevant period of the financial asset. The same is included under "other income" in the Statement of Profit and Loss. The amortized cost of the financial asset is also adjusted for loss allowance, if any.

Financial asset carried at FVTOCI:

Financial asset under this category is measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the Other Comprehensive Income.

Financial asset carried at FVTPL:

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the Statement of Profit and Loss.

c) De-recognition:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

d) Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed. For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'

(ii) Financial Liabilities:

a) Initial recognition and Measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Company classifies all financial liabilities as subsequently measured at amortised cost or at FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent Measurement:

Financial liabilities at Fair Value Through Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value Through Profit and Loss. Interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortization process. Amortized cost is calculated by taking into account any

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance costs in the Statement of Profit and Loss.

c) De-recognition of Financial Liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

(iii) Offsetting of Financial Instruments:

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) Derivative Financial Instruments:

Derivative Financial Instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of heading instrument is recognized in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(G) Operating Segment and its reporting:

Reporting is made to the Chief Operating Decision Makers ('Shareholders' being the local body and the State Government) for the purpose of resource allocation and assessment of segment focuses on the types of public welfare projects undertaken by the Company. The Company undertakes various projects for the public welfare as per the Smart City Mission Statement and Guidelines, which in

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

the context of Indian Accounting Standard 108 'Segment Information' represents single reportable segment.

(H) Accounting for Government Grants:

Grants related to assets are Government Grants whose primary condition is that an entity qualifying for them should purchase, construct or acquire long-term assets. Grants related to income are government grants other than those related to assets. As per Ind AS 20 (Revised) "Accounting for Government Grants and Disclosure for Government Assistance" accounting of the Government grants has been done in following manner:

(i) Grants related to Assets (Capital Grants):

Grants related to purchase, construction or acquisition of long term assets are recognised only when the same are received and conditions related to the same are fulfilled. In the previous financial year 2017-18, grants were initially recognised as 'non-current liabilities' under the head 'Capital Grants' at fair value. The said grants related to purchase, construction or acquisition of long term depreciable assets were to be recognised in Statement of Profit and Loss as 'Deferred Income' over the periods and in the proportions in which depreciation expense on those assets is recognised.

However, as per notification issued by the Ministry of Corporate Affairs dated September, 20, 2018, in paragraph 23-28 of IND AS 20, the following has been amended:

"Government Grants related to assets, including non-monetary assets at fair value, shall be presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset."

(ii) Grants related to meet the revenue Expenses (Revenue Grants):

Government Grants, which are revenue in nature are recognised in Statement of Profit and Loss on a systematic basis over the period in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

A Government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

support to the entity with no future related costs are recognised in Statement of Profit and Loss of the period in which it becomes receivable.

(I) Taxation:

Current Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in 'Other Comprehensive Income' or directly in the equity, in which case, the current tax is also recognised in 'Other comprehensive Income' or directly in the Statement of equity.

(J) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, other short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. It consists of balances with bank which are unrestricted to withdrawals and usage.

(K) Particulars of Loan, Guarantees and Investments made by the Company:

The Company has invested Rs 1, 82, 00,000 in AIC SURATi iLAB FOUNDATION (its wholly owned subsidiary company), out of which, shares worth Rs 10,00,000 were fully subscribed and paid up while shares worth Rs 1,72,00,000 are yet to be allotted by the subsidiary company. The Company has also borne the cost of building of infrastructural facilities along with its incorporation related expenses, being a part of one of the approved Smart City projects, identifiable as PAN 9_1.

(L) Related Party Transactions:

Sr. No.	Name of related party	Nature of Transaction	Amount of Transaction
1	AIC SURATi iLAB FOUNDATION	Subscription to Equity shares of AIC SURATi iLAB Foundation.	Rs 182 Lakh
2	Surat Municipal Corporation	Subscriber to Share Capital of Surat Smart City Development Limited.	Rs 100 Crore

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

(M) Management of Capital:

For the purpose of management of capital of the company, debt-to-equity ratio has been considered which comprises of net debt divided by total equity as per the financial statements:

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current Liabilities	323,92,61,927	184,99,61,749
Equity	232,53,86,693	229,40,43,859
Debt/Equity Ratio	1.39	0.81

(N) Property, Plant and Equipment's:

(i) Deemed Cost of assets on transition to Ind AS:

On transition to Ind AS, the company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (March 31, 2016).

(ii) Depreciation method, estimated useful lives and residual value:

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. The useful life is determined based on the evaluation, taking into account the nature of assets, the operating conditions of the assets, technological changes, etc. The residual values are not more than 5% of the original cost of the assets. The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

(iii) Capital work in progress and condition related to its conversion to the Property Plant and Equipment:

Capital work in progress (CWIP) comprises of cost of acquisition of assets, duties, levies and any cost directly attributable to bringing the asset to its working condition for the intended use. Expenditure incurred on project

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

under implementation is treated as incidental expenditure incurred during construction and is allocated to the assets which is subsequently allocated / apportioned on completion of the entire project. The conversion of the any item of capital work in progress into assets is done only after receiving confirmation related to the project completion (i.e. Completion certificates).

(O) Provisions and Contingent Liabilities and Contingent Assets:

a) Provisions:

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the Statement of Profit and Loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

b) Contingent Liability:

Contingent liability is disclosed in the case;

- When there is a possible obligation which could arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or;
- A present obligation that arises from past events but is not recognized as expense because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or;

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

- The amount of the obligation cannot be measured with sufficient reliability.

c) Capital Commitments:

Commitments include the value of the contracts for the acquisition of the assets. Following are the commitments with respect to Smart City Project completion and utilisation of capital.

(Amount in Crores)

Total cost of projects awarded	Total expenditure incurred up to 31.03.2018	Total expenditure incurred during the current financial year	Balance amount remaining unexecuted as on 31.03.2019
1010.64	264.22	167.90	578.52

d) Contingent Assets:

Contingent asset is disclosed in case a possible asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

(P) Earnings per share:

(i) Basic earnings per share:

As per Ind AS 33 "Earnings per share", basic earnings per share is calculated by dividing:

- The profit attributable to the owners of the company
- By the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.
- There being no portion of dilutive shares in the company, only Earnings per Share is calculated.

(Q) 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.

(R) Current versus Non-Current Classification:

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle.
- it is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle.
- it is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or

Surat Smart City Development Limited

Note 1 to the Financial Statements for the financial year 2018-2019

- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period current liabilities include the current portion of long term financial liabilities.

The company classifies all other liabilities as non-current.

Signature to Schedules 1 to 26

For NATVARLAL VEPARI & CO.

CHARTERED ACCOUNTANTS

Firm Registration No: 123626W

Hiren N Vepari

Partner

Membership No. 102680

UDIN - 1910268 0AAAAAK3879

For and on behalf of

SURAT SMART CITY DEVELOPMENT LIMITED

(1) Chaitanya Bhatt

(Director – DIN:07462947)

(2) Jivanbhai Patel

(Director – DIN:07464092)

(Chief Financial Officer)

(Company Secretary)

Place:

Date: 24/09/2019

Place:

Date: 24/09/2019

SURAT SMART CITY DEVELOPMENT LIMITED

Balance sheet as at March 31, 2019

Particulars	Note no.	As at 31 st March, 2019	As at 31 st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	116,21,312	199,42,196
Capital work-in-progress	3	42461,05,891	26380,09,264
Financial Asset-Investments	4	182,00,000	-
		42759,27,203	26579,51,460
Current assets			
Financial assets			
- Trade and other receivables	5	1723,14,196	1368,75,619
- Cash and cash equivalents	6	15813,92,706	17912,93,676
- Loans and Advances	7	3,91,895	28,000
- Other Financial Assets	8	21,339	-
		17541,20,136	19281,97,295
TOTAL ASSETS		60300,47,339	45861,48,755
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	9	20000,00,000	20000,00,000
Other Equity	9.1	3253,86,693	2940,43,859
Share application money pending allotment		-	-
Equity attributable to owners of the Company		23253,86,693	22940,43,859
Non-current liabilities			
Other non-current liabilities	10	32392,61,927	18499,61,749
		32392,61,927	18499,61,749
Current liabilities			
Financial liabilities			
- Trade and other payables	11	-	-
Total Outstanding dues to Micro, Small and Medium		-	-
Total Outstanding of creditors other than Micro, Small		38,25,140	40,46,688
Other current liabilities	12	3190,73,579	3080,96,459
Provisions	13	1425,00,000	1300,00,000
		4653,98,719	4421,43,147
TOTAL EQUITY AND LIABILITIES		60300,47,339	45861,48,755

Significant Accounting Policies
Notes forming part of Financial Statements

1
1-26

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


Partner

Hiren Vepari
Membership no.-102680
UDIN :

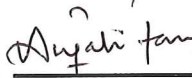
19102680AAAAAAK3879

Date: 24/09/2019
Place: Surat

For and on behalf of Surat Smart City Development Ltd.

Director/CEO

(1) Chaitanya Bhatt
(DIN : 07462947)


Chief Financial Officer

Date: 24/09/2019
Place: Surat

Director

(2) Jvanbhai Patel
(DIN : 07464092)


Company Secretary

SURAT SMART CITY DEVELOPMENT LIMITED

Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note no.	2018-2019 (Rs)	2017-2018 (Rs)
Revenue			
Revenue from operations	14	-	-
Other income	15	1064,08,703	2657,03,210
Total revenue		1064,08,703	2657,03,210
Expenses			
Project Management Consultant Fee	16	246,57,851	318,76,951
Operation and Maintenance charges	17	189,44,199	-
Employee benefit expense	18	37,73,007	29,55,280
Finance cost	19	-	935
Depreciation and amortisation expense	20	83,20,884	67,62,381
Administrative Expenses	21	68,69,928	48,55,349
Total expenses		625,65,869	464,50,896
Profit/ (loss) before exceptional items and tax		438,42,834	2192,52,314
Profit/ (loss) before tax		438,42,834	2192,52,314
Tax expense			
a) Current tax		125,00,000	600,00,000
b) Deferred tax		-	-
Profit/ (loss) for the period from continuing operations		313,42,834	1592,52,314
Profit/ (loss) from discontinued operations		-	-
Tax expense of discontinued operations			
Profit/ (loss) from discounting operations (after tax)		313,42,834	1592,52,314
Profit/ (loss) for the period		313,42,834	1592,52,314
Other comprehensive income			
- Items that will not be reclassified to profit or loss		-	-
- Income tax relating to items that will not be reclassified to profit or loss		-	-
- Items that will be reclassified to profit or loss		-	-
- Income tax relating to items that will be reclassified to profit or loss		-	-
Total comprehensive income for the period		313,42,834	1592,52,314
(Profit/ loss + other comprehensive income)			
Earnings per equity share (for continuing operations)			
a) Basic, computed on the basis of profit from continuing operations		0.16	0.80
b) Diluted, computed on the basis of profit from continuing operations		0.16	0.80
Earnings per equity share (for discontinued operations)			
a) Basic			
b) Diluted			
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		0.16	0.80
b) Diluted		0.16	0.80
<i>Notes forming a part of Financial Statements</i>	1-26		

As per our report of even date

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



Partner
Hiren Vepari
Membership no.-102680
UDIN

19102680A A A A A K 3 8 7 9

Date: 24/09/2019

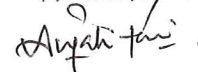
Place: Surat

For and on behalf of Surat Smart City Development Ltd.

Director/CEO
(DIN : 07462947)



(1) Chaitanya Bhatt



Chief Financial Officer

Date: 24/09/2019

Place: Surat

Director

(DIN : 07464092)



(2) Jivanbhai Patel



Company Secretary

Property, Plant and Equipment (Administrative Assets)

Particulars	Computer Equipments	Office Equipments	Electronic Equipments	Electrical Installations & Equipments	Furniture & Fittings	Total
Gross Block:						
As at March 31, 2018	112,42,081.00	4,400.00	151,23,248.00	3,50,902.00	32,55,075.00	299,75,706.00
Add: Addition	-	-	-	-	-	-
Less: Disposals	-	-	-	-	-	-
As at March 31, 2019	112,42,081.00	4,400.00	151,23,248.00	3,50,902.00	32,55,075.00	299,75,706.00
Accumulated Depreciation:						
As at March 31, 2018	28,12,580.00	2,033.00	63,18,093.00	92,201.00	8,08,603.00	100,33,510.00
Add: Charge for the year	53,29,587.33	1,066.62	22,83,533.22	70,075.44	6,36,621.40	83,20,884.01
Less: Disposals	-	-	-	-	-	-
As at March 31, 2019	81,42,167.33	3,099.62	86,01,626.22	1,62,276.44	14,45,224.40	183,54,394.01
Net carrying amount:						
As at March 31, 2018	84,29,501.00	2,367.00	88,05,155.00	2,58,701.00	24,46,472.00	199,42,196.00
As at March 31, 2019	30,99,913.67	1,300.39	65,21,621.78	1,88,625.56	18,09,850.60	116,21,311.99

SURAT SMART CITY DEVELOPMENT LIMITED

Note no. 2

Property, Plant and Equipment (Capital Assets)

Particulars	Waterlines	Software	SMAC Centre Part 1	Video Wall Part-1	Total
	[ABD-3]	[PAN 4b_2]	[PAN-4a_3]	[PAN-4a_1]	
Gross Block:	-	-	-	-	-
Add: Addition	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-
Add: Addition	46,86,583.00	147,72,400.00	93,75,618.00	136,15,221.00	424,49,822.00
Less: Grant related to the asset	46,86,583.00	147,72,400.00	93,75,618.00	136,15,221.00	424,49,822.00
As at March 31, 2019	-	-	-	-	-

(Refer Note no. 10.1 and 25)

As at March 31, 2018	-	-	-	-	-
Add: Charge for the year	-	-	-	-	-
Less: Disposals	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-
Net carrying amount:					
As at March 31, 2018	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3	Capital Work-in-progress	As at 31 st March 2019	As at 31 st March 2018
		Water Tank	4628,77,682
Office Building	89,98,114	-	
Other Building	538,10,787	217,29,027	
Restoration & Development of Fort	2952,74,000	-	
Roads, Streets & Pavements	7386,50,703	5381,48,544	
Street Lights & Cables	69,74,000	58,84,000	
Waterlines	4989,67,109	3171,50,985	
Hydraulic Plant & Machinery	1488,68,240	75,00,000	
Sewage & Drainage (Plant & Machinery)	17989,61,900	14418,73,069	
Computer Equipments	61,69,519	32,07,893	
Electronic Equipments	1892,93,872	783,96,351	
Software	53,10,000	-	
Electrical Equipments	319,49,965	143,55,991	
Total	42461,05,891	26380,09,264	

4	Financial Asset-Investments	As at 31 st March 2019	As at 31 st March 2018
		Investment in subsidiary company (Refer note 4.1)	182,00,000
Total	182,00,000	-	

4.1 Surat Smart City Development Limited has subscribed 18,20,000 shares of Rs 10/- each of AIC SURATI iLAB FOUNDATION (wholly owned subsidiary) during the current financial year and making it its wholly owned subsidiary company. Accordingly, Surat Smart City Development Limited is the promotor company who, according to one of the condition of Atal Innovation Mission for setting up Atal Incubation Centre, will provide matching contribution (in the decided manner) to its wholly owned subsidiary company every year in amount of tranches decided by the Management of the Company and subsidiary company.

5	Trade & Other receivables	As at 31 st March 2019	As at 31 st March 2018
		Interest Accrued on Fixed Deposits	79,84,561
Pre-payments	-	9,69,049	
TDS Receivable	487,77,773	402,35,294	
Indirect Taxes Receivable	47,23,603	28,16,069	
Advance Income Tax	1108,28,260	926,56,280	
Total	1723,14,196	1368,75,619	

6	Cash and Bank Balances	As at 31 st March 2019	As at 31 st March 2018
		Current Cash and Bank Balance	
Imprest (Petty) cash in hand	25,000	25,000	
Balance in Current Accounts with Scheduled Bank	76,73,918	9907,55,509	
Balances with banks in fixed deposit accounts with original maturity of less than 3 months	1000,00,000	4000,00,000	
Balances with banks in fixed deposit accounts with original maturity of more than 3 months	14200,00,000	4000,00,000	
Other Bank Balances			
Balance with scheduled banks in savings account	536,93,788	5,13,166	
Total	15813,92,706	17912,93,675	

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

7	Loans and Advances	As at 31 st March 2019	As at 31 st March 2018
		Loans and Advance given to Subsidiary Company	3,25,895
	Advance for Expenses	38,000	-
	Advance to Suppliers	28,000	28,000
	Total	3,91,895	28,000

8	Other Financial Assets	As at 31 st March 2019	As at 31 st March 2018
		Electricity Deposit	21,339
	Total	21,339	-

9	Equity Share Capital	As at 31 st March 2019	As at 31 st March 2018
		Equity Share Capital	
	Authorised Share capital (20,00,00,000 shares of Rs 10/- each)	20000,00,000	20000,00,000
	Issued Share capital (20,00,00,000 shares (P.Y 20,00,00,000) of Rs 10/- each)	20000,00,000	20000,00,000
	Subscribed & Fully Paid up capital (20,00,00,000 (P.Y 20,00,00,000) shares of Rs 10/- each)	20000,00,000	20000,00,000
	Total	20000,00,000	20000,00,000

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled for one vote per share held.

9.1	Other Equity	As at 31 st March 2019	As at 31 st March 2018
		Reserve & Surplus	
	Opening Balance	2940,43,859	1347,91,545
	Profit/(Loss) for the period	313,42,834	1592,52,314
	Total	3253,86,693	2940,43,859

The details of Shareholders holding 5% and above shares		As at 31 st March 2019		As at 31 st March 2018	
		Number of Shares	% held	Number of Shares	% held
Surat Municipal Corporation		1000,00,000	50%	1000,00,000	50%
Government of Gujarat		1000,00,000	50%	1000,00,000	50%

10	Other Non- Current Liabilities	As at 31 st March 2019	As at 31 st March 2018
		Opening Balance - Capital Grants received from Government of India. (Refer Note 10.1)	18499,61,749
	Add: Grants received during the year from Central Government (Refer Note 10.2)	9607,50,000	-
		28107,11,749	18499,61,749
	Add: Capital Grants received from Government of Gujarat (Refer Note 10.2)	4600,00,000	
	Add: Reversal of Capital Expense (F.Y: 2016-17)	110,00,000	-
	Less: Assets capitalised during the year from Grants related to assets (Refer Note 26)	424,49,822	-
	Total	32392,61,927	18499,61,749

SURAT SMART CITY DEVELOPMENT LIMITED

NOTE 9.1 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Reserve and Surplus	Items of Other Comprehensive Income	Total Impact on Other Equity
	Retained Earnings		
As on 31st March 2019			
Balance as at 01.04.2018	2940,43,859	-	2940,43,859
Changes in accounting policy or prior period errors	-	-	-
Restated balance at the beginning of the reporting period	2940,43,859	-	2940,43,859
Total comprehensive income for the year	313,42,834	-	313,42,834
Dividends	-	-	-
Transfer to retained earnings	-	-	-
Any other change (to be specified)	-	-	-
Balance at the end of the reporting period 31.03.2019	3253,86,693	-	3253,86,693

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

10.1	The Smart City Projects (SCPs) are segmented into various smaller project units for ease of administration. All the project units are integrated with each other and can be considered as functional in totality only after completion of the full project. A single segment of any project is not capitalised as a fixed asset till all the segmented parts of an entire project are completed. In the current financial year, the projects mentioned in Note 25 were completed in its entirety and hence the respective amount is transferred from the Capital Work in progress to the Property Plant and Equipment relating to the capital projects. Further, as per the notification issued by Ministry of Corporate Affairs dated 20 th September, 2018, "Government Grants relating to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by either setting up grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset". Accordingly, the option of deducting grant in arriving at the carrying value of the asset has been opted in the current financial year for capitalising the completed project.
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10.1 (a)	Certain tender related to SCPs of the company requires the supplier of the the capital products to also include operationa and maintenance expenses for an agreed period which are considered as part of the project expenditure under the projects. These O & M charges being revenue in nature does not result in creation of any asset and hence the same are charged to Profit and Loss Account. Since, the entire project is consider as composite one, these O & M expenses are also funded from the Capital Grants so approved. Hence, Captial Grants to the extent of these O&M expenses are credited to the Profit and Loss account.
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10.2	In the current year, the Government of India has further released grant of Rs 93 crore as Project Fund and Rs 3 crore as A&OE Fund with necessary terms and conditions. Also, as per Smart City Mission Guidelines, Government of Gujarat has released Project Fund's matching amount of Rs 46 crore vide referred grant release orders and conditions.
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10.3	As per Surat Smart City Mission Guidelines, the initial Company Incorporation Expense is to be written off against the A & OE grant fund received during the first year. Initially, the amount remaining after writing off such expenses were to be amortised over period of five years, starting from the first financial year. Since in the previous financial year, expenses for which the grant was provided exceeded the amount of grant provided, the balance unamortised amount remaining in the A & OE Fund has been recognised in the Profit and Loss Account as Income as per the matching concept in the previous year. Accordingly, there remains no amount to be amortised in the current financial year.
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11	Trade and Other Payables	As at 31st March 2019	As at 31st March 2018
	Total Outstanding dues to Micro, Small and Medium	-	-
	Total Outstanding of creditors other than Micro, Small and Medium Enterprises	38,25,140	40,46,688
	Total	38,25,140	40,46,688

12	Other Current Liabilities	As at 31st March 2019	As at 31st March 2018
	Security Deposit from Suppliers & Contractors	391,37,716	253,59,544
	Retention Money Deposit from Suppliers	2182,34,191	2321,63,288
	Earnest money deposit from contractors	204,26,800	376,20,000
	Other Deposits	259,39,986	1,16,036
	TDS Payable	61,90,565	109,18,195
	Indirect Taxes Payable	66,21,216	3,10,441
	Construction cess payable	25,23,106	16,08,955
	Total	3190,73,579	3080,96,459

13	Provisions	As at 31st March 2019	As at 31st March 2018
	Provision for Tax	1425,00,000	1300,00,000
	Total	1425,00,000	1300,00,000

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

14	Revenue from Operations	As at 31st March 2019	As at 31st March 2018
	Revenue from operations		-
	Total	-	-

15	Other Income	As at 31st March 2019	As at 31st March 2018
	Interest on fixed deposits with bank	854,25,563	1976,09,120
	Interest on Savings Account	58,53,292	-
	Collections of Tender Form Fees	2,96,400	7,28,934
	Amortisation of A & O E Fund	-	654,92,224
	Scrap Sale and other charges	2,150	319
	Forfeited Deposits	1,50,000	-
	Performance related penalty from contractors	146,81,298	18,72,613
Total	1064,08,703	2657,03,210	

16	Project Management Consultant Fee	As at 31st March 2019	As at 31st March 2018
	Project Costs	246,57,851	318,76,951
	Total	246,57,851	318,76,951

17	Operation and Maintenance expense	As at 31st March 2019	As at 31st March 2018
	Operation & Maintenance charge for project PAN 4b_1	99,32,878	-
	Operation & Maintenance charge for project PAN 4b_2	8,49,600	-
	Annual Maintenance charge for PAN 4a_2	81,61,721	-
	Total	189,44,199	-

17.1 Certain tender related to SCPs of the company requires the supplier of the the capital products to also include operation and maintenance expenses for an agreed period which are considered as part of the project expenditure under the projects. These O & M charges being revenue in nature does not result in creation of any asset and hence the same are charged to Profit and Loss Account. These O & M expenses are funded from Own Capital.

18	Employee Benefit Expense	As at 31st March 2019	As at 31st March 2018
	Salary, wages, including bonus	37,73,007	29,55,280
	Total	37,73,007	29,55,280

19	Financial Costs	As at 31st March 2019	As at 31st March 2018
	Bank charges & Commission	-	935
	Total	-	935

20	Depreciation and Amortization Expense	As at 31st March 2019	As at 31st March 2018
	Depreciation for the year	83,20,884	67,62,381
	Total	83,20,884	67,62,381

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

21	Administrative Expenses	As at 31 st March 2019	As at 31 st March 2018
	Rent on vehicles hired	3,04,974	89,202
	GST Charges	9,073	10,700
	Late payment/Interest expense	-	1,11,329
	Postage & Telegram Expense	4,714	6,738
	Telephone Expense	26,205	29,754
	Printing & Stationery Expense	3,71,141	91,010
	Local Conveyance Expense	21,668	19,841
	Travelling Allowance	3,89,704	69,316
	Audit Fee	4,50,000	4,00,000
	Consultancy Fee	6,45,604	6,06,307
	Registration Charges	18,090	4,39,312
	Repair & Maintenance Expense	-	34,745
	Publicity & Advertisement	28,88,980	10,00,213
	Books, Periodical & Newspaper Expense	-	77,843
	Seminar & Symposiums	14,04,365	9,68,346
	Other Office Expense	3,35,411	9,00,692
	Total	68,69,928	48,55,349

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

22	Payment to Auditors (Net of GST)	Figure for the current reporting period (Rs)		Figure for the previous reporting period (Rs)	
	As Auditors:	4,50,000		4,00,000	
	As Advisor in other capacity				
	GST Matter	2,70,000		-	
	Company Law Matter	-		-	
	Taxation Matter	-		2,06,487	
	Total		7,20,000		6,06,487
			7,20,000		6,06,487

23 As per the information and returns provided by the management of the Company, we have been informed that there are no Micro and Small Enterprises, to whom the company owes dues as at 31st March, 2019. 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.

24 Related Party Disclosures

24.1	List of related parties with relationships:	For The Current reporting period	For The Previous reporting period
		Name of Related Parties	Name of Related Parties
	Relationships		
	<u>Subscriber to Share Capital</u>	Surat Municipal Corporation	Surat Municipal Corporation
	<u>Wholly owned Subsidiary Company</u>	AIC SURATI ILAB FOUNDATION	-
<i>Note: Related party relationship is as identified by the Company and relied upon by the Auditors.</i>			

24.2	Transactions during the year with Related Parties:	Figures for the Current reporting period	Figures for the Previous reporting period
		Amount	Amount
	Nature of Transactions		
	Subscription to Share Capital of wholly owned subsidiary company	182,00,000	-
	Advance for expenses	3,25,895	-

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25	Earning Per Share		
	Particulars	Figures for the Current reporting period	Figures for the Previous reporting period
	Net Profit after Tax as per the Statement of Profit and Loss attributable to the Equity Shareholders	31342833.54	1592,52,314
	Number of Equity shares used as denominator for calculating EPS	200000000	2000,00,000
	Basic Earning Per Share (EPS)	0.16	0.81
	Face Value per Equity share	Rs 10/-	Rs 10/-

26 Detail of Project capitalised / expensed out during the current financial year :					
Sr No.	Project Name	Project Number	Project amount (in Rs)	Amount capitalised as Fixed Asset	Funded from: Own capital/Grant Fund
1	Rain Water Recharging	ABD-3	46,86,583	46,86,583	Grant Fund for Capitalisation
2	MySurat.in (Active Citizen Engagement) Part-2 IT Vendor, Citizen Engagement Portal & Mob App	PAN-4b_2	147,72,400	147,72,400	Grant Fund for Capitalisation
3	SMAC Center (SMArt City Center) Part 1 - Smart Solid Waste Management Vehicle Tracking & RFID	PAN 4a_3	93,75,618	93,75,618	Grant Fund for Capitalisation
4	SMAC Center Creation - Part-1: Video Wall	PAN 4a_1	136,15,221	136,15,221	Grant Fund for Capitalisation

As per our report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
FRN : 123626W



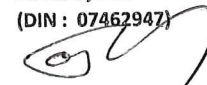
Partner
Hiren Vepari
Membership no.-102680
UDIN

19102680A A A A K 3 8 7 9

Date: 24/09/2019
Place: Surat

For and on behalf of Surat Smart City Development Ltd.

Director/CEO
(DIN : 07462947)



(1) Chaitanya Bhatt



Chief Financial Officer

Date: 24/09/2019
Place: Surat

Director
(DIN : 07464092)



(2) Jivanbhai Patel



Company Secretary

SURAT SMART CITY DEVELOPMENT LIMITED

Cash Flow Statement for the year ended 31st March, 2019

Particulars	31.03.2019		31.03.2018	
(A) Cash Flow from Operating Activities:				
Net profit/(loss) before tax and Extraordinary Items:		438,42,834		2192,52,314
Adjusted for:				
Add:				
Depreciation		83,20,884		67,62,381
Finance Cost		-		935
Operating Profit before Working Capital Changes		521,63,718		2260,15,630
Adjusted for:				
(Increase)/Decrease in Trade and Other Receivables	(354,38,577)		(715,00,643)	
Increase/(Decrease) in Trade Payables & other liabilities	232,55,572		2685,92,069	
Advance to suppliers	(3,85,234)	(125,68,239)	10,22,000	1981,13,427
Cash Generated from Operations before prior period item		395,95,479		4241,29,057
Tax Paid		(125,00,000)		406,00,000
Net Cash Generated from/ (used in) Operations		270,95,479		4647,29,057
(B) Cash Flow from Investing Activities:				
Purchase of Fixed Assets		(424,49,822)		(109,20,475)
Increase in Capital WIP		(16080,96,627)		(25284,60,443)
Investment in subsidiary company		(182,00,000)		-
Net Cash Generated from Investing Activities		(16687,46,449)		(25393,80,918)
(C) Cash Flow from Financing Activities:				
Finance Cost		-		(935)
Preliminary Expense written off		-		(654,92,224)
Proceeds from Share Capital and grants		14317,50,000		-
Net Cash Generated from/ (used in) used in Financing Activities		14317,50,000		(654,93,159)
Net (Decrease)/Increase in Cash and Cash Equivalents		(2099,00,970)		(21401,45,021)
Cash and Cash Equivalents at the beginning of the year		17912,93,675		39314,38,695
Cash and Cash Equivalents at the end of the year		15813,92,706		17912,93,675

Figures in brackets shows outflow

For Natvarlal Vepari & Co.
Chartered Accountants.



Hiren Vepari
Membership no.-102680
Partner.
UDIN:

19102680A A A A A K 3879

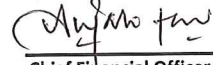
Date: 24/09/2019
Place: Surat

For and on behalf of Surat Smart City
Development Ltd.

(1) Chaitanya Bhatt (2) Jivambhai Patel

Director/CEO Director

(DIN : 07462947) (DIN : 07464092)



Chief Financial Officer
Date: 24/09/2019
Place: Surat



Company Secretary