

AUDIT REPORT

FOR THE ACCOUNTING YEAR

2021 - 2022

OF

SURAT SMART CITY DEVELOPMENT LIMITED

ROOM NO. 115, SMART CITY CELL, SURAT
MUNICIPAL CORPORATION, MUGLISARA,
SURAT, GUJARAT-395003

BY
AUDITORS FIRM :

**DMKH AND CO
CHARTERED ACCOUNTANTS**

OFFICE NO. C, 3RD FLOOR, SAR CORPORATE CENTER,
ABOVE VIVEK HOSPITAL, UDHNA MAIN ROAD,
SURAT-394210 GUJARAT



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, 2022, 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, 2022, 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, 2020 ("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, 2015 as amended.





- e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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" Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company 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.
- 1) The management has represented that, to the best of its knowledge and belief, as disclosed in note no. 41 to the accounts, No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies and joint venture company incorporated in India or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries





- 2) The management has represented, that, to the best of its knowledge and belief, as disclosed in note no. 42 to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
 - Provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- 3) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of rule 11(e) as provided under clause (a) and (b) contain any material mis-statement.
- ii. The Interim dividend of Rs. NIL has been declared and paid during the year by the Company and are in compliance with Section 123 of the Act.

**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: 22125238AZMOB08629



Place: Surat

Date: 30/09/2022



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, 2020, 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 was repaid by Surat Municipal Corporation during the Financial Year.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provision of Section 73 to 76 of the Act, any other relevant provision of the Act and the relevant rules framed thereunder.
- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the companies Act, 2013 for the business activities carried out by the company, thus reporting under clause 3(vi) of the order is not applicable to the Company.



vii.

a. According to information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess, Professional Tax and other material statutory dues applicable to it with the appropriate authorities.

b. According to the information and explanations given to us, there were no disputed amounts payable in dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

viii. According to information and explanations given to us, there were no transactions which were recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax, 1961.

ix.

a. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. During the year the Company has not taken loans from Government or any Financial Institution.

b. Even the company is not declared as wilful defaulter by any bank or financial institution.

c. As per the examination of books the term loans were applied for the purpose for which the loans were obtained; there is no diversion of fund were noticed.

d. During the course of audit, funds raised on short term basis have not been utilized for long term purposes.

e. As per the examination of books, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f. As per the examination of books the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x.

a. In our opinion and according to the information and explanation given by the management, we are of the opinion that money raised by Company by way of term loan (including debt instruments) has been applied for the purpose for which they were raised. The Company did not raise any money by way of Initial Public offer or further public offer.

b. In our opinion and according to the information and explanation given by the



management, the company has not made any preferential allotment (Sec. 62) or private placement (Sec. 42) of shares or convertible debenture (fully, partially or optionally convertible) during the year.

- xi.
- a. To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or on the company has been noticed or reported during the year.
 - b. There is no reporting u/s 143(12) of the Companies Act 2013 has been filed by us (the auditors) in from ADT-4 as prescribed under Rule 13 of companies (Audit and Auditors) Rules, 2014 with the central Government.
 - c. No whistle blowers complain has been received by the company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv.
- a. To the best of our knowledge the company has internal audit system which is commensurate with the size and nature of its business.
 - b. The audit report of internal auditors was considered while conducting statutory audit.
- xv. In Our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- xvii. As per the information and explanation given by the management, company has not incurred any cash losses in the financial year 2021-22 and the immediately preceding financial year 2020-21.
- xviii. There was no resignation of auditor during the financial year, so the said clause is not applicable to company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information





accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

- xx. The CSR Obligation is applicable as per Section 135 of Companies Act, 2013. However provision for short amount to be deposited in CSR fund is not made by the management as on March 31, 2022. Further the management has informed that short amount to be deposited in CSR fund will be deposited before September 30, 2022 as per the provision of the Companies Act, 2013. In the context company has decide to contribute Rs.61444.00 (Rupees Sixty One Thousand Four Hundred and Forty Four) to Prime Minister Citizen Assistance and Relief Fund (PM Cares Fund) to mitigate CSR Liability vide Resolution No 13 of the 25th Board Meeting dated 28.07.2022.

Forming an Opinion and Reporting on Financial Statements
For DMKH& Co.
Chartered Accountants
FRN:116886W

Mithun



CA Mithun Rathi

Partner

Membership No. 125238

UDIN: 22125238AZMOB08629

Place: Surat

Date: 30/09/2022