



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 of **Surat Smart City Development Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards 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, 2021, its Profit 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 ("SA's"). 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 ethical 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.

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

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

In preparing the standalone financial statements as per, 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of Standalone Financial Statements

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating





the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing 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 financial statements comply with the Ind AS





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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 DMKH & Co.**

**Chartered Accountants
FRN:116886W**

Mithun Rathi



CA Mithun Rathi
Partner
Membership No. 125238
UDIN:

Place: Surat
Date:



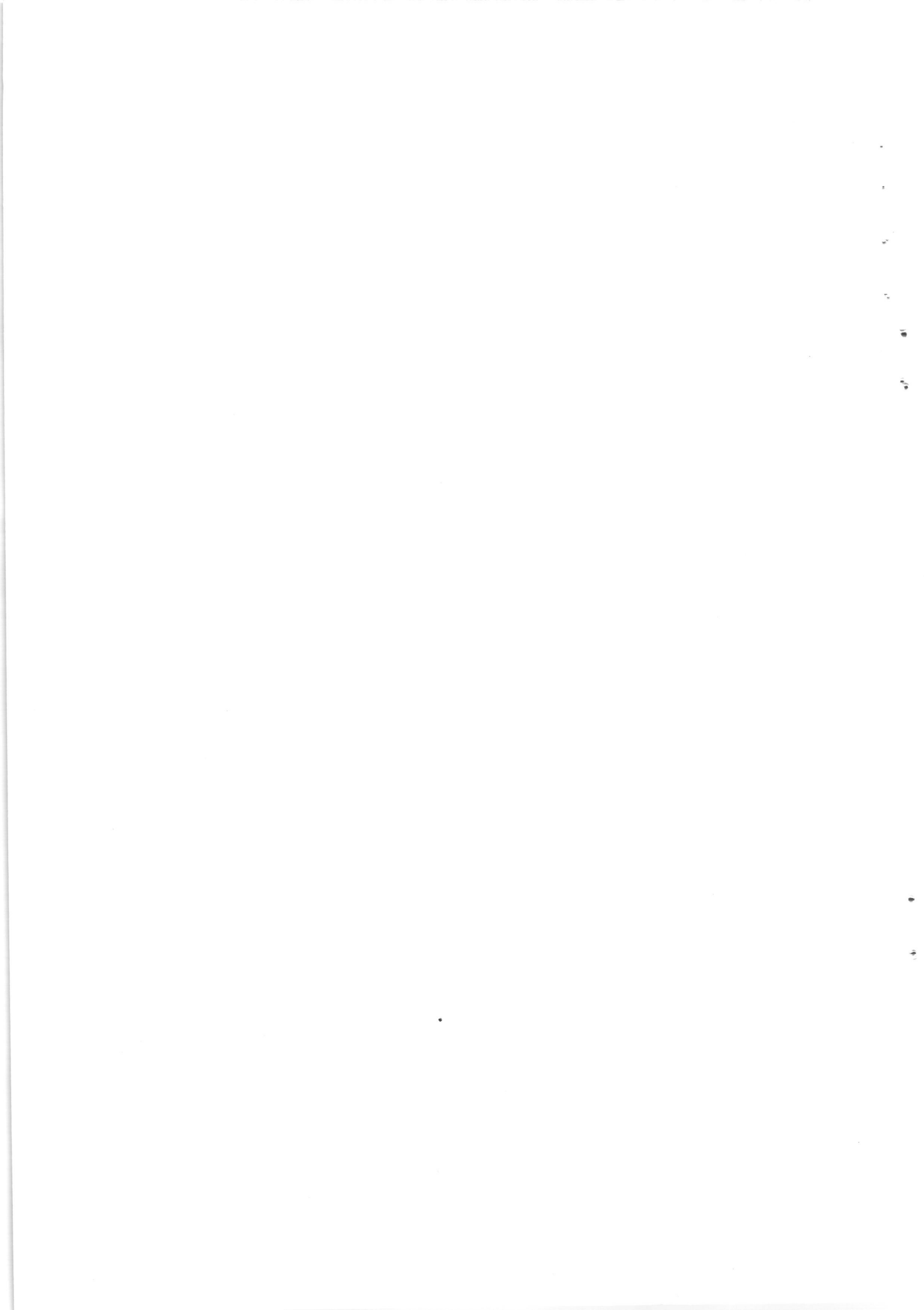


ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT
(As referred to in paragraph 1 of our Report of even date)

Report on the Companies (Auditor's Report) Order, 2016, issued in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Surat Smart City Development Limited ("the Company")

- i. In respect of company's property, plant and equipment:
- (a) The company has maintained proper records showing full particulars and situation of property, plant and equipment.
 - (b) We are informed that the property, plant and equipment 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 3(ii) of the Order is not applicable to the company.
- iii. The Company has granted unsecured loan, to Surat Municipal Corporation without any consideration to combat covid 19 in Surat City. Surat Municipal Corporation is listed in the Register maintained under Section 189 of the Companies Act, 2013
- (a) Terms and conditions of the grant of such loan are not prejudicial to the company's interest.
 - (b) The schedule of repayment of principal is not pre decided further as board resolution passed the loan will be repaid in ongoing year and payment of loan will be done without any consideration.
 - (C) Loan is not overdue during the year as no repayment terms has been decided.
- 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)







- of the order is not applicable to the Company.
- vi. The maintenance of cost records under section 148(1) of the Companies Act, 2013, Therefore, the clause 3 (vi) 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, 2021 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, 2021. 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 unutilized 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) of the order 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 3(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 DMKH & Co.**

Chartered Accountants

FRN:116886W

Mithun Rathi



CA Mithun Rathi

Partner

Membership No. 125238

UDIN:

Place: Surat

Date:



ANNEXURE 'B' TO AUDITOR'S REPORT PERIOD ENDED 31-03-2021
[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 (the "Company")** as of March 31, 2021 in conjunction with our audit of the standalone 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

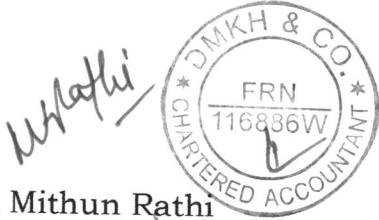
Opinion

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, 2021, 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 DMKH& Co.**

Chartered Accountants

FRN:116886W



CA Mithun Rathi

Partner

Membership No. 125238

UDIN:

Place: Surat

Date:

SURAT SMART CITY DEVELOPMENT LIMITED
BALANCE SHEET AS ON 31st MARCH, 2021

Particulars	Note no.	As at 31 st March, 2021	As at 31 st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	5,247,802	7,867,825
Capital work-in-progress	3	5,514,639,337	5,005,875,012
Financial Asset-Investments	4	18,200,000	18,200,000
		5,538,087,139	5,031,942,837
Current assets			
Financial assets			
- Trade and other receivables	5	76,293,122	213,121,018
- Cash and cash equivalents	6	2,972,804,308	3,866,482,451
- Loans and Advances	7	505,862,304	608,356
- Other Financial Assets	8	1,780,875	30,175
		3,556,740,609	4,080,242,000
Total Assets		9,094,827,748	9,112,184,836
EQUITY AND LIABILITIES			
Equity Share Capital	9	2,000,000,000	2,000,000,000
Other Equity	9.1	530,474,281	435,814,480
Share application money pending allotment		-	-
Equity attributable to owners of the Company		2,530,474,281	2,435,814,480
Non-current liabilities			
Other non-current liabilities	10	6,142,867,814	6,207,172,884
		6,142,867,814	6,207,172,884
Current liabilities			
Financial liabilities			
- Trade and other payables	11	-	-
Total Outstanding dues to Micro and Small Enterprises		-	-
Total Outstanding of creditors other than Micro and Small Enterprises		5,235,305	4,668,730
Other current liabilities	12	376,866,182	289,028,742
Provisions	13	39,384,166	175,500,000
Total Liabilities		421,485,653	469,197,472
TOTAL EQUITY AND LIABILITIES		9,094,827,748	9,112,184,836
Significant Accounting Policies	1		
Notes forming an integral part of Financial Statements	1-26		

As per our report of even date

For and on behalf of Surat Smart City Development Ltd.

For DMKH & Co.
Chartered Accountants.
Firm Reg. No. 116886W

M. Rathi
Partner
CA Mithun Rathi
Membership no: 125238



Chaitanya Bhatt
Director & CEO
(1) Chaitanya Bhatt
(DIN : 07462947)

Ashish M Dube
Director
(2) Ashish M Dube
(DIN : 09019629)

Chiranjit Patel
I/c Chief Financial Officer

V. Desai
Company Secretary

UDIN:

Date: 28.09.2021
Place: SURAT

Date: 28.09.2021
Place: Surat

SURAT SMART CITY DEVELOPMENT LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note no.	2020-2021 (Rs)	2019-2020 (Rs)
Income			
Revenue from operations	14	-	-
Other income	15	234,920,703	169,692,501
Total revenue		234,920,703	169,692,501
Expenses			
Project Management Consultant Fee	16	16,344,095	15,296,589
Operation and Maintenance Charges	17	52,591,710	26,248,921
Employee Benefit Expense	18	4,375,341	3,036,759
Finance Cost	19	826	649
Depreciation and Amortisation Expense	20	2,620,023	4,346,751
Office Expenses	21	2,532,514	7,335,046
Other Expenses	22	4,510,153	-
Total expenses		82,974,662	56,264,714
Profit/ (loss) before exceptional items and tax		151,946,041	113,427,787
Exceptional items		-	-
Profit/ (loss) before tax		151,946,041	113,427,787
Tax Expense			
a) Current tax		39,384,166	33,000,000
b) Deferred tax		-	-
Profit/ (loss) for the period from continuing operations		112,561,874	80,427,787
Profit/ (loss) from discontinued operations		-	-
Tax Expense of discontinued operations		-	-
Profit/ (loss) from continuing operations (after tax)		112,561,874	80,427,787
Profit/ (loss) for the period		112,561,874	80,427,787
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 (Profit/ loss + other comprehensive income)		112,561,874	80,427,787
Earnings per equity share (for continuing operations)			
a) Basic, computed on the basis of profit from continuing operations attributable to the equity holders of the company		0.56	0.40
b) Diluted, computed on the basis of profit from continuing operations attributable to the equity holders of the company		0.56	0.40
Earnings per equity share (for discontinued operations)			
a) Basic		-	-
b) Diluted		-	-
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		0.56	0.40
b) Diluted		0.56	0.40

Notes forming a part of Financial Statements
As per our report of even date

1-26

For and on behalf of Surat Smart City Development Ltd.

For DMKH & Co.

Chartered Accountants.

Firm Reg. No. 116886W

Partner

CA Mithun Rathi

Membership no: 125238

UDIN:



Director & CEO

(1) Chaitanya Bhatt
(DIN : 07462947)

Director

(2) Ashish M Dube
(DIN : 09019629)

Tamukhwal P. L.
I/c Chief Financial Officer

Besari
Company Secretary

Date: 28.09.2021

Place: SURAT

Date: 28.09.2021

Place: SURAT

SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3	Capital Work-in-progress	As at 31 st March 2021	As at 31 st March 2020
		Water Tank	506,041,312.96
Office Building	22,943,113.91	19,998,114	
Other Building	146,192,542.57	92,370,034	
Restoration & Development of Fort	456,571,047.22	357,914,000	
Roads, Streets & Pavements	1,118,242,227.64	932,823,252	
Waterlines	662,491,048.03	633,857,102	
Hydraulic Plant & Machinery	214,040,235.26	224,641,664	
Sewage & Drainage (Plant & Machinery)	1,798,961,900.00	1,798,961,900	
Computer Equipments	6,169,519.00	6,169,519	
Electronic Equipments	446,393,464.10	330,809,937	
Software	93,206,287.22	44,362,515	
Air & Water quality management system	10,610,577.00	10,610,577	
Other fixed assets (Intangible asset)	896,800.00	896,800	
Electrical Equipments	31,879,262.04	31,879,263	
Total	5,514,639,336.95	5,005,875,012	

4	Financial Asset-Investments	As at 31 st March 2021	As at 31 st March 2020
		Investment in subsidiary company (Refer note 4.1)	18,200,000
Total	18,200,000	18,200,000	

4.1 Surat Smart City Development Limited has subscribed 18,20,000 shares of Rs 10/- each of AIC SURATI ILAB FOUNDATION (a venture as Atal Incubation Centre formed under Atal Innovation Mission of Government of India) making it its wholly owned subsidiary company. As per the requirement of one of the condition of Atal Innovation Mission for setting up Atal Incubation Centre, Surat Smart City Development Limited who is the promotor company, shall provide matching contribution to its wholly owned subsidiary company every year of amount decided by the Management of the Company and subsidiary company.

5	Trade & Other receivables	As at 31 st March 2021	As at 31 st March 2020
		Interest Accrued on Fixed Deposits	25,647,874
TDS Receivable	15,370,277	61,025,958	
Indirect Taxes Receivable	8,679,971	4,246,220	
Advance Income Tax	26,595,000	113,328,260	
Total	76,293,122	213,121,018	



6	Cash and Bank Balances Current Cash and Bank Balance Imprest (Petty) cash in hand Balance in Current Accounts with Scheduled Bank Balances with banks in fixed deposit accounts with original maturity of less than 12 months Other Bank Balances Balance with scheduled banks in savings account	As at 31st March 2021	As at 31st March 2020
			25,000
	99,418,830	80,128,230	
	2,600,000,000	3,680,000,000	
	273,360,478	106,329,221	
	Total	2,972,804,308	3,866,482,451

7	Loans and Advances Loans and Advance given to Subsidiary Company Loans and Advance - Other Advance for Expenses Advance to Suppliers Advance to Surat Municipal Corporation	As at 31st March 2021	As at 31st March 2020
			325,895
	1,000	-	
	5,508,178	133,645	
	27,231	-	
	500,000,000	148,816	
	Total	505,862,304	608,356

7.1 The Company has granted unsecured loan of Rs. 50.00 Crore to Surat Municipal Corporation without any consideration to combat covid 19 in Surat City. The schedule of repayment of principal is not pre decided further as board resolution passed the loan will be repaid in ongoing year and payment of loan will be done without any consideration.

8	Other Financial Assets Electricity Deposit	As at 31st March 2021	As at 31st March 2020
			1,780,875
	Total	1,780,875	30,175

9	Equity Share Capital Equity Share Capital Authorised Share capital (20,00,00,000 shares of Rs 10/- each) Issued Share capital (20,00,00,000 shares (P.Y 20,00,00,000) of Rs 10/- each) Subscribed & Fully Paid up capital (20,00,00,000 (P.Y 20,00,00,000) shares of Rs 10/- each)	As at 31st March 2021	As at 31st March 2020
			2,000,000,000
	2,000,000,000	2,000,000,000	
	2,000,000,000	2,000,000,000	
	Total	2,000,000,000	2,000,000,000

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.

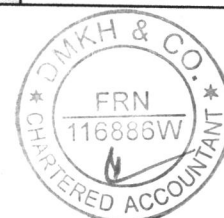


		As at 31st March 2021		As at 31st March 2020	
9.1	Other Equity				
(A)	Reserve & Surplus				
	Opening Balance	435,814,480		325,386,693	
	Grant pertaining to FY 2018-2019	--		30,000,000	
	Changes in accounting policy or prior period errors	(13,263,355)		-	
	Grant transferred for CITIIS Mission	(15,120,000)		-	
	Profit/(Loss) for the period	112,561,874		80,427,787	
		519,992,999		435,814,480	
(B)	Other Equity (CITIIS Mission)				
	Corpus For CITIIS Mission	15,120,000		-	
	Less :- Amount recognised in profit & loss to the extend of expenses incurred (Ref 9.2)	4,638,718		-	
		10,481,282			
	Total	530,474,281		435,814,480	

9.2 During the current financial year, the Company contribution to CITIIS Mission for the purpose of fulfilling the requirements of CITIIS Mission Project which states about enhancing project preparation and strengthen the capacity of SPV through regular activities under the "CITIIS Expertise" program. Previous Year closing balance Rs. 800.00 Lacs and during the current financial year transfer by SSCDL for CITIIS Mission of Rs. 151.20 Lacs & Expenses incurred of Rs 46.39 Lacs.

The details of Shareholders holding 5% and above shares		As at 31st March 2021		As at 31st March 2020	
		Number of Shares	% held	Number of Shares	% held
Surat Municipal Corporation		100,000,000	50%	100,000,000	50%
Government of Gujarat		100,000,000	50%	100,000,000	50%

		As at 31st March 2021		As at 31st March 2020	
10	Other Non- Current Liabilities				
[A]	Capital grant From GOI & GOG				
	Opening Balance - Capital Grants received from Government of India. (Refer Note 10.1)	4,599,328,392		3,239,261,927	
	Opening Balance - Capital Grants received from Government of Gujart. (Refer Note 10.1)	1,425,000,000		-	
	Add: Grants received during the year from Central Government	-		1,860,000,000	
	Add: Capital Grants received from Government of Gujarat	-		965,000,000	
		6,024,328,392		6,064,261,927	
	Less : A&OE grant pertaining to F.Y. 2020-2021	-		30,000,000	
	Less : Assets capitalised during the year from grants received from GOI related to assets (Refer Note 26)	58,899,671		9,933,535	
	Closing Balance - Capital Grants received from Government of India. (Refer Note 10.1)	4,540,428,721			
	Closing Balance - Capital Grants received from Government of Gujart. (Refer Note 10.1)	1,425,000,000			
	Total	5,965,428,721		6,024,328,392	
[B]	Capital grant related to CITIIS Mission				
	Capital grant related to CITIIS Mission (Refer Note 10.3)	80,000,000		80,000,000	
		-		-	
		80,000,000		80,000,000	
[C]	Revenue Grant				
	A & OE Grant Received From GOI	102,844,492		122,500,000	
	Less :- Amount recognised in profit & loss to the extend of expenses incurred (Ref 10.2)	5,405,399		19,655,508	
		97,439,093		102,844,492	
	Total	6,142,867,814		6,207,172,884	



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 26 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 20th 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.

10.1 (a) Certain tenderd 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 operational & maintenance 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 operational & maintenance expenses are also funded from the Capital Grants so approved. Hence, Captial Grants to the extent of these operational & maintenance expenses are credited to the Profit and Loss account.

10.2 As per IND AS 20-Accounting for Government Grants and Disclosure of Government Assistance, Government Grants which are revenue in nature are to be recognised in the Statement of Profit and Loss on a systematic basis over a period in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Accordingly, in the current financial year, the amount of revenue grant has been amortised in the Statement of Profit and Loss to the extent of costs were incurred against the amount of revenue grant received.

10.3 During the current financial year, the Company received grant for the purpose of fulfilling the requirements of CITIIS Mission which states about enhancing project preparation and strengthen the capacity of SPV through regular activities under the "CITIIS Expertise" program. This phase should last approximately 12 months for each awarded project. The maturation phase shall end with the validation by the PMU of the Maturation Final Report, to trigger the implementation phase and its related financing. At national level, the completion of the maturation phase shall lead to the capitalization and dissemination of best practices through the SmartNet portal and events. Previous Year closing balance Rs. 800.00 Lacs and during the current financial year transfer of Rs. 151.20 Lacs

11 Trade and Other Payables		As at 31st March 2021	As at 31st March 2020
Total Outstanding dues to Micro, Small and Medium Enterprises		-	-
Total Outstanding of creditors other than Micro, Small and Medium Enterprises (Sundry Creditors)		5,235,305	4,668,730.47
Total		5,235,305	4,668,730

12 Other Current Liabilities		As at 31st March 2021	As at 31st March 2020
Security Deposit from Suppliers & Contractors		199,546,572	84,544,398
Retention Money Deposit from Suppliers & Contractors		138,738,651	166,738,101
Earnest money deposit from contractors		18,932,800	11,340,800
Other Deposits		12,675,447	20,693,101
TDS Payable		2,274,121	2,670,397
GST TDS Payable		3,251,557	1,917,825
Indirect Taxes Payable		354,840	323,764
GST Paid (No ITC Claim)		24,089	-
Interest on TDS payable		-	3,767
Round off		18	-
Construction cess payable		1,068,087	796,589
Total		376,866,182	289,028,742

13 Provisions		As at 31st March 2021	As at 31st March 2020
Provision for Tax		39,384,166	175,500,000
Total		39,384,166	175,500,000



**Reconciliation of Income Tax Provision provided for the
current financial year**

Particulars	As at 31st March 2021	As at 31st March 2020
Income tax recognised in the Statement of Profit and Loss account:		
Current Tax	39,384,166	33,000,000
Deferred Tax	-	-
Profit before tax during the year	151,946,041	113,427,787
Rate of Taxation	25.92%	29.09%
Computed Tax expense	39,384,166	33,000,000

14 Revenue from Operations	As at 31st March 2021	As at 31st March 2020
Revenue from operations	-	-
Total	-	-

15 Other Income	As at 31st March 2021	As at 31st March 2020
Awards and Incentive	-	2,000,000.00
Interest on fixed deposits with bank	204,879,993	134,776,916
Interest on Savings Account	3,381,093	7,246,543
Collections of Tender Form Fees	242,644	199,800
Amortisation of A & O E Fund (Refer Note 10.2)	5,405,399	19,655,508
Amortisation of CITIIS MISSION Fund (Refer Note 9.2)	4,638,718	-
Interest on Other Investment	110,674	-
Other Miscellaneous Income	2,220	-
Performance related penalty from contractors	16,259,962	5,813,734
Total	234,920,703	169,692,501

16 Project Management Consultant Fee	As at 31st March 2021	As at 31st March 2020
Project Costs	16,344,095	15,296,589
Total	16,344,095	15,296,589

17 Operation and Maintenance expense	As at 31st March 2021	As at 31st March 2020
Operation & Maintenance charge for project PAN 1b_1	10,346,471	12,390,010
Operation & Maintenance charge for project PAN 4b_2	2,124,000	849,600
Operation & Maintenance charge for project PAN 4b_3	6,352,202	498,770
Operation & Maintenance charge for project PAN 6_2	23,168,764	12,510,541
Operation & Maintenance charge for project PAN 4a_2	418,691	-
Operation & Maintenance charge for project ABC-1-C	7,100,106	-
Operation & Maintenance charge for project PAN-4a_3	717,077	-
Operation & Maintenance charge for project PAN-1b_1	648,543	-
Operation & Maintenance charge for project PAN-6_2	1,580,618	-
Operation & Maintenance charge for project Other	86,094	-
Operation & Maintenance charge for project Other	49,144	-
Total	52,591,710	26,248,921

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 Salary, wages, including bonus	As at 31st March 2021	As at 31st March 2020
		4,375,341	3,036,759
	Total	4,375,341	3,036,759
19	Financial Costs Bank charges & Commission	As at 31st March 2021	As at 31st March 2020
		826	649
	Total	826	649
20	Depreciation and Amortization Expense Depreciation for the year	As at 31st March 2021	As at 31st March 2020
		2,620,023	4,346,751
	Total	2,620,023	4,346,751
21	Office Expenses	As at 31st March 2021	As at 31st March 2020
	Rent on vehicles hired	13,955	139,121
	GST Charges	-	1,144
	Income Tax surcharge	-	1,125
	Postage & Telegram Expense	2,236	4,673
	Telephone Expense	7,807	10,583
	Printing & Stationery Expense	37,158	39,750
	Local Conveyance Expense	15,208	17,900
	Travelling Allowance and Boarding expense	1,465	518,816
	Audit Fee	155,000	450,000
	Consultancy Fee	1,167,754	1,315,450
	Registration Charges	23,555	15,497
	Publicity & Advertisement	1,082,361	3,799,691
	Seminar & Symposiums	-	933,721
Other Office Expense	26,016	87,576	
Total	2,532,514	7,335,046	
22	Other Expenses Corporate Social Responsibility Expenses	As at 31st March 2021	As at 31st March 2020
		4,510,153	-
	Total	4,510,153	-



SURAT SMART CITY DEVELOPMENT LIMITED

Note no. 2

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, 2020	11,835,345	4,400	15,123,248	350,902	3,255,075	30,568,970
Add: Addition	-	-	-	-	-	-
Less: Disposals	-	-	-	-	-	-
As at March 31, 2021	11,835,345	4,400	15,123,248	350,902	3,255,075	30,568,970
Accumulated Depreciation:						
As at March 31, 2020	10,279,509	3,685	10,291,412	211,890	1,914,649	22,701,145
Add: Charge for the year	210,917	322	1,842,759	54,105	511,920	2,620,023
Less: Disposals	-	-	-	-	-	-
As at March 31, 2021	10,490,426	4,007	12,134,171	265,995	2,426,569	25,321,168
Net carrying amount:						
As at March 31, 2020	11,835,345	4,400	15,123,248	350,902	3,255,075	30,568,970
As at March 31, 2021	1,344,920	393	2,989,077	84,907	828,506	5,247,802



SURAT SMART CITY DEVELOPMENT LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

23	Payment to Auditors (Net of GST)	Figure for the current reporting period (Rs)		Figure for the previous reporting period (Rs)	
	As Auditors:	450,000		450,000	
	As Advisor in other capacity				
	GST Matter	360,000		270,000	
	Company Law Matter	-		-	
	Taxation Matter	-		-	
	Total		810,000		720,000
			810,000		720,000

23.1 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, 2021. 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
	Relationships	Name of Related Parties	Name of Related Parties
	Subscriber to Share Capital	Surat Municipal Corporation	Surat Municipal Corporation
	Wholly owned Subsidiary Company	AIC SURATI ILAB FOUNDATION	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
	Nature of Transactions	Amount	Amount
	Subscription to Share Capital of wholly owned subsidiary company	18,200,000	18,200,000
	Advance for expenses	325,895	325,895



25	Earning Per Share		
	Particulars	Figures for the Current reporting period	Figures for the Previous reporting
	Net Profit after Tax as per the Statement of Profit and Loss attributable to the Equity Shareholders	112,561,874	80,427,787
	Number of Equity shares used as denominator for calculating EPS	200,000,000	200,000,000
	Basic Earning Per Share (EPS)	0.56	0.31
	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	Mechanical works SETC of VT Pump - Motor Set and allied Mechanical Equipments at 60 MLD Clear Water pump house (CWHP) at Sarthana	ABD-1b_5	26,560,962	26,560,962	Grant fund
2	Electronic Equipments (ISD) SMB System Integrators (Supply, Installation & Configuration of Video Conferencing Equipments	PAN -6a_1	2,281,235	2,281,235	Grant fund
3	Civil works Wells/ Water Tanks (Construction of 60 Lacs Liter capacity RCC Under ground storage reservoir with Boster house & Electric room at Sarthana water works in East Zone Area)	ABD-1b_3	30,057,474	30,057,474	Grant fund

As per our report of even date

For DMKH & Co.
Chartered Accountants
Firm Reg. No. 116886W

Partner
CA Mithun Rathi
Membership no: 125238
UDIN



Date: 28.09.2021
Place: Surat


For and on behalf of Surat Smart City Development Ltd.

Director & CEO

(1) Chaitanya Bhatt
(DIN : 07462947)


I/c Chief Financial Officer

Date: 28.09.2021
Place: Surat

Director

(2) Ashish M Dube
(DIN : 09019629)


Company Secretary

SURAT SMART CITY DEVELOPMENT LIMITED

NOTE 9.1 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Reserve and Surplus	Items of Other Comprehensive Income	Total Impact on Other Equity
	Retained Earnings		
As on 31st March 2021			
Balance as at 01.04.2021	435,814,480	-	435,814,480
Changes in accounting policy or prior period errors	(13,263,355)	-	(13,263,355)
Restated balance at the beginning of the reporting period	422,551,125	-	422,551,125
Total comprehensive income for the year	112,561,874	-	-
Dividends	-	-	-
Transfer to retained earnings	-	-	-
Any other change (to be specified)	(15,120,000)	-	(15,120,000)
Balance at the end of the reporting period 31.03.2021	407,431,125	-	407,431,125



SURAT SMART CITY DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

GROUPING

1	Balance in Current Accounts with Scheduled Bank	As at 31st March 2021
	CA - State Bank of India - Nanpura (6316)	7,832,059
	CA - ICICI (CITIIS Challenge pro) (6341)	91,500,491
	CA - ICICI Bank (6359)	46
	HDFC Bank (Head Quarter) (6547)	86,234
	Total	99,418,830
2	Total Outstanding of creditors other than Micro, Small and Medium Enterprises (Sundry Creditors)	As at 31st March 2021
	Sundry Creditor - Expense (8003)	195,720
	Unpaid Sundry Creditors (8004)	5,039,585
	Total	5,235,305
3	Security Deposit from Suppliers & Contractors	As at 31st March 2021
	Security Deposit from Suppliers (8067)	2,390,287
	Security Deposit from Contractor (8068)	167,461,753
	Security Deposit from Public (8073)	29,694,532
	Total	199,546,572
4	Retention Money Deposit from Suppliers & Contractors	As at 31st March 2021
	Retention Money Deposit from Supplier (8080)	55,757,130
	Retention Money Deposit from Contractor (8081)	82,981,521
	Total	138,738,651
5	GST TDS Payable	As at 31st March 2021
	SGST TDS Deduction (8245)	1,618,986
	CGST TDS Deduction (8246)	1,618,986
	IGST TDS Deduction (8247)	13,585
	Total	3,251,557
6	Indirect Taxes Payable	As at 31st March 2021
	Payable SGST (Output) (8223)	8,968
	Payable CGST (Output) (8224)	8,968
	Payable IGST (Output) (8223)	336,904
	Total	354,840
7	GST Paid (No ITC Claim)	As at 31st March 2021
	SGST Paid (No ITC Claim) (8235)	10,554
	SGST Paid (No ITC Claim) (8236)	10,554
	SGST Paid (No ITC Claim) (8237)	2,981
	Total	24,089
8	Printing & Stationery Expense	As at 31st March 2021
	Printings	29,250
	Computer Stationery	4,425
	Other Stationery	3,483
	Total	37,158
9	Other Office Expense	As at 31st March 2021
	Floppies, Diskettes & Tape	8,390
	Other Office Expense	17,626
	Total	26,016
10	Indirect Taxes Receivable	As at 31st March 2021
	Receivable SGST (Output) (8226)	4,565,533
	Receivable CGST (Output) (8227)	3,909,897
	Receivable IGST (Output) (8228)	204,541
	Total	8,679,971



SURAT SMART CITY DEVELOPMENT LIMITED

Cash Flow Statement for the year ended 31st March, 2021

Particulars	As at 31 st March 2021		As at 31 st March 2020	
(A) Cash Flow from Operating Activities:				
Net profit/(loss) before tax and Extraordinary items:		151,946,041		113,427,787
Adjusted for:				
Add:				
Depreciation		2,620,023		4,346,751
Amortization of Grants (CITIIS MISSION Fund)		(4,638,718)		
Amortization of Grants (A & OE Fund)		(5,405,399)		
Prior Period Item		(13,263,355)		
Finance Cost		826		649
Operating Profit before Working Capital Changes		131,259,418		117,775,187
Adjusted for:				
(Increase)/Decrease in Trade and Other Receivables	712,062		(40,806,821)	
Increase/(Decrease) in Trade Payables & other liabilities	88,404,014		3,798,754	
Increase/(Decrease) in Other Financial Assets	(1,750,700)			
Advance to suppliers	(505,253,948)	(417,888,572)	(225,297)	(37,233,364)
Cash Generated from Operations before prior period item		(286,629,154)		80,541,823
Tax Paid Current Year		(39,384,166)		(33,000,000)
Net Cash Generated from/ (used in) Operations		(326,013,320)		47,541,823
(B) Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(58,899,671)			(10,526,799)
Increase in Capital WIP	(508,764,325)			(759,769,121)
Other Financial Assets		(567,663,996)		-
Net Cash Generated from Investing Activities		(567,663,996)		(770,295,920)
(C) Cash Flow from Financing Activities:				
Finance Cost		(826)		(649)
Preliminary Expense written off			3,027,500,000	-
Less :- Proceeds from Share Capital and grants			(19,655,508)	3,007,844,492
Net Cash Generated from/ (used in) used in Financing Activities		(826)		3,007,843,843
Net (Decrease)/Increase in Cash and Cash Equivalents		(893,678,143)		2,285,089,746
Cash and Cash Equivalents at the beginning of the year		3,866,482,451		1,581,392,706
Cash and Cash Equivalents at the end of the year		2,972,804,308		3,866,482,451

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Additional Information:

1 Figures in brackets represent outflows

For DMKH & Co.
Chartered Accountants.
Firm Reg. No. 116886W

Mithun
Partner
CA Mithun Rath
Membership no: 125238
UDIN:



For and on behalf of Surat Smart City Development Ltd.

Chaitanya
(1) Chaitanya Bhatt
(DIN : 07462947)

Tanuj
I/c Chief Financial Officer

Ashish
(2) Ashish M Dube
(DIN : 09019629)

B Desai
Company Secretary

Date: 28.09.2021
Place: SURAT

Date: 28.09.2021
Place: SURAT

Surat Smart City Development Limited Note 1 to the Financial
Statements for the financial year 2020-2021

Corporate Information:

A) 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') on March 31, 2016. The registered office of the company is at 1st 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.

Company's objective is to drive economic growth and improve the quality of life of people by enabling local area development, improving livability, economic progress and enhance income for all by providing urban planning, developing the entire eco- system providing core infrastructure, urban mobility and public transport, energy management, communication including robust IT connectivity, good governance, green building, health and education and to provide economic infrastructure like incubators, skill development centers etc. for residents of Surat city.

(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 endeavor to implement the following:

- 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.



Surat Smart City Development Limited Note 1 to the Financial Statements for the financial year 2020-2021

- guidance, etc.
- iii) Provide preference in support to start-ups or innovators that have applications/impact in the core sectors of the economy. 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.
 - iv) Encourage creation of new technologies and intellectual property.
 - v) To support and carry out any other activity relevant to promotion and incubation of start-ups in the country.
 - vi) **Company has registered under section 12AA of the Income Tax Act,1961 as on 31/12/2020**
 - vii) **Company has registered under section 12-Clause (iv) of first proviso to sub section (5) of section 80G of the Income Tax Act,1961.**

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 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



Surat Smart City Development Limited Note 1 to the Financial
Statements for the financial year 2020-2021

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.

1. Significant accounting policies:

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements as per Ind AS.

1.1 Basis of preparation and presentation

The separate financial statements of the company are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act and Rules thereunder.

- The Financial Statement has been prepared on a going concern basis.
- The Financial Statement have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- Previous year figure has been re-grouped to make them comparable with that of current year. Also the figure has been rounded of to the nearest rupee one.

1.2 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and judgments are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the company.

1.3 Property, Plant and Equipment (PPE)

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use,



Surat Smart City Development Limited Note 1 to the Financial
Statements for the financial year 2020-2021

including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

1.4 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.5 Impairment of Assets

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or



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otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

Goodwill and intangible assets that do not have definite useful life are not amortised and are tested at least annually for impairment. If events or changes in circumstances indicate that they might be impaired, they are tested for impairment once again.

1.6 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 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.



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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.
- Financial asset carried at Fair Value Through Profit and Loss

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. 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 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 Fair Value Through Other Comprehensive Income:

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.



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Financial asset carried at Fair Value Through Profit and Loss:

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.

(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 Fair Value Through Other Comprehensive Liability.

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 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.

(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.



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(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.

1.7 Fair Value Measurement

The Company discloses fair values of financial instruments measured at amortised cost in the financial statements.

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

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

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:



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- i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Valuation process and assumption used to measure the fair value of Assets and Liabilities is disclosed.

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

1.9 Other Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

1.10 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



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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. 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.

(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 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.

1.11 Cash and cash equivalents :

Cash and cash equivalents include cash at bank and in hand and deposits held at call with banks. For the purpose of the cash flows statements, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

1.12 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.



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1.13 Provisions, contingent liabilities and contingent assets

Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time value of money is material, 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.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which 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. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Contingent Assets

Contingent assets is disclosed where an inflow of economic benefit is probable.



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1.14 Particulars of Loan, Guarantees and Investments made by the Company:

The Company has invested Rs 182.00 Lacs in AIC SURATI ILAB FOUNDATION (its: wholly owned subsidiary company).

The Company has granted unsecured loan of Rs 5000.00 Lacs, to Surat Municipal Corporation without any consideration to combat covid 19 in Surat City.



1.15 Related Party Transactions:

Sr. No.	Name of related party	Nature of Transaction	Amount of Transaction	Financial Year
1	Surat Municipal Corporation	Loan and Advances	Rs. 5000.00 Lacs	2020-21

As per our report of even date

For and on behalf of Surat Smart City Development Ltd.


For DMKH & Co.
Chartered Accountants.
Firm Reg. No. 116886W



Partner
CA Mithun Rathi
Membership no: 125238

Director & CEO


(1) Chaitanya Bhatt
(DIN: 07462947)


Director


(2) Ashish M Dube
(DIN : 09019629)

UDIN:

Date: 28.09.2021
Place: SURAT


I/c. Chief Financial Officer


Company Secretary

Date: 28.09.2021
Place: Surat