



ಹುಬ್ಬಳ್ಳಿ ಧಾರವಾಡ
HUBBALLI DHARWAD



ಸ್ಮಾರ್ಟ್ ಸಿಟಿ ಲಿಮಿಟೆಡ್
SMART CITY LIMITED



Special Purpose Vehicle for Implementation of Smart City Project
(Registered Company No. CIN : U74999KA2017 PLC 101265)

BOARD'S REPORT

To,

The Members,

HUBBALLI-DHARWAD SMART CITY LIMITED

Your directors have pleasure in presenting the Sixth Annual Report on the business and operations of the company together with the Audited Financial Statements for the financial year ended 31st March 2023.

1. FINANCIAL HIGHLIGHTS.

During the year, performance of your company is as under:

(Rs. in Hundred.)

PARTICULARS	31/03/2023	31/03/2022
Total Turnover	-	-
Other Income	11,959	-
Total Expenditure	6,697	64,453
Profit / (Loss) before taxation	5,262	(64,453)
Less: Tax Expense – Deferred tax	(11)	(699)
Profit/(loss) after tax	5,251	(65,152)

2. STATUS OF PROJECT.

During the financial period of 2022-23, HDSCCL has the following status on Smart City projects- Attached as **Annexure I**.

3. DIVIDEND.

No dividend is being recommended by the Directors as the Company has not earned any revenue from its operations.

4. AMOUNTS TRANSFERRED TO RESERVES & SURPLUS ACCOUNT.

The Company has not transferred any amount to reserves.

5. CHANGE IN THE NATURE OF BUSINESS.

There has been no change in the nature of business of the Company during the financial year ended 31st March 2023.

6. CAPITAL AND DEBT STRUCTURE.

a) **Share Capital**

The Authorised share capital of the Company for the FY ended 31st March, 2023 was Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 2,00,00,000 (Two Crore) equity shares of Rs.100/- (Rupees Hundred only) each. During the year, the company has not altered its capital clause to the Memorandum of Association. The issued, subscribed, called-up and paid up equity share capital of the Company as on 31st March 2023 was Rs. 10,00,000/- (Rupees ten only) divided into 10,000 (Ten Thousand) equity shares of Rs.100/- (Rupees Hundred only) only.

During the Financial Year 2022-23, the Company has not issued shares under Private Placement/Preferential allotment/Rights Issue/Employees Stock option.

b) **Disclosure regarding issue of Employee Stock Options**

During the financial year, the company has not issued any shares under Employees Stock Option scheme.

c) **Disclosure regarding issue of Sweat Equity Shares**

The company has not issued any sweat equity shares during the financial year.

7. CREDITRATING OF SECURITIES.

The Company has not obtained Credit rating of securities during the financial year 2022-23.

8. INVESTOR EDUCATION AND PROTECTION FUND (IEPF).

The Company has not transferred any amount to IEPF during the financial year 2022-23.

9. DIRECTORS AND MEETINGS.

a) Number and dates of Board Meetings and number of meetings attended by each directors

During the financial year 2022-23, total Five (05) Board Meetings were held as under:

	Serial No of BM		24th	25th	26th	27th	28 th	Total Number of Meeting attended
	Time		11.00 AM	11.30 AM	11.00 AM	10.30 AM	10.30 AM	
	Mode of Meeting		Physical & VC	Physical & VC	Physical & VC	Physical & VC	Physical & VC	
	Venue		HDSCL Meeting Hall - Hubli	HDSCL Meeting Hall – Hubli	HDSCL Meeting Hall – Hubli	HDSCL Meeting Hall - Hubli	HDSCL Meeting Hall - Hubli	
	Date		14-07-22	07-11-22	28-12-22	20-02-23	24-03-23	
Sl No	Name of directors	Designation						
1	Shri. Vishal Ravi, IAS	Chairman & ND	P	P	P	P	P	5
2	Smt Deepa M IAS	ND-GOK	P	LOA	P	P	P	4
3	Sri Gutudatta Hegde IAS	ND-GOK	P	P	LOA	P	P	4
4	Sri. K P Mohan Raj, IAS	ND-GOK	LOA	LOA	LOA	LOA	LOA	0
5	Smt. M S Archana, IAS	ND-GOK	P	CESS	CESS	CESS	CESS	1
6	Smt.Manjushree N	ND-GOK	-	P	P	P	P	4
7	Shri. Rajkumar Gautham, IRS	ND-GOK	P	LOA	LOA	P	P	3
8	Sri. Gopal Krishna B, IAS	ND-GOK	P	P	P	P	P	5
9	Shri. C W Shakeel Ahmed, KMAS	MD-GOK	P	P	CESS	CESS	CESS	2
10	Smt Priyanga M	MD-GOK	-	-	P	P	P	3
11	Shri. S B Shetty	ID-GOK	P	P	P	P	P	5
12	Smt. Vimala Swamy	ID-GOK	P	LOA	P	P	LOA	3

Key:

P- Present.

CESS - Cessation.

AP- Appointed & Present

LoA- Leave of Absence /

Absent.

AP-LoA- Appointed & Leave of Absence.

Key:

ID - Independent Director

ND - Nominee Director

MD - Managing Director

ULB - City Corporation

GoK – Government of

Karnataka

10. AUDIT COMMITTEE.

The Board of Directors vide their resolution dated 16th day of January, 2019 passed through circulation mode in accordance with Section 175 of the Companies Act, 2013 read with Secretarial Standard-1, had constituted the Audit Committee. The details of the present members of the committee as on 31.03.2023 are as below:

Sl. No	Directors	Designation
1	Shri. S. B. Shetty, Independent Director	Chairman
2	Shri. Gopal Krishna B, ^{IAS} Commissioner, HDMC	Member
3	Smt. Vimala Swamy, Independent Director	Member

Number of Committee Meetings and dates of meetings attended by each members.

During the financial year, total one (01) Audit Committee Meeting was held on 08/07/2022.

Sl No	Name	No. of Committee Meeting attended
1	Shri. Gopal Krishna B, ^{IAS}	1
2	Shri. S.B.Shetty	1
3	Smt. Vimala Swamy	0

11. DECLARATION BY INDEPENDENT DIRECTOR.

The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013 stating that he/she meets the criteria of independence laid down in section 149 (6) of the companies Act, 2013.

12. CHANGE OF DIRECTORS.

In terms of Article No 14.1 of the Articles of Association of the Company, the Government of India, Government of Karnataka and Local Municipal Corporation (i.e.,Hubballi-Dharwad Municipal Corporation) are empowered to nominate the directors on the Board and also to determine the terms of office of such Directors. Following are the details of changes in composition of Board of Directors:

Directors During the FY 2022-23					
SL. No	Name of Director / KMP	Designation	Nominated from	Date of Appointment	Date of Cessation
1	Shri. M T Reju , IAS	Nominee Director	MD-KUIDFC	08-12-20	18-04-22
2	Deepa M Cholan , IAS	Nominee Director	MD-KUIDFC	18-04-22	-
3	Smt.M S Archana , IAS	Nominee Director	Director-DMA	09-12-21	20-08-2022
4	Smt.Manjushree N IAS	Nominee Director	Director-DMA	30-08-2022	-
5	Shri. Nitesh Patil , IAS	Nominee Director	Deputy Commissioner	05-10-20	05-05-22
6	Shri. Gurudattha N Hegde, IAS	Nominee Director	Deputy Commissioner	05-05-22	-

b) Appointment of KMP

Sl. No.	Name of the Key Managerial Personnel	Designation	Date of appointment	Date of Cessation
1	C. W. Shakeel Ahmed, KMAS	Managing Director	10-12-2019	09-12-2022
2	Priyanga M, IAS	Managing Director	09-12-2022	-
3	Pavan Pise	Company Secretary	03-10-2020	31-05-2022
4	Kannika Prasad	Company Secretary	01.06.2022	-

c) Board Evaluation

The provisions of Section 134(3) (p) read with rule 8(4) of the Companies (Accounts) Rules 2014 are not applicable to the Company. Hence details of performance evaluations are not offered.

d) Directors Declaration

During the year, notices of all the Board Meetings have been duly served to all the Directors of the Company and notices of all the general meetings have been duly served to all the members of the Company.

The Board Meetings and General Meeting have been duly convened and held and minutes of Board Meetings and General Meeting have been prepared and maintained as per the provisions of the Companies Act 2013.

The Company has maintained all applicable registers/records and made entries therein within the prescribed time as per the provisions of the Companies Act 2013.

13. MEMBERS' MEETING.

The Fifth Annual general Meeting of the Company was held on 29/11/2022 during the financial year 2022-23. Further, Company did not hold any other General Meetings during the financial year.

14. PARTICULARS OF EMPLOYEES.

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

15. DIRECTORS RESPONSIBILITY STATEMENT.

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the Company being unlisted company, sub clause (e) of section 134(5) of the Act pertaining to laying down internal financial controls is not applicable; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS.

The Company has an internal financial control system designed to provide high degree of assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information

17. DISCLOSURE RELATING TO SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES.

The Company does not have any Subsidiary, Joint venture or Associate Company during the year. Hence details of performance and financial position of each of the Subsidiaries, Joint Ventures or Associate Companies are not offered.

None of the Subsidiaries, Joint Ventures or Associate Companies have become Subsidiaries, Joint Ventures or Associate Companies or ceased to be the Subsidiaries, Joint Ventures or Associate Companies during the financial year.

18. DETAILS OF DEPOSITS.

During the year under review, the company has neither accepted nor renewed any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS.

The Company has not given any loan, provided any guaranty/security in connection with any loan and has not made any investments covered under Section 186 of the Companies Act, 2013 during the reporting period.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENT MADE WITH RELATED PARTIES.

Details are attached as **Annexure-II** in Form AOC 2.

21. CORPORATE SOCIAL RESPONSIBILITY ("CSR") POLICY.

The Company has not developed and implemented any Corporate Social Responsibility policy or initiatives as the said provisions are not applicable.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

(A) Conservation of Energy –

(i) Steps taken or impact on conservation of energy: Apart from the energy conservation projects carrying by the Company under Smart City Mission projects, the Company has undertaken necessary measures to reduce energy consumptions. The expenses relating to energy consumption is very minimal. Company ensures that the operations of the company are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.

(ii) Steps taken for utilizing alternate sources of energy; considering the nature of work, there is no requirement for alternate source of energy. Hence the company has not initiated any steps for utilizing the alternate sources of energy.

(iii) Capital investment on energy conservation equipment's: The operations of the company being non energy intensive, the Company has not made any capital investments on energy efficient equipment's.

(B) Technology Absorption-

(i) Efforts made towards technology absorption; Constant monitoring and technology upgradation is taking place in the Company. It has been the endeavor of the Company to invest in the latest and environmental friendly technologies. Efforts towards technology absorption included continued efforts for process improvements and improved formulation types strengthen to improve the efficacy, productivity and profitability of the Company.

(ii) Benefits derived: The Company has benefited from reduction in cost and improved efficiency.

(iii) In case of technology imported, if any: The Company continues to use the latest technologies for improving the productivity and quality of its services. The Company's operations do not require significant import of technology.

(a) Details of technology imported: Nil

(b) Year of import: Nil

(c) whether technology been fully absorbed: Nil

(d) if not fully absorbed, areas where absorption has not taken place and the reasons: Nil

(iv) Expenditure on Research & Development: Nil

(C) Foreign Exchange Earnings and Outgo in accrual inflows and out go-

Information in respect of Foreign Exchange earnings and outgo is: NIL

23. RISK MANAGEMENT POLICY.

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. The Company's Risk Management process focuses on ensuring that these risks are identified on a timely basis and addressed.

24. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM.

The Company has not established vigil mechanism.

25. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL.

No significant and material orders have been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

26. AUDITORS AND THEIR REPORT:

a. Statutory Auditors

Vide letter No/CA. V/COY/KARNATAKA, HDSCCL (1)/1874 dated 27/10/2022, M/s. ABL & Co, Chartered Accountants (FRN: 017107S) were appointed by Comptroller and Auditor General of India as statutory auditors of the Company for the financial year 2022-23.

b. Explanations or comments to auditor's qualification / disclaimer /reservation / adverse remarks:

SI No	Remarks by Auditors	Explanation by Company
1.	<p>The company does not expect to realise any residual value from intangible assets, however, while calculating depreciation residual value of 5% is considered, which has resulted in overstatement of Property, Plant and Equipment (Intangible assets) by Rs. 3,37,324/. In addition, depreciation charged off in earlier years is reversed in the current year to the extent of Rs. 2,50,973/-, thus depreciation for the current year is understated to that extent.</p>	<p>Starting from the next fiscal year, we will adopt accounting procedures in accordance with Accounting Standard 26 (AS 26) as our intangible assets are currently not utilized. Consequently, these assets will be expensed and written off during the upcoming financial year.</p>
2.	<p>The total payment made to the Project management consultancy (PMC) for the Financial Year 2022-23 is Rs. 3,32,78,555/- it is noticed that PMC payment is not adjusted against Smart city mission (A&OE Grant) and instead adjusted against Smart city mission (Project Grants). On account of this SCM Project Grants is understated and SCM (A&OE Grant) is overstated to the extent of Rs. 3,32,78,555/-.</p>	<p>Since the company's inception, PMC payments have been offset against A&OE expenses. However, from the fiscal year 2019-20, these payments were adjusted against Project expenses as they are directly associated with projects. This practice has been adhered to since the subsequent financial year.</p> <p>Starting from the next financial year, we will revert to adjusting PMC payments against A&OE Expenses.</p>

3.	The significant Accounting Policy No. 2.8 relates to accounting treatment of Income Tax expenses in respect of Indian Accounting Standard (IND AS-12) in financial statements. Hence, this note is not in accordance with Accounting Standard (AS-22) followed by the Company.	Necessary changes will be made in accounting policy in line with AS 22 in next financial year onwards
4.	In Deferred Tax computation the deferred tax component was considered by taking opening balance of assets Rs. 35,272,00/- instead of Rs. 43,59,628/- thus resulting in understatement of deferred tax to the extent of Rs 10,600/- and understatement of Deferred tax liability to the extent of Rs 10,600/-	Necessary changes will be made in deferred tax computation and Income tax filing of returns in next financial year
5.	Rs. 22,52,700/- being the Dult fund for cycle purchase. This amount has been expensed during 2021-22 but included as expenditure of Smart city mission (SCM) fund of last year. As this fund does not exists it has resulted in overstatement of Dult fund and over statement of balance of SCM Project grants	The rectification entry with respect to Dult fund Rs 22,52,716/- expenses will be given effect in next financial year
6.	In Note 18 of the financial statements – Contingent liability, an amount of Rs. 15,46,959/- is shown as contingent liability but in our opinion, the same need not be paid as the contractual terms clearly indicates that GST is payable as and when applicable. The notification from Ministry of Finance,	Services provided for government functions are exempt from GST, in accordance with Article 243W of the Constitution of India. We have communicated this information to PWC through detailed letters on multiple occasions, but unfortunately, we have not received a response from them. The effect for this in contingent

	Department of revenue dated 28-6-2017 exempted the services of project management consultation service as pure services provided to Government authority under chapter 99. The claim made by PMC is for GST amount for the period March 2021, which is subsequent to the above notification, hence in our opinion it is not contingent liability.	liability will be given in next financial year.
7.	Rs. 1,05,493 being the 50% of salary of General Manager (Tech) agreed to be paid by Belgaum Smart City Limited (BSCL). This amount is not paid by BSCL till 31st March 2023. Provision is not made for the same, this has resulted in understatement of other current assets.	A request letter has been forwarded to the Managing Director of BSCL, and the corresponding entry will be recorded in the books in next financial year.
8.	It is observed that one of the items of Furniture and Fixtures is depreciated at 63.16% at useful life of 3 years while all the others are depreciated at 25.89% as useful life of 10 years. Depreciation of furniture at 63.16% is not in order and has led to overstatement of depreciation expenses and understatement of Property Plant and Equipment (PPE) and profits by Rs 1970/-.	The depreciation schedule for the next year will be amended to rectify an error where furniture, originally costing Rs 17,700, was incorrectly depreciated at 63.16% instead of the applicable rate of 25.89%.
9.	For Certain Office Equipment the depreciation in current year is charged on overstated PPE, the effects of error have aggravated and led to understatement of depreciation and over statement of PPE and profits to the extent of Rs	Depreciation for the current financial year has been accounted for in accordance with the Companies Act of 2013. The impact of the depreciation incorrectly recorded in the preceding financial year will be

	43,979/- in current year.	addressed in the upcoming financial year.
10.	The company has O&M fund of Rs 57,84,59,815/- which is kept in sweep-in Account at KVG Bank and accounted under cash and cash equivalents. Instead, the said amount should appear in Balance sheet on assets and liabilities side under separate heads as “Deferred O&M Expenses” as suggested by the ministry of housing and Urban Affairs, Smart City Mission. Vide notification dated 19 January 2022.	<p>We have maintained consistent accounting treatment since the inception of the company.</p> <p>However, adhering to this accounting treatment as suggested by the Ministry of Housing and Urban Affairs for the Smart City Mission will be given effect from next financial year.</p> <p>We have already calculated and maintained project wise (O &M) in our MIS and same will be given effect in books from next financial year</p>
11.	Provision has not been made for Rs. 2,66,45,023/- payable to Government of India on the interest earned on Green Mobility Project Fund. This has resulted in understated of other current liabilities and overstatement of Green Mobility Corridor Project Fund by Rs. 2,66,45,023/-	Interest of Rs 2,66,45,023/- on CITIIS project will be shown as payable to government from next financial year
12.	Provision has not been made for the Salary of Rs 3,21,123/- payable to GM-Admin. This has resulted in understatement of current liabilities and overstatement of Smart City A & OE Grants by Rs 3,21,123/-	This pertains to an event that occurred after the balance sheet date, specifically the receipt of the PAG pay intimation letter on May 21, 2023. As of March 31, 2023, we have not recognized a

		liability for this occurrence. The effect will be given in next financial year.
13.	Fixed Assets/ Projects completed & handed over to HDMC register/records for same is not on record.	The company will initiate the maintenance of a register for fixed assets and projects that have been completed and handed over to the HDMC.
14.	<p>As per Smart City Guidelines, the Smart City should explore a Revenue Model from assets created/developed from Smart City Project Grants. However, it is observed that Hubballi Dharwad Smart City Abhivruddhi Society (the society) was formed in June 2021 for maintenance of assets/ projects developed under Smart City Project. It was envisaged that the said society should mobilise resources for maintenance of these project assets. and the revenue generated such projects is being accounted in the account of the Society.</p> <p>Since infrastructure facilities developed by HDSCL are not handed to Hubli -Dharwad Municipal Corporation (HDMC) and in the absence of Tri-parte agreement (between HDSCL, the Society and HDMC) we are of the opinion that the revenue generated to the society from these facilities should be accounted in HDSCL. Thus, based on the Audited Financial statements of</p>	<p>The same matter was placed before the Board for discussion. Accordingly, the Board has decided to handover the Society to HDMC under the secretary ship of Commissioner, HDMC</p>

	<p>the Society for FY 2022-23, the HDSCL Profit is understated by Rs. 30.84 Lakhs, Assets are understated by Rs. 82.94 Lakhs and Liabilities is understated by Rs. 52.09 Lakhs.</p> <p>“Hubballi-Dharwad Smart City Abhivruddhi Society” does not come under the purview of our audit and the same is audited by another independent auditor.</p> <p>Further Failure to implement the revenue model by the Company (HDSCL) is against the provisions of SCM guidelines and also jeopardized the going concern aspect of the Company</p>	
15.	<p>Other matters: In respect of amount shown in contingent liability in note 18 of Sulaiman Asif (Swimming pool) Honorable High Court has passed the order on 22/09/21 in favour of contractor hence there is possibility of actual liability of Rs.42,05,182 but the Company filed WRIT petition on 23-12-2021 & the case is yet to be heard.</p>	<p>The High Court bench of Karnataka has issued the stay order and the case is yet to be heard.</p>

c. Frauds reported by auditor

Pursuant to sub-section (12) of section 143 of the Act, auditor has not reported any frauds during financial year.

27. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT.

No material change affecting the financial position of the Company has occurred between the end of the financial year and the date of this report.

28. SECRETARIAL STANDARDS.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

29. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC).

No such action has been initiated under IBC.

30. EXTRACT OF ANNUAL RETURN.

Pursuant to the provisions of section 92(3) of the Act read with rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return in Form MGT – 9 is attached to the report as **Annexure III**.

31. MAINTENANCE OF COST RECORDS AND COST AUDIT.

Considering the business activities of the Company and based on the turnover of the immediately preceding financial year, the provisions of Section 148 are not applicable to the Company. Hence details are not offered.

32. DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL ACT, 2013).

No case was reported / filed under the said Act during the year 2022-23.

33. ACKNOWLEDGMENT.

The Directors acknowledge and thank all collaborators, vendors and other service providers for their valuable assistance and cooperation extended to the Company. The Directors wish to thank the Comptroller & Auditor General of India and the Auditors for their valued co-operation. The Directors are also grateful to the Government of India, Government of Karnataka, Urban local body and KUIDFC for the support and cooperation extended to the Company.

Your Directors take this opportunity to place on record their appreciation for the valuable contribution made and excellent co-operation extended by the employees and executives at all levels for the continued progress and prosperity of the Company.

By the order of the Board
**For and on behalf of the Board of Directors
of Hubballi- Dharwad Smart City Limited**

Rudresh S Ghali
Managing Director
DIN: 09489423

S.B. Shetty
Independent Director
DIN: 08302682

Place: Hubballi
Date: 01.02.2024

Place: Hubballi
Date: 01.02.2024

Annexure III**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31/03/2023

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U74999KA2017PLC101265
Registration date	10/03/2017
Name of the Company	HUBBALLI-DHARWAD SMART CITY LIMITED
Category/ sub category of the company	Company limited by Shares/Non-Govt company
Address of the registered office and contact details	CSS NO.122/124, HDMC Samskrutika Bhavana, First Floor, New Cotton Market Road, Hubballi- 580029 0836-2355322
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	BgSE Financial Services Limited Bengaluru

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

SI No	Name & address of the Company	CIN/GLN	Holding/subsidiary/associate	% of Shares held	Applicable section
-	-	-	-	-	-

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

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
Individual/ HUF *	1	4	5	0.05	1	4	5	0.05	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	5,000	5,000	50.00	-	5,000	5,000	50.00	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other (Hubballi Dharwad Municipal Corporation)	-	4,995	4,995	49.95	-	4,995	4,995	49.95	-
Sub-total (A)(1):-	1	9,999	10,000	100.0	1	9,999	10,000	100.0	-
2. Foreign									
NRIs- Individuals	-	-	-	-	-	-	-	-	
Other- Individuals	-	-	-	-	-	-	-	-	
Bodies Corp.	-	-	-	-	-	-	-	-	-

Banks/FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1	9,999	10,000	100.0	1	9,999	10,000	100.0	-
B. Non-Promoters	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
Sub-Total (B)	-	-	-	-	-	-	-	-	-
Total Shareholding of Non- Promoters (B)	-	-	-	-	-	-	-	-	-
C. Public Shareholding									
1. Institutions									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Central Govt.	-	-	-	-	-	-	-	-	-
State Govt.(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (C)(1):-	-	-	-	-	-	-	-	-	-
2.Non-Institutions									
i. Bodies Corp.	-	-	-	-	-	-	-	-	-
Indian	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-
ii. Individuals	-	-	-	-	-	-	-	-	-
Individual shareholders holding nominal share capital upto	-	-	-	-	-	-	-	-	-

Rs. 1 lakh									
Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (C)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (C)=(C)(1)+ (C)(2)	-	-	-	-	-	-	-	-	-
D. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C+D)	-	10,000	10,000	100	1	9,999	10,000	100	-

** The shares were held on behalf of Hubballi-Dharwad Municipal Corporation.*

B. Shareholding of Promoters

Sl. No.	Shareholder 's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	His Excellency Governor of Karnataka	5,000	50.00	-	5,000	50.00	-	-
2.	Hubballi- Dharwad Municipal Corporation- ULB	4,995	49.95	-	4,995	49.95	-	-
3.	Managing Director- KUIDFC. (Nominee Shareholder of ULB)*	01	0.01	-	01	0.01	-	0.01

4.	District incharge Secretary of Dharwad (Nominee Shareholder of ULB)*	01	0.01	-	01	0.01	-	0.01
5.	Mayor, ULB – (Nominee Shareholder of ULB)*	01	0.01	-	01	0.01	-	0.01
6.	Chairman of Town Planning and Development Standing Committee- (Nominee Shareholder of ULB)*	01	0.01	-	01	0.01	-	0.01
7.	Deputy Commissioner- Dharwad. (Nominee Shareholder of ULB)*	01	0.01	-	01	0.01	-	0.01
	Total	10,000	100	-	10,000	100	-	00.00

*** The shares were held on behalf of Hubballi-Dharwad Municipal Corporation.**

C. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	%of total shares of the Company	No. of shares	%of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the End of the year	-	-	-	-

**D. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

E. Shareholding of Directors and Key Managerial Personnel: *

Sl.No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Managing Director-KUIDFC. (Nominee Shareholder of ULB)				
	At the beginning of the Year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	01	0.01	01	0.01
2.	District incharge Secretary of Dharwad District. (Nominee Shareholder of ULB)				
	At the beginning of the Year	-	-	-	-

	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	01	0.01	01	0.01
3.	Mayor, ULB (Nominee Shareholder of ULB)				
	At the beginning of the Year	01	0.01	01	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	01	0.01	01	0.01
4.	Chairman of Town Planning and Development Standing Committee- (Nominee Shareholder of ULB)				
	At the beginning of the Year	01	0.01	01	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	01	0.01	01	0.01
5.	Deputy Commissioner-Dharwad. (Nominee Shareholder of ULB)				
	At the beginning of the Year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	01	0.01	01	0.01

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl.No.	Particulars of Remuneration	Name of WTD/MD/Manager	Name of WTD/MD/Manager	Total Amount
		C.W. Shakeel Ahmed, <small>KMAS</small> Managing Director	Priyanga M <small>IAS</small> Managing Director	
1	Gross salary	11,50,519	4,64,588	16,15,107
	a. Salary as per Provisions contained inspection 17(1) of the Income-tax Act, 1961	-	-	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
	c. Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-		-

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2	Stock Option	-		-
3	Sweat Equity	-		-
4	Commission -as % of profit -others	-		-
5	Others.	-		-
	Total (A)	11,50,519	4,64,588	16,15,107
	Ceiling as per the Act	NA		-

B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	-	-	-	-
	Fee for attending board committee Meetings *	*Given under Note-1			
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non- Executive Directors				-
	Fee for attending board committee Meetings**	*Given under Note-2			
	Commission	-	-	-	-
	Others, Salary	-			-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	NA	NA	NA	-

***Note-1:**

SI No	Name of Directors	Amount
1	Shri S.B.Shetty	6,000
2	Smt. Vimala Swamy	3,000

***Note-2:**

SI No	Name Of Directors	Amount
1	Shri. Vishal Ravi, IAS	5,000
2	Smt.Deepa Cholan IAS	4,000

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3	Smt. M S Archana, IAS	1,000
4	Smt. Manjushree N, IAS	4,000
5	Sri Gurudatta Hegde, IAS	4,000
6	Shri. Rajkumar Gautham, IRS	3,000
7	Shri. Gopal Krishna B, IAS	6,000

C. Remuneration to Key managerial personnel other than MD/Manager/WTD.

Sl.No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Pavan Pise (CS)	Kannika (CS)	CFO	Total
1	Gross salary	-	1,20,000	7,50,000	-	8,70,000.00
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	-	1,20,000.	7,50,000	-	8,70,000.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/Compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any 33(give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

By the order of the Board
**For and on behalf of the Board of Directors
of Hubballi-Dharwad Smart City Limited**

Sd/-
Rudresh S Ghali
Managing Director
DIN: 09489423

Sd/-
S.B. Shetty
Independent Director
DIN: 08302682

Place: Hubballi
Date: 01.02.2024

Place: Hubballi
Date: 01.02.2024

**Annexure II
FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: **NA**
2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Hubballi-Dharwad Municipal Corporation (HDMC). Major Shareholder
b)	Nature of contracts /arrangements /transaction	Project related expenses
c)	Duration of the contracts /arrangements /transaction	Recurring
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	In the ordinary course of business.
e)	Date of approval by the Board	-
f)	Amount paid as advances, if any	Nil

By the order of the Board
**For and on behalf of the Board of Directors
of Hubballi-Dharwad Smart City Limited**

Sd/-
Rudresh S Ghali
Managing Director
DIN: 09489423

Sd/-
S.B. Shetty
Independent Director
DIN: 08302682

Place: Hubballi
Date: 01.02.2024

Place: Hubballi
Date: 01.02.2024

Annexure I
DETAILS OF COMPLETED PROJECTS

1. Basic Services to Urban Poor-03:

Under the Mission, the project focused on integrated development of slums through projects for providing shelter, basic services and other related civic amenities with a view to provide utilities to the urban poor.



Under BSUP Package-03 roads, BSUP Package-03 road and other project components include Primary Health Centre at Torvigalli, Govt School Redevelopment (No.1 & No.5), LT conversion to UG, Street lights, Road marking, Footpath and Junction Improvements, Drains and Road Resurfacing, O and M – 5years.



2. Electrical Crematorium:

In electric cremation, wood is not burned and there are no gas emissions. It is no doubt an unconventional way of cremation but it helps in saving resources like wood, kerosene, etc. It is the most economical option for funeral and also it is Eco-friendly.

Electric cremation uses a high-powered furnace and a retort where the body is placed like gas-powered cremation. Once the furnace reaches a certain temperature the body is rolled into the heated chamber. The furnace is powered by simple electric connections and can be plugged into a three-phase electric outlet.



Under the mission, Electrical crematorium is constructed which is for all class of the people. The project components include AWL Cremator, Combustion Air supply system, Wet Scrubber (Vane type), Stack (Self supported), Control Panel, Manual “Dead Body” charging systems and the **Dead body cremation will be 1 body/hour.**

3. Design and Construction of Entrance Gate at KIMS:

Under the mission, for safety and security purpose the Entrance gate is constructed for the Karnataka Institute of Medical Science, Hubballi.

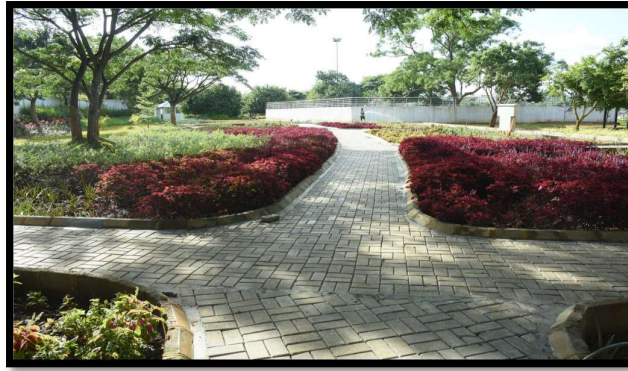


4. Tolankere Lake Development Phase-02 & EPDM Flooring:



Under the mission, the project has redefined the quality of city life through public spaces. It's a lake rejuvenation project in which Tolankere Lake is redeveloped to create active community public spaces with recreational facilities, bearing on the quality of life in urban areas. The area comprises of 32.64 Acres in which it includes Main pathway , Internal path way, Landscape area, Amphitheater, Vehicular Parking for Four-wheeler-50 nos, Two-wheeler-50 nos, Drain,

Meditation deck, Children's play area, Open gym area, Sump tank, Food kiosks, watch tower-2, CCTV Cameras which are integrated to ICCC center, Security room, EPDM flooring to the play area of physically disabled persons, Sports play area, Vermicompost, Light poles and Solar butterfly grid which generates power and it can light up the high mast installed in the Tolankere lake.



5. Development of Fish Market:

A fish market is a marketplace for selling fish and fish products. It can be dedicated to wholesale trade between fishermen and fish merchants, or to the sale of seafood to individual consumers, or to both. For promoting the local businesses, the market place has redeveloped under the mission.

The project components include: Total Built up Area of 20982 Sqft, No of Floors- B+G+FF and the accommodation of Stalls are 38 nos.



6. M G Park Phase - 02 (Toy Train) :

A new toy train was introduced as a children's entertainment infrastructure in MG park.

The Toy train includes: Engines, Coaches, two Stations, One Maintenance Shed, two Ticket kiosks, Solar roof, CCTV camera surveillance, AC coaches, LED screen for driver, Automatic gate opening, Digital display LED Screens, Air suspension, Smoke detector, Fire distinguisher. Track, Train Journey time- 8 to 10min, Seating Capacity: 48 Adults/60 Children.

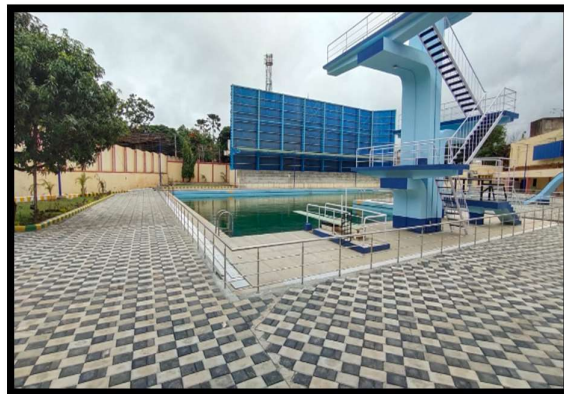




7. Swimming Pool Development Phase-02:

Under the mission, for the recreation and sports activity the existing swimming pool to the Sports Authority India standards to empower youth for practice the sport up to standards. The Swimming pool is owned by Hubballi-Dharwad Municipal Corporation (HDMC).

Under the project, the components include development of Pavilion Block with UV mesh, Seating arrangement, Toilet Block, Administrative block, Ticket counter,

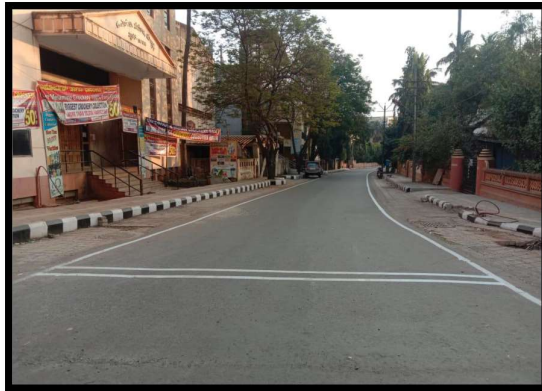


Entrance gate, pavers around main and kids pool, Electrical poles, Landscape and Hardscape.



8. Smart Road Package-02:

Increased accessibility for people under smart road packages by providing dedicated footpath. Under the Mission, roads in smart road package-02 is implemented in the market area. The project components which includes: LT conversion to UG, Street lights, Road marking, Footpath and Junction Improvements, Drains and Road Resurfacing, O and M – 5years.



9. Medar oni dispensary:

This project is providing safe and hygienic health facilities to the urban poor in the heart of densely built area of Hubballi city. The modern dispensary for HDMC with well-planned basic health facilities and it is benefitted for urban poor people and employees of HDMC. It is developed in a holistic manner with parking spaces and public convenience facilities.

The project components are: In Ground floor- Vaccination Room, Medical Officer Room, Consultation / Examination Room, Mother Room, Nursing Room, First Aid Room, Pharmacy, Reception, Waiting Area

In First and Second floor- Computer Room, Asha Karyakartha Room, Laboratory, Storage, Admin Room, Multipurpose Hall. A 50 KLD STP has also been constructed.



10. Public Bicycle sharing system:

Under the mission, to promote Non- motorized transport system and to reduce carbon footprint in the city, A technology-enabled bicycle rack and return at another node or dock within the system. The project components include 310 Mechanical Bicycles + 30 Electrical bicycles (Pedal assist)- Total 340 bicycles, 34 docking stations along with CCTV surveillance, Mobile application, Bicycle re-distribution vehicle, 5-years of O&M.





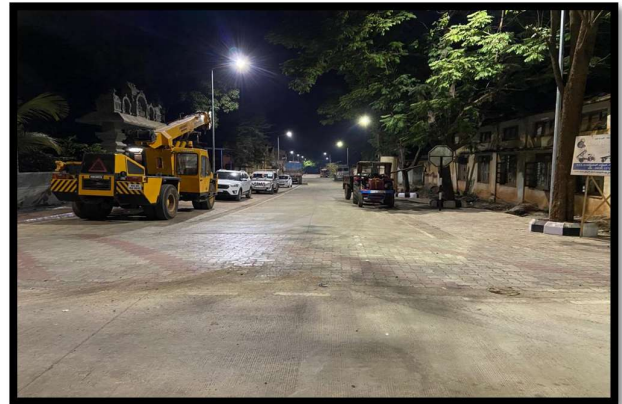
11. Vani Vilas Development (BSUP):

Under Basic services for urban poor, to provide housing infrastructure to the urban poor and to improve the sustainable quality of life of urban poor this project is implemented. The project components include: Total Plot area- 8460 Sqmt, No of Floors- Basement, G+ 4 which is having 4 Blocks and 80 Dwelling Units, Total Carpet Area in Each Dwelling Unit (1 BHK)-29.83 Sqmt.



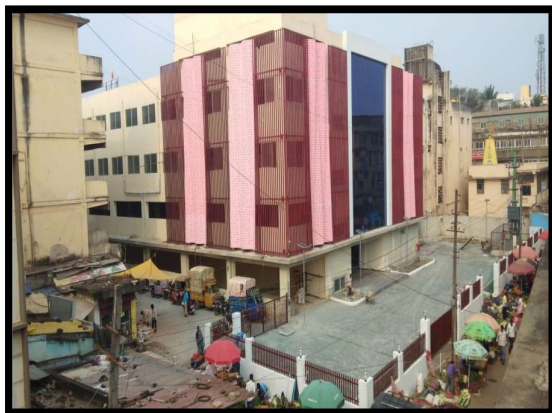
12. Smart Road Package-06:

Increased accessibility for people under smart road packages by providing dedicated footpath. Under the Mission, smart road package-04 is implemented. The project components which includes: LT conversion to UG, Street lights, Road marking, Footpath and Junction Improvements, Drains and Road Resurfacing, O and M – 5years.



13. Renovation of Coremarkets: Janata Bazaar:

Under the mission, To Promote and to boost the local Economy in the Hubballi-Dharwad city, the market area was developed. Under this project the space is provided for shops and kattas. The space for 49 number of shops and 20 number of kattas was provided.





14.Unkale Lake Upgradation

Unkal lake in hubli is the largest water body in an urban area of North Karnataka. The lake is spread across 245 acres of land with a catchment area of 35 Sq.Kms. It was the main drinking water source for Hubli until the early 1990s. However, due to unplanned urbanization without adequate sewerage facilities, the lake began to get polluted.

HDSCL, through Unkal lake phase 1 project, attempted to restore and rejuvenate the lake.

The components of this project included:

1. Bioremediation
2. Floating rafters with constructed wetland,
3. Aerators,
4. Bioframes,
5. Trash Barriers, and
6. Dewatering and overall lake maintenance.

All the above components combined would help in insitu treatment of lake water to maintain the lake as an important water body for the cities of Hubballi & Dhar



15.Nehru Ground Development

Jawahar Lal Nehru stadium is popularly known as Nehru Sports ground was a favorite playground and training arena in Hubballi. It is spread over 6.42 acres and was constructed as a multi purpose stadium in 1958. Over time, the building has suffered wear and tear. Hence, this project was taken up with the following components:

Indoor Sports	Sports Arena -2	Other Features	Sports arena - 1
1. Basket ball	Mat kabaddi	Seating for Spectators	Cricket area
2. Outdoor gym Equipments - 11 Nos	Mat wrestling	Multi Block	Table tennis

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	Karate training	ature wall with flag post	mnastics
	Badminton	urbishment of existing seating	mnasium
	Chess		
	Carrom Board		



16. Nala Renovation Phase-01 (Green Mobility corridor-phase 01):

Green Mobility Corridor Phase-01 is a pilot project implemented at the downstream of Unkal nala which comprises the length of 630m.

The Unkal Nala forms the major spine and an intrinsic part of the city, with 90% of the population crossing it at least twice a day of majority of the population residing alongside it. This project particularly focuses on rejuvenation of the Unkal Nala, from being a mere storm water drain to a developed, holistic space for the community. This development opportunity is being utilized to connect major roads in the city with a non-motorized green mobility corridor, a cycling track, and to facilitate pedestrian movement across the city.



Under the mission, the Green Mobility Corridor is a project under CITIIS challenge programme, which funded by French development agency (Agence française de développement (AFD) and Smart city mission. The project is divided into 3 phases. Phase 1- Bridge 1 to Bridge 2 length of 630m. Phase 2 - Bridge 2 to Bridge 12 length of 4.2 km.



The components of GMC are

1. Bicycle cum walking track of 2.5 to 4 meter width
2. Stone gabion walls for flood protection.
3. Dedicated UGD pipeline inside the Nala.
4. Development of green spaces & parks.
5. Street Lights all along the corridor.



**By the order of the Board
For and on behalf of the Board of Directors
of Hubballi-Dharwad Smart City Limited**

Sd/-
Rudresh S Ghali
Managing Director
DIN: 09489423

Sd/-
S.B. Shetty
Independent Director
DIN: 08302682

Place: Hubballi
Date: 01.02.2024

Place: Hubballi
Date: 01.02.2024



Revised Independent Auditor's Report

To

The Members of HUBBALLI-DHARWAD SMART CITY LIMITED

Report on the audit of the financial statements

We have audited the Standalone financial statements of HUBBALLI-DHARWAD SMART CITY LIMITED ("the Company"), which comprise the balance sheet as at March 31st, 2023, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The Audit Report has been revised based on Audit Observations of the Comptroller and Auditor General of India. This Report supersedes our earlier reports dated 25-11-2023, 01-01-2024 and 10-01-2024

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the case of the balance sheet, of the state of affairs of the Company as at 31 March 2023 and
- In the case of the statement of profit and loss, of the loss for the year ended on that date.
- And its cash flows for the year ended as on that date

Basis for Qualified opinion

1. The company does not expect to realise any residual value from intangible assets, however, while calculating depreciation residual value of 5% is considered, which has resulted in overstatement of Property, Plant and Equipment (Intangible assets) by Rs. 3,37,324/.

In addition, depreciation charged off in earlier years is reversed in the current year to the extent of Rs. 2,50,973/-, thus depreciation for the current year is understated to that extent.



2. The total payment made to the Project management consultancy (PMC) for the Financial Year 2022-23 is Rs. 3,32,78,555/- it is noticed that PMC payment is not adjusted against Smart city mission (A&OE Grant) and instead adjusted against Smart city mission (Project Grants). On account of this SCM Project Grants is understated and SCM (A&OE Grant) is overstated to the extent of Rs. 3,32,78,555/- .
3. The significant Accounting Policy No. 2.8 relates to accounting treatment of Income Tax expenses in respect of Indian Accounting Standard (IND AS-12) in financial statements. Hence, this note is not in accordance with Accounting Standard (AS-22) followed by the Company.
4. In Deferred Tax computation the deferred tax component was considered by taking opening balance of assets Rs. 35,272,00/- instead of Rs. 43,59,628/- thus resulting in understatement of deferred tax to the extent of Rs 10,600/- and understatement of Deferred tax liability to the extent of Rs 10,600/-
5. Rs. 22,52,700/- being the Dult fund for cycle purchase. This amount has been expensed during 2021-22 but included as expenditure of Smart city mission (SCM) fund of last year. As this fund does not exists it has resulted in overstatement of Dult fund and over statement of balance of SCM Project grants
6. In Note 18 of the financial statements – Contingent liability, an amount of Rs. 15,46,959/- is shown as contingent liability but in our opinion, the same need not be paid as the contractual terms clearly indicates that GST is payable as and when applicable. The notification from Ministry of Finance, Department of revenue dated 28-6-2017 exempted the services of project management consultation service as pure services provided to Government authority under chapter 99. The claim made by PMC is for GST amount for the period March 2021, which is subsequent to the above notification, hence in our opinion it is not contingent liability.
7. Rs. 1,05,493 being the 50% of salary of General Manager (Tech) agreed to be paid by Belgaum Smart City Limited (BSCL). This amount is not paid by BSCL till 31st March 2023. Provision is not made for the same, this has resulted in understatement of other current assets.
8. It is observed that one of the items of Furniture and Fixtures is depreciated at 63.16% at useful life of 3 years while all the others are depreciated at 25.89% as useful life of 10 years. Depreciation of furniture at 63.16% is not in order and has led to overstatement of depreciation expenses and understatement of Property Plant and Equipment (PPE) and profits by Rs 1970/-.



9. For Certain Office Equipment the depreciation in current year is charged on overstated PPE, the effects of error have aggravated and led to understatement of depreciation and over statement of PPE and profits to the extent of Rs 43,979/- in current year.
10. The company has O&M fund of Rs 57,84,59,815/- which is kept in sweep-in Account at KVG Bank and accounted under cash and cash equivalents. Instead, the said amount should appear in Balance sheet on assets and liabilities side under separate heads as "Deferred O&M Expenses" as suggested by the ministry of housing and Urban Affairs, Smart City Mission. Vide notification dated 19 January 2022.
11. Provision has not been made for Rs. 2,66,45,023/- payable to Government of India on the interest earned on Green Mobility Project Fund. This has resulted in understated of other current liabilities and overstatement of Green Mobility Corridor Project Fund by Rs. 2,66,45,023/-
12. Provision has not been made for the Salary of Rs 3,21,123/- payable to GM-Admin. This has resulted in understatement of current liabilities and overstatement of Smart City A & OE Grants by Rs 3,21,123/-
13. Fixed Assets/ Projects completed & handed over to HDMC register/records for same is not on record.
14. As per Smart City Guidelines, the Smart City should explore a Revenue Model from assets created/developed from Smart City Project Grants. However, it is observed that Hubballi Dharwad Smart City Abhivruddhi Society (the society) was formed in June 2021 for maintenance of assets/ projects developed under Smart City Project. It was envisaged that the said society should mobilise resources for maintenance of these project assets. and the revenue generated such projects is being accounted in the account of the Society.
Since infrastructure facilities developed by HDSC are not handed to Hubli - Dharwad Municipal Corporation (HDMC) and in the absence of Tri-partite agreement (between HDSC, the Society and HDMC) we are of the opinion that the revenue generated to the society from these facilities should be accounted in HDSC. Thus, based on the Audited Financial statements of the Society for FY 2022-23, the HDSC Profit is understated by Rs. 30.84 Lakhs, Assets are understated by Rs. 82.94 Lakhs and Liabilities is understated by Rs. 52.09 Lakhs.
"Hubballi-Dharwad Smart City Abhivruddhi Society" does not come under the purview of our audit and the same is audited by another independent auditor.

Further Failure to implement the revenue model by the Company (HDSC) is against the provisions of SCM guidelines and also jeopardized the going concern aspect of the Company



We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Other Matters

1. In Respect to Amount shown in contingent Liability in note no 18 of Sulaiman Asif (Swimming pool) Honourable High court has passed the order on 22/09/21 in favour of contractor hence there is possibility of actual liability of Rs 42,05,182, But the company filed writ petition on 23-12-2021 & the case is yet to be heard.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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



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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

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 Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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, the statement of profit and loss, and the cash flow statement dealt with by this report agree with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31st, 2023 taken on record by the board of directors, none of the directors is disqualified as on March 31st, 2023 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 and checklist on internal financial control, refer to our separate report in "Annexure B" and 'Annexure C' 'Compliance to Directions under sub-Section (5) of Section 143 of Companies Act, 2013'. Our report expresses a qualified 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; and
- (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 have pending litigations which would not 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; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv. (a). The management has represented that, to the best of its knowledge and belief, 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 Company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.


(b). The management has represented, that, to the best of its knowledge and belief, 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 Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(c). 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 iv (a) and iv (b) contain any Material mis-statement.
- v. During the period under review no dividend has been declared by the company

Place: Hubballi
Date: 16-01-2024
UDIN: 24216499BKADJU4052



For, **ABL & Co**
Chartered Accountants
F. R. No. 017107S


Laxman Patel
Partner
M. No. 216499

Annexure "A" to the Independent Auditor's Report

Annexure A to the Independent Auditor's Report of even date to the members of HUBBALLI-DHARWAD SMART CITY LIMITED, on the financial statements for the year ended 31st March 2023

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
 - (a)
 - A. The Company has **not** maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - B. The Company has **not** maintained proper records showing full particulars of Intangible Assets.
 - (b) There is nothing on record that Property, Plant and Equipment of the company have been physically verified by the management at reasonable intervals during the year.
 - (c) According to the information and explanation given to us, there are no immovable properties held in the name of the company.
 - (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
 - (e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.
- (ii) This clause is not applicable as company does not have any inventory.
- (iii) During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, hence this point is not applicable to the company.
- (iv) According to the information and explanation given to us, the company has no loans, investments, guarantees or security where provisions of section 185 and 186 of the Companies Act, 2013 are to be complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder,



Annexure to Independent Auditors' Report

where applicable. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)

(a) The Company is generally regular, though there are delays, in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities.

The Company has not deposited NPS both employee and employer contribution to the NSP fund due to difficulty in opening the account with the concerned authority, thus NPS payable as on 31-03-2023 is Rs 12,01,220/- out of which Rs 965394 /- is for more than six months.

The amount deducted from contractor in the form of BOCW Welfare Cess (generally known as Labour cess) and Royalty are not regularly deposited to the respective authority.

Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanation given to us, company has no transactions, not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix)

a) As per the information and explanation and books of accounts, the company has not taken any loans, hence this point is not applicable to the company.

b) the company has not taken any loans; hence this point is not applicable to the company.

c) According to the information and explanation given to us, no term loans have sanctioned so the clause is not applicable;

d) According to the information and explanation given to us, funds raised on short term basis have not been utilized for long term purposes;

e) According to the information and explanation given to us, 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) According to the information and explanation given to us, the company has not raised

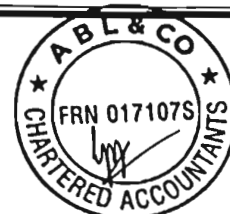
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Annexure to Independent Auditors' Report

- loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;
- g) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year;
- h) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (x)
- a. According to the information and explanation given to us, any fraud by the company or any fraud on the company has not been noticed or reported during the year;
- b. According to the information and explanation given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- c. According to the information and explanation given to us, no whistle-blower complaints, received during the year by the company;
- (xi) Company is not a Nidhi company, accordingly provisions of the Clause 3(xii) of the Order is not applicable to the company
- (xii) According to the information and explanations given to us, we are of the opinion that all transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013
- (xiii) (a) According to the information and explanations given to us, the company does not have internal audit system commensurate with the size and nature of its business, however section 138 of companies Act is not to the company applicable;
- (b) Hence there is no such internal audit reports to be considered;
- (xiv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the Order are not applicable;
- (xvi) The company is a public company with majority shareholding from government and local authority. The company gets the grants from government and implements the government projects out of the grants and is not involved in any commercial activities. As per the

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Annexure to Independent Auditors' Report

accounting policy of the company all the expenses towards the project are capitalized thus there are no cash loss in the financial year and the immediately preceding financial year.

- (xvii) Previous auditor has resigned quoting personal reasons and hence there are no such issues or concerns raised by the previous auditor.
- (xviii) 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 and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xix) The provisions of Section 135 towards corporate social responsibility are not applicable on the company. Accordingly, this clause of the Order is not applicable.
- (xx) The reporting under clause (xxi) is not applicable as this audit being audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.



For, **ABL & Co**
Chartered Accountants
F. R. No. 017107S
Laxman Patel
Partner
M. No. 216499

Place: Hubballi
Date: 16-01-2024
UDIN: 24216499BKADJU4052

Annexure to Independent Auditors' Report

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the Members of HUBBALLI-DHARWAD SMART CITY LIMITED of even date)

Report on the internal financial controls over financial reporting under clause (i) of subsection 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HUBBALLI- DHARWAD SMART CITY LIMITED ("the Company") as at March 31st, 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 were 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 in 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 control 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

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 of 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.

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2023:

- a) The Company does not have an appropriate internal control system for maintenance of vendor master data like bank accounts.
- b) The accounting system does not have audit trail facility thus, addition/deletion/modification of accounting entries cannot be tracked.
- c) The Cheque leaf of the company does not have pre-printed 'Account Payee' marked on the cheque to prevent unauthorized use.

Annexure to Independent Auditors' Report

- d) There is weakness in System to detect and prevent duplicate payments towards expenses, thus in isolated cases, duplicate payments towards expenses are observed.
- e) During the audit period Income tax TDS of Rs 11,47,419/- and GST-TDS of Rs 2,52,400/- were deposited to government in excess of the actual liability, indicating the weakness In internal control. These payments were pending recoverable from vendors as on 31-03-2023.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, 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.

For, A B L & Co
Chartered Accountants
F. R. No. 017107S



Laxman Patel

Laxman Patel
Partner
M. No. 216499

Place: Hubballi
Date: 16-01-2024
UDIN: 24216499BKADJU4052

'Annexure C' 'Compliance to Directions under sub-Section (5) of Section 143 of Companies Act, 2013'

HUBBALLI DHARAWAD SMART CITY LIMITED

Directions under sub-section (5) of section 143 of the Companies Act, 2013

1. Whether the Company has system in place to process all the accounting transactions, though IT system? If yes, the implication of processing of accounting transactions outside, IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

The company uses Tally Accounting software to account the transactions. The company does not use the Tally features like audit trails/transaction logs, transactions authorization controls etc. Hence, though the transactions are entered in computer software, we will not be able to comment on the integrity of the accounts due to the inherent nature of the software which allows addition/deletion/modification of transactions without any trail.

2. Whether there is any restructuring of an existing loan or cases of waiver write off of debts/loans/interest etc., made by a lender to the company due to the company's inability, to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case lender is a Government Company, then this direction is also applicable to statutory auditor of lending company)

No such restructuring of any loan

3. Whether funds (grants subsidy etc.,) received receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per the terms and conditions? List the cases of deviation

Yes, Grants received from government are properly accounted for/utilized as per the terms and conditions. Further we would like to draw the attention towards an expenditure of Rs 1 Cr transfer to DC Dharwad for project inaugurations based on board approval



Annexure to Independent Auditors' Report

Specific Sub-directions under section 143(5) of the Companies Act, 2013

1. Whether system of monitoring the execution of works vis-a-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues leases from contracts, etc., have been properly accounted for in the books:

Yes system is in place

2. Comment on the confirmation of balance of trade receivables, trade payables advances and balances of a similar nature:

There is no system in place for obtaining balance confirmation from Vendors.

3 The cost incurred on abandoned projects may be quantified and the amount actually written-off shall be mentioned.

No such system exists for quantifying the cost of abandoned projects

4. Whether the Company has created a revenue generating stream of its own and has accounted the revenue expenditure, project grants as per the Smart City Guidelines. The auditor may also comment upon whether any income accruing to the projects has been treated an income of the Company: Specific cases of non- compliance may be indicated.

The company has created a separate society for collection of usage fees etc from the assets created out of Smarty City Fund. As such there is no revenue generating stream for Financial Year 2022-23.



Annexure to Independent Auditors' Report

'Annexure C' compliance to CAG Directions

Annexure – I

Sl no	Items in check list	Remarks
1	Whether all bank accounts/Fixed deposits have been opened with banks/proper authorization and approvals as per the aforesaid delegation of power?	YES
2	Whether there was a periodical system of preparation of bank reconciliation statement and whether they were produced for verification of audit?	NO We were provided bank reconciliation only for year end 31-3-2023
3	Whether bank reconciliation the main account and all subsidy bank account were done?	YES Done as on 31-3-2023
4	Was the authorization to operate the bank account were given a single signatory	YES
5	Whether the interest for the entire duration of fixed deposit was accounted in the books of accounts?	YES
6	Whether the physical verification of cash has taken place periodically?	NA, Company does not have cash in hand
7	Whether the cash in hand as show in balance sheet tallies with the certificate of physical verification of cash?	NA, Company does not have cash in hand
8	Is there any register of fixed deposit showing amounts, maturity dates, rate of interest and dates of payment of interest?	YES
9	Is there a follow-up system to ensure that interest on fixed Deposits is received on due dates?	YES CBS System in banks automatically credit the interest on FD and the same is accounted in books.
10	Is there a follow-up system to ensure that transfer of maturity amount of fixed deposit is done without delay?	YES CBS System in banks automatically credit the maturity amount on FD to the designated accounts.

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Annexure to Independent Auditors' Report

11	Whether bank confirmation statements are obtained periodically from the banks for all accounts: SB accounts, current account and fixed deposit account?	YES Yearly once balance confirmation is obtained
12	Whether confirmation of balances is respect of all bank balances tally with bank statement?	YES
13	Whether the fixed deposit and interest as per fixed deposit Register tally with confirmation / certificate issued by the bank?	YES
14	Whether the confirmation statement received from the banks are authenticated and in the latter head by the bank?	YES
15	In case of any difference observed in the above check, whether the same was adjusted in the subsequent year?	NA
16	Whether external confirmation were obtain from banks in the text check cases, if so details thereof with	YES Obtained

For, **ABL & Co**
Chartered Accountants
F. R. No. 017107S



Laxman Patel
Laxman Patel
Partner
M. No. 216499

Place: Hubballi
Date: 16-01-2024
UDIN: 24216499BKADJU4052



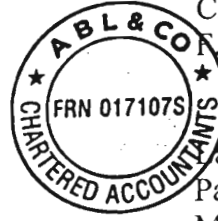
ABL & CO
Chartered Accountants

CA. Laxman Patel
Partner B.Com., F.C.A.
Mob. : +91-9591885899
Tel. : 0836 4260321
Email : laxman.patel@ablco.in
Web : www.ablco.in

Compliance Certificate

We have conducted the audit of accounts of **HUBBALLI-DHARWAD SMART CITY LIMITED** for the year ended 31.03.2023 in accordance with the direction / sub directions issued by the C & AG of India under section 143 (5) of the companies act 2013 and certify that we have complied with all the directions/sub directions issued to us.

Place: Hubballi
Date: 16-01-2024
UDIN: 24216499BKADJU4052



For, **ABL & Co**
Chartered Accountants
R. No. 017107S
Laxman Patel
Partner
M. No. 216499

Plot No. 21B, 4th Cross, Unkal Timber Yard, Unkal, Hubballi - 580 031
Offices at : Bangalore, Haveri, Dharwad

HUBBALLI-DHARWAD SMART CITY LIMITED

CSS No.122/124,HDMC Samskrutika Bhavan,1st Floor,New Cotton Market Road, Hubballi 580029

CIN U74999KA2017PLC101265

Phone Number: 0836-2355331, Website: http://www.hubballidharwadsmartcity.com/

Balance Sheet as at 31st March 2023

(Rs.in Hundred)

S.No.	Particulars	Note No.	As on 31-03-2023	As on 31-03-2022
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	1	10,000	10,000
	(b) Reserves and Surplus	2	(3,59,986)	(3,65,237)
			(3,49,986)	(3,55,237)
2	Smart City Mission Fund	3		
	(a) Smart City Mission Project & A&O E and Other Grants		1,81,85,789	2,26,96,686
3	Non Current Liability			
	(a) Deffered Tax Liability	15	710	699
4	Current Liabilities			
	(a) Other Current Liabilities	4	12,19,331	2,30,379
	(b) Trade Payables	5	344	355
	(b) Short-term Provisions	6	14,487	19,484
	Total current Liabilities		12,34,161	2,50,218
	Total Liabilities		1,94,20,661	2,29,47,604
	Total Equity and Liabilities		1,90,70,675	2,25,92,366
II	ASSETS			
1	Non Current assets			
	(a) Property, Plant and Equipment			
	(i) Tangible Assets	7	14,267	18,772
	(ii) Intangible Assets	7	3,525	1,323
	(c) Long term loans & Advances	8	5,02,903	7,90,700
	(d) Other non-current assets		-	-
	TOTAL NON-CURRENT ASSETS		5,20,696	8,10,795
2	Current assets			
	(a) Cash and Cash Equivalents	9	1,84,40,124	2,15,90,896
	(b) Other current assets	10	1,09,855	1,90,675
	TOTAL CURRENT ASSETS		1,85,49,979	2,17,81,571
	TOTAL ASSETS		1,90,70,675	2,25,92,366

Significant Accounting Policies & Notes on Accounts
Contingent Liability


Note 1-2


(0)

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Note 18

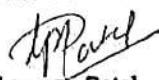
By Order of the Board of Directors
HUBBALLI-DHARWAD SMART CITY LIMITED


Rudresh S Ghali
Managing Director
DIN: 09489423
Add: Chikodi-591201
Place: HUBBALLI
Date: 17-11-2023


S B Shetty
Director
DIN: 08302682
Add: Time Square Building
Vidyanagar Hubballi-580031.


Pavan Pise
Company Secretary
A-42117

For A B L & CO
Chartered Accountants
FRN 017107S


Laxman Patel
Partner
M. No. 216499

DT: 25-11-2023



UDIN: 23216499B6XZ7Y5513

HUBBALLI-DHARWAD SMART CITY LIMITED

CSS No.122/124,HDMC Samskrutika Bhavan,1st Floor,New Cotton Market Road, Hubballi 580029

CIN U74999KA2017PLC101265

Phone Number: 0836-2355331, Website: <http://www.hubballidharwadsmartcity.com/>

Statement of Profit and Loss for the period 01/04/2022 to 31/03/2023

(Rs.in Hundred)

S.No.	Particulars	Note No.	For the Period of 01-04-2022 to 31-3-2023	For the Period of 01-04-2021 to 31-3-2022
I	Revenue from Operations		-	-
II	Other Income	14	11,959	-
III	Total Revenue	(I + II)	11,959	-
IV	Expenses			
	Cost of Material Consumed		-	-
	Purchase of Stock-In-Trade		-	-
	Changes in inventories of finished goods, work-in progress and Stock-in-Trade		-	-
	Employee Benefit Expenses		-	-
	Depreciation and Amortization	12	6,697	64,453
	Other Expenses		-	-
	Total Expenses		6,697	64,453
V	Profit/(Loss) before exceptional and extraordinary items and tax	(III - IV)	5,262	(64,453)
VI	Exceptional Items		-	-
VII	Profit/(Loss) before extraordinary items and tax	(V - VI)	5,262	(64,453)
VIII	Extraordinary Items		-	-
IX	Profit/(Loss) before tax (VII - VIII)		5,262	(64,453)
X	Deferred tax	15	(11)	(699)
XI	Profit/(Loss) from the period from continuing operations	(IX-X)	5,251	(65,152)
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit (Loss)After Tax for the Period		5,251	(65,152)
XVI	Earnings per equity share:			
	Basic		52.51	-651.52
	Diluted		52.51	-651.52
	Nominal Value of per share Rs. 100/-			
	See accompanying notes forming part of the financial statements			

By Order of the Board of Directors

HUBBALLI-DHARWAD SMART CITY LIMITED


Rudresh S Ghali


Managing Director

DIN: 09489423

Add: Chikodi-591201

Place: HUBBALLI

Date: 17-11-2023

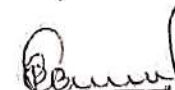

S B Shetty

Director

DIN: 08302682

Add: Time Square Building


Vidyanagar Hubballi-580031.


Pavan Pise

Company Secretary

A-42117

For ABL & CO
Chartered Accountants
FRN 017107S


Laxman Patel

Partner

M. No. 216499

Dt: 25-11-2023



UDIN: 23216499B6XZYV5513

HUBBALLI-DHARWAD SMART CITY LIMITED

CSS No.122/124,HDMC Samskrutika Bhavan,1st Floor,New Cotton Market Road, Hubballi 580029
CIN U74999KA2017PLC101265

Phone Number: 0836-2355331, Website: <http://www.hubballidharwadsmartcity.com/>

Cash Flow Statement for the Year ended 31st March, 2023

(Rs.in Hundred)

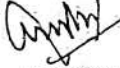
Particulars	Year Ended 31st March 2023		Year Ended 31st March 2022	
	Rs.		Rs.	
A. Cash flow from Operating Activities :				
Net Profit/(Loss) before Tax		5,251		(64,393)
Adjustments for:				
Deffered tax adjustment	11		(60)	
Depreciation and Ammortization	6,697	6,708	10,369	10,309
Operating Profit Before Working Capital Changes		11,959		(54,084)
Adjustments for:				
Add: Increase in Other Current Liabilities	9,88,951		1,08,602	
Less: Decrease in Other Current Liabilities	-		-	
Add: increase in trade payables	(11)		-	
Add: Increase in Provisions	-		1,574	
Less: Decrease in Provisions	(4,996)		-	
less: Increase in Loans and Advances	-		-	
Add: Increase in Loans and Advances	2,87,797		(3,49,431)	
Add: Decrease in other Current Assets (Preliminary expenses)	-		54,084	
less: Increase in other Current Assets (TDS)	-		-	
Add: Decrease in other Current Assets (TDS)	80,820		(72,986)	
		13,52,561		(2,58,157)
Net Cash Flow from Operating Activities		13,64,520		(3,12,242)
B. Cash flow from Investing Activities:				
Purchase of Fixed Assets	(4,395)		(11,244)	
Increase/ Decrease in Fixed Deposits			-	
Net Cash used in Investing Activities		(4,395)		(11,244)
C. Cash flow from Financing Activities				
Issue of share capital	-		-	
Smart city Mission grant		(29,43,745)		(53,39,221)
Add : Grant received during the year	1,98,00,000		1,87,01,716	
Add : Interest capitalized	7,67,473		5,59,452	
Less: Project expenses incurred for the year	(2,00,12,184)		(2,15,12,704)	
Less : Contribution to CITIIS Project	-		-	
Add : Penalty for Non Performance added to Project Grant	-		-	
Less: Excess Accrued Interest transferred to A& OE Grant	-		(1,47,685)	
Less: Interest Capiitalized on Project Grant Utilized as per Govt Letter	-		(29,40,000)	
Less: Accrued Interest to be paid to Government of India	(1,03,650)			
Less: Accrued Interest to be paid to Government of Karnataka	(8,03,384)			
Less: Excess Interest Bank of India Accounted PY	-			
Less: Amount transferred to Minsitry of Urban Affairs	(25,92,000)			
Smart city Mission grant (Admin & OE) after deduction		10,77,651		7,72,620
Add : Grant received during the year	14,00,000		11,07,001	
Add: Interest earned on Grant	39,615		25,094	
Less : Admin and Office expenses for the year	(4,15,146)		(2,66,159)	
Add: Expenses incurred on behalf of CITIIS Project Reimbursed	-		-	
Add: Grant transferred from project Grant	-		1,47,685	
Less: Interest Capiitalized on A&OE Grant Utilized as per Govt Letter	-		(2,21,000)	
Less : Excess Interest Bank of India Accounted PY	-		-	
Less : Deducted by KUIDFC	-		(20,001)	
Less: Accrued Interest to be paid to Government of India	(5,350)		-	
Less: Accrued Interest to be paid to Government of Karnataka	(41,469)		-	
Add: Amount Received from KUIDFC	1,00,000		-	
Less : TDS Rectification	-		-	



CITIIS - Green Mobility Corridor Project Fund		(26,44,803)		28,05,160
Grant Received	32,00,000		32,00,000	
Less: Bank Charges	-		-	
Less: Project Expenses of CITIIS (Note no 13 b)	2,66,450		(5,56,362)	
Add: Interest Capitalised	(61,11,253)		1,61,522	
Dult Fund Grant Received				20,267
Net Cash Flow from Financing Activities		(45,10,897)		(17,41,174)
Net Increase/(Decrease) In Cash and Cash Equivalents		(31,50,771)		(20,64,659)
Cash and Cash Equivalents - Opening Balance		2,15,90,896		2,36,55,555
Cash and Cash Equivalents - Closing Balance (Refer Note 17)*		1,84,40,125		2,15,90,896
* Comprises:				
a) Cash on hand				
b) Balances with Bank				
i) In Savings Accounts		15,73,616		5,81,863
ii) In Current Accounts		49,71,223		5,38,571
iii) In Deposit Accounts		61,10,687		1,96,34,564
iv) In Sweep Deposit		57,84,390		8,35,898
v) O&M		208		
		1,84,40,124		2,15,90,896
See accompanying notes to the financial statements		(0)		0

By Order of the Board of Directors
HUBBALLI-DHARWAD SMART CITY LIMITED


Rudresh S Ghali
Managing Director
DIN: 09489423
Add: Chikodi-591201
Place: HUBBALLI
Date: 17-11-2023


S B Shetty
Director
DIN: 08302682
Add: Time Square Building
Vidyanagar Hubballi-580031.


Pavan Plse
Company Secretary
A-42117

For A B L & CO
Chartered Accountants
FRN 017107S


Laxman Patel
Partner
M. No. 216499

dt: 25/11/23

UDIN: 23216499 B6X7XV5513



HUBBALLI-DHARWAD SMART CITY LIMITED
Notes forming part of Financial Statements

Note No.

1 (a)

(Rs.in Hundred)

Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Equity Shares	Amount (Rs.)	No. of Equity Shares	Amount (Rs.)
Share Capital				
(i) Authorised Capital: - Equity Share of Rs. 100/- each with voting rights	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000
Total	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000
(ii) Issued, Subscribed and fully paid up - Equity Shares of Rs. 100/- each with voting rights	100	10,000	100	10,000
Total	100	10,000	100	10,000

1(b) Rights, Preferences and restrictions attached to shares:

Equity Shares: The Company has issued one class of Equity Shares having a Par Value of Rs.100/- Per Share. Each Share Holder is eligible for one Vote per Share held and proportionate rights in the dividends as and when declared by the Company.

1(c) Reconciliation of the number of Equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Equity Shares	Amount (Rs.)	No. of Equity Shares	Amount (Rs.)
Opening Balance:	10,000	10,000	10,000	10,000
Add: Shares Issued during the year	10,000	10,000	10,000	10,000

1(d) Details of shareholders holding more than 5 % of the aggregate Equity shares in the Company

Particulars	As at 31st March 2023		As at 31st March 2022	
	No of Equity Shares	% of holding	No of Equity Shares	% of holding
His Excellency Governor of Karnataka	5000	50.00%	5000	50.00%
Hubballi-Dharwad Municipal Corporation	4995	49.95%	4995	49.95%
District incharge secretary of dharwad district	1	0.01%	1	0.01%
Managing director, KUIDFC	1	0.01%	1	0.01%
Deputy Commissioner, Dharwad	1	0.01%	1	0.01%
Mayor, HDMC	1	0.01%	1	0.01%
Chairman of town planning and development	1	0.01%	1	0.01%
	10,000	100.00%	10,000	100.00%

1(e) Disclosures of Shareholding of Promoters - Shares held by the Promoters: As on 31/03/2023

S. No		1	2
Promoter name		His Excellency Governor of Karnataka	Hubballi-Dharwad Municipal
Class of Shares		Equity	Equity
At the end of the year	No of Shares	5,000	4,995
	% of total shares	50%	50%
At the beginning of the year	No of Shares	5,000	4,995
	% of total shares	50%	50%
% Change during the year		0%	0%

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HUBBALLI DHARWAD SMART CITY LIMITED

Notes forming part of Financial Statements for the year ending 31st March 2023

Note No.

2 Reserves and Surplus

(Rs.in Hundred)

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount(Rs.)	Amount(Rs.)
Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(3,65,237)	(3,00,085)
Add :Net/Profit loss for the Year	5,251	(65,152)
Total	(3,59,986)	(3,65,237)
Total Reserves and Surplus	(3,59,986)	(3,65,237)

3 Smart City Mission Fund

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount(Rs.)	Amount(Rs.)
a) Smart City Mission Project Grants	1,16,53,350	1,69,92,571
Add : Grant Received during the year	1,98,00,000	1,87,01,716
Add : Interest earned capitalised	7,67,473	5,59,452
Less: Excess Accrued Interest transferred to A& OE Grant	-	(1,47,685)
Less: Interest Capitalized on Project Grant Utilized as per Govt Letter	-	(29,40,000)
Less: Amount transferred to Minsitry of Urban Affairs	(25,92,000)	-
Less: Accrued Interest to be paid to Government of India	(1,03,650)	-
Less: Accrued Interest to be paid to Government of Karnataka	(8,03,384)	-
	2,87,21,789	3,31,66,054
Less : Project expenses incurred for the year (Note no 13)	(2,00,12,184)	(2,15,12,704)
	87,09,605	1,16,53,350
b) Smart City Mission Project Grants- (Admi & Other Exps)	24,53,124	16,80,504
Add: Grant Received during the year	14,00,000	11,07,001
Less: Amount deducted by KUIDFC	-	(20,001)
Add: Amount Received from KUIDFC	1,00,000	-
Add: Grant transferred from project Grant	-	1,47,685
Add: Interest earned on Grant	39,615	25,094
Less: Interest Capiitalized on A&OE Grant Utilized as per Govt Letter	-	(2,21,000)
Less: Accrued Interest to be paid to Government of India	(5,350)	-
Less: Accrued Interest to be paid to Government of Karnataka	(41,469)	-
	39,45,920	27,19,283
Less : Admin and Office expenses for the year (Note no 15)	(4,15,146)	(2,66,159)
	35,30,775	24,53,124
CITIIS - Green Mobility Corridor Project Fund		
Opening Balance	85,67,685	57,62,525
Add:Grant received Canara Bank-336 CITIIS Project A/c	32,00,000	32,00,000
Add: Interest Capitalised	2,66,450	1,61,522
Less: Project Expenses of CITIIS: Note no 13(b)	(61,11,253)	(5,56,362)
Total	59,22,882	85,67,685
Dult fund for cycle purchase	22,527	22,527
Total	1,81,85,789	2,26,96,686

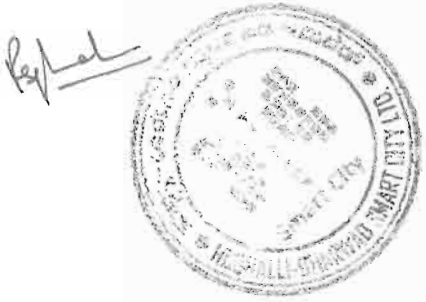


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Other Current Liabilities

(Rs.In Hundred)

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount(Rs.)	Amount(Rs.)
KGID	100	220
LIC Employees Payable	98	438
CGST TDS Payable	35,672	27,786
SGST TDS Payable	35,672	27,786
CBF	3,068	667
Labour cess	35,789	45,034
Royalty	10,321	8,564
TDS payable	73,620	58,864
KEONICS Hubli Outsourced Salary Payable	-	5,813
Telephone bill payable	-	333
Other Payable	16	16
Security Deposit	16,910	846
Forfeiture of EMD	54,000	54,000
HDSCL Abhirudhi Society	200	-
CGST (CIITIS) Payable	4	4
SGST (CIITIS) Payable	4	4
TDS payable (CIITIS) Payable	5	5
Accrued Interest Payable to Government of India	1,09,000	-
Accrued Interest Payable to Government of Karnataka	8,44,853	-
Total	12,19,331	2,30,379



5 Trade Payables ageing schedule

Figures For the Current Reporting Period

(Rs. In Hundred)

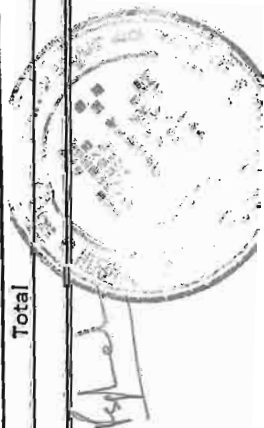
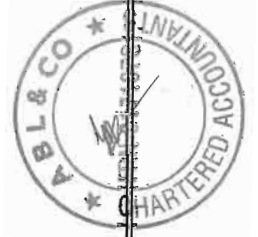
Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 Years	
(i) MSME	-	-	-	-
(ii) Others	218	126	-	344
(iii) Disputed dues-MSME	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-
Total	218	126		344

Figures For Previous Reporting Period

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 1 year	1-2 years	2-3 Years	
MSME	-	-	-	-
Others	355	-	-	355
Dispute dues-MSME	-	-	-	-
Dispute dues	-	-	-	-
Total	355			355

6 Short term provisions

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount (Rs.)	Amount (Rs.)
Salary payable	132	12,123
GIS	7	28
Audit Fees payable	396	396
GPF Payable	-	350
Rent Payable	-	223
Vehicle Hire Charges Payable	-	2,079
Consultancy Fees Payable	891	865
NPS payable	12,012	3,291
PT Payable	40	80
IT- Employee TDS Payable	1,008	50
Total	14,487	19,484



Note No 7
Financial Year: 2022-23
Assessment Year : 2023-24

(Rs.in Hundred)

Depreciation as per Income Tax Act, 1961

Particulars	Rate	WDV as at 01.04.2022	Actual cost of additions put		Total	Deletions (Sale Proceeds)	Depreciation Allowable	Written Down Value as at 31.03.2023
			> 180 days	< 180 days				
Office Equipments	15%	2,406	-	-	2,406	-	361	2,045
Furniture and Fixtures	10%	12,852	-	177	13,029	-	1,294	11,735
Computer Hardware	40%	9,699	1,806	2,411	13,917	-	5,084	8,832
Building	15%	10,315	-	-	-	10,315	-	-
Total		35,272	1,806	2,588	29,352	-	6,739	22,612

Note No 7

HUBBALLI-DHARWAD SMART CITY LIMITED
F Block 4th Floor, IT Park, Opposite Indira Glass House, Hubballi 580029

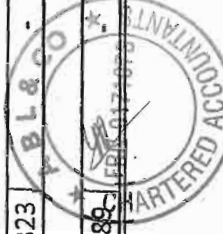
Financial Year: 2022-23
Assessment Year : 2023-24

Depreciation as per Companies Act, 2013

Particulars	Useful Life of Asset (Years)	WDV as at 01.04.2022	Actual cost of additions put		Total	Deletions (Sale Proceeds)	Depreciation Allowable	Written Down Value as at 31.03.2023
			> 180 days	< 180 days				
Furniture and Fixtures/Electrification	10	9,330	-	177	9,507	-	2,449	7,059
Computer Hardware	3	7,807	1,806	2,411	12,025	-	5,630	6,395
Building	3	620	-	-	620	-	620	-
Office Equipment	5	1,014	-	-	1,014	-	201	813
Total		18,772	1,806	2,588	23,167	-	8,899	14,267

Intangible Assets - GIS SOFTWARE

	3	1,323	-	-	1,323	-	-2,203	3,525
Total		20,095	1,806	2,588	24,489	-	6,697	17,793



HUBBALLI DHARWAD Smart City Ltd
Notes forming part of Financial Statements

Note No

8 Long term loan & Advances

(Rs.in Hunderd)

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount (Rs.)	Amount (Rs.)
Telephone Deposit	6	6
Mobilization Advance- Green Mobility Corridor Citiis	43,881	4,81,300
Mobilization Advance to Contractor	4,59,017	3,09,395
	5,02,903	7,90,700

Other Non-current Assets

Preliminary expenses

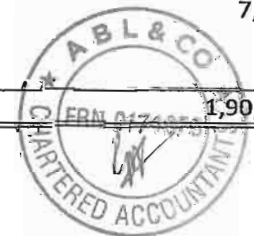
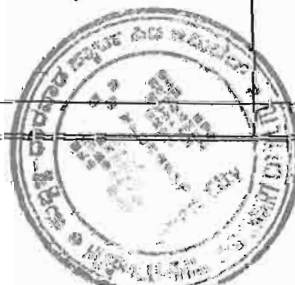
Particulars	As at 31st March 2023	As at 31st March 2022
	Amount (Rs.)	Amount (Rs.)
Comp formation chgs (SPV Reg)	-	54,084
Less: 1/5 th Write off for the year	-	(54,084)
Total	-	-

9 Cash and Cash Equivalents

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount (Rs.)	Amount (Rs.)
Cash on hand	-	-
Balances with Bank		
-Savings account with SBI 26661	15,72,409	5,79,835
-Savings account with Canara Bank -15331	1,208	2,028
-Current account with State bank of India 6617	49,71,223	(19,540)
KVG Bank O & M A/c.No.89140987708	208	-
-Canara Bank-336 CIITIS Project A/c	-	5,58,111
- in Fixed Deposits	-	-
Balance with Canara Bank SB account(CIITIS)	58,40,895	32,00,000
FD with KVG Bank (CIITIS)	-	40,00,000
Fixed Deposit canara bank (CIITIS)	-	1,95,000
FD with KVG Bank	-	1,19,11,212
KVG-Sweep-89143604736	57,83,490	-
KVG-Sweep-89151025476	900	-
SBI Sweep A/c-40877420644	-	8,28,028
SBI Sweep A/c-40407968405	-	7,870
FD With Axis Bank	-	-
Accrued Interest (CIITIS)	-	1,15,476
Accrued Interest	2,69,792	2,12,876
Total	1,84,40,124	2,15,90,896

10 Other Current Assets

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount (Rs.)	Amount (Rs.)
Income Tax (TDS Receivable FY 21-22)	-	56,814
Income Tax (TDS Receivable FY 20-21)	-	1,08,850
TCS Receivable 21-22	-	20
CITIIS Income Tax (TDS Receivable FY 20-21)	-	1,658
CITIIS Income Tax (TDS Receivable FY 21-22)	-	16,152
Income Tax (TDS Receivable FY 22-23)	67,061	-
CITIIS Income Tax (TDS Receivable FY 22-23)	20,308	-
Office Deposit	7,180	7,180
Excess TDS paid to be recovered	1,328	-
TDS receivable from contractors	13,978	-
Total	1,09,855	1,90,675



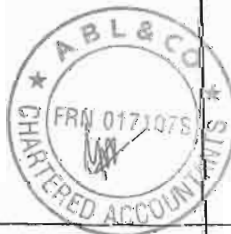
HUBBALLI DHARWAD SMART CITY LIMITED

Notes forming part of Financial Statements for the year ended March 31st ,2023

11 (a) Project Related expenses

(Rs.in Hundred)

Particulars	As,at 31st March 2023	As at 31st March 2022
	Amount(Rs.)	Amount(Rs.)
Advertisement Expenses	12,727	11,837
Bengeri Market	162	4,70,819
BRTS Boom Barrier	78,121	2,11,925
BSUP Package-01	796	4,17,032
BSUP Package-02	13,99,579	19,90,239
BSUP-Package-03	2,53,455	7,33,225
CC TV	5,251	8,455
Chitaguppi Hospital	11,93,768	3,61,361
Consultation charges	2,38,091	-
Consultation charges (PWC)	94,695	3,00,177
Cycles 4 Change	-	22,527
Digital Display Board	1,619	1,22,360
E toilet O & M	-	2,829
Electrical Crematorium	39,811	1,63,630
Fish Markets	39,179	4,27,701
Glass House	-	77,885
GPS Tracker	350	2,800
ICCC : LSI (Local System Integrator)	1,60,979	2,18,771
ICCC Building	9,276	1,51,455
ICCC Interior	-	26,798
Janata Bazar Market-Rehabilitation	11,47,875	5,80,578
KIMS Gate	13,614	17,327
Medar Oni	1,38,245	1,78,224
MG Park	1,02,178	2,87,920
Mobile Library Van	4,910	19,640
MSME Industrial Area Package -01	2,549	47,448
Nehru Stadium	14,13,826	4,68,914
Old Bus Stand	16,16,762	5,58,790
Old Hubballi Market	-	46,508
Public Bycycle Sharing	2,29,930	74,962
Quality Control Laboratory	-	19,967
RFID Reader	-	73,034
Smart Health	-	19,714
Smart Road -03	18,41,818	22,01,143
Smart Road Package-01	9,56,890	7,89,428
Smart Road Package-02	12,64,342	17,75,500
Smart Health O&M	7,886	7,500
Smart Road Package-04	-	55,567
Smart Road Package-05	1,34,164	17,27,463
Smart Road Package-06	1,98,701	22,76,944
Swimming Pool Expansion Pase-2	1,39,029	1,54,546
Tolankere	13,748	10,41,821
Tolankere Phase-2	1,17,731	3,75,864
Toy Train	1,32,300	1,26,000
Unakal Lake Phase-1	3,76,517	1,45,841
Unkal Market	23,769	57,825
Vani Vilas	6,84,074	6,96,960
Vegetable Smart Bench and Electric Push Cart	-	1,450
Electrical Crematorium O&M	6,000	-
MCLP	30,000	-
Medar Oni Medical Equip	27,512	-
MG Park O&M	78,493	-
MLCP	1,56,262	-
EPDM	43,127	-
Puzzle Parking O&M	40,963	-
MSME LED Street Light	1,861	-
Musical Foutain O&M	23,141	-
Smart School O & M	3,000	-
Solar Butterfly	4,950	-
Sports Complex	32,36,321	-
Tolankere O&M	25,000	-
Unkal Lake-2	22,46,838	-
Transferred to Project Grant	2,00,12,184	2,15,12,704



Note 12 Depreciation and amortisation		(Rs.in Hundred)	
12	Particulars	As at 31st-March 2023	As at 31st March 2022
		Amount(Rs.)	Amount(Rs.)
	Depreciation	6,697	10,369
	Amortisation of Preliminary Expenses	-	54,084
		6,697	64,453

Note 13 (a) Employee Benefit expenses		(Rs.in Hundred)	
13 (a)	Particulars	As at 31st-March 2023	As at 31st March 2022
		Amount(Rs.)	Amount(Rs.)
	Employee Benefit expenses		
	Salaries and Wages	1,54,709	1,41,669
	Leave encashment	2,201	1,293
		1,56,909	1,42,962

Note 13 (b) Administrative expenses		(Rs.in Hundred)	
13 (b)	Particulars	As at 31st-March 2023	As at 31st March 2022
		Amount(Rs.)	Amount(Rs.)
	Bank Charges	69.76	52.96
	Computer Maintenance	435.20	299.35
	Consultation charges	2,996.43	3,356.00
	Annual Custody Fees for RTA/ DEMAT	488.59	142.19
	Director Honorarium Expenses	380.00	200.00
	Domain Renewal Charges	-	531.50
	Electricity Charges	309.34	947.80
	Flag Pole	173.15	-
	Fire Extinguisher	279.66	-
	Social Media Maintainance Charges	2,112.59	583.00
	HDSCL Society Registration Fees	-	22.45
	Inaugral Expenses	1,03,567.40	500.00
	Internet Charges & Software	3,540.00	3,021.93
	Lift Repairs and Maintainance	-	40.00
	News paper & Periodicals	121.10	95.33
	Office Expenses	10,645.84	4,576.65
	Office Rent	-	4,013.44
	Outsourced Salary	77,510.18	60,416.98
	Photo and video Charges	-	160.95
	Postage	112.20	79.70
	Printing & Stationary	4,295.06	1,849.89
	Rent Paid MD House	2,404.01	3,125.00
	Repairs and Maintenance	2,670.67	592.08
	ROC - Fees	1,213.80	369.80
	Sitting Fees	240.00	240.00
	Telephone Expense	5,536.15	5,015.78
	Traveling expenses	8,155.56	1,208.41
	Translation Charges	258.98	-
	Vehicles Hire/Rent Charges	28,581.89	29,985.09
	Water Charges	319.20	265.64
	Website Maintainance expenses	675.00	1,065.00
	Sound System	625.40	-
		2,57,717	1,22,757

Note 13 (c) Payment to Auditors		(Rs.in Hundred)	
13 (c)	Particulars	As at 31st-March 2023	As at 31st March 2022
		Amount(Rs.)	Amount(Rs.)
	As Auditors:	519	440
	As Advisor in other capcity	-	-
	GST Matter	-	-
	Company Law Matter	-	-
	Taxation Matter	-	-
		519	440
	[Admin and other expenses transferred to Smart City A and OE Grant]] Total (a+b+c)	4,15,146	2,66,159

Note 14 Indirect Income		(Rs.in Hundred)	
14	Particulars	As at 31st-March 2023	As at 31st March 2022
		Amount(Rs.)	Amount(Rs.)
	Interest on IT refund	11,959	-
		11,959	-



HUBBALLI-DHARWAD SMART CITY LIMITED
 F Block 4th Floor, IT Park, Opposite Indira Glass House, Hubballi 580029
 CIN U74999KA2017PLC101265

Email Id: sohdsmartcity@gmail.com, Phone Number: 0836-2355331, Website: <http://www.hubballidharwadsmartcity.com/>

Note No. 15

Deferred Tax Computation

Particulars	As per Companies Act	As per Income Tax Act	Deferred Tax Component	Deferred Tax for the Year	Tax rate =26%		Closing Balance
					Opening Balance		
Depreciation	6,697	6,739	(42)	(11)	(699)	(710)	
Total	6,697	6,739	(42)	(11)	(699)	(710)	

[Handwritten Signature]



HUBBALLI-DHARWAD SMART CITY LIMITED

Note No. 18

Contingent Liability

(Rs.in Hundred)

Particulars	Taxable Amount	CGST	SGST	IGST	Total Contingent Liability
Price Water House Coopers	85,887	-	-	15,460	15,460
Total	85,887	-	-	15,460	15,460

Note: As informed PWC has performed Project expenses similar to Government function as specified in Article 243W of Constitution of India. GST amount claimed by Price Water Cooper is not paid by the company as its pure service contract and same is under litigation.

Sulaiman Asif (Swimming pool)

Total Amount Paid upto 31/03/23	7,22,962				42,052
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The above amount of GST is under litigation in high court with respect to GST Payment

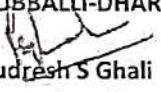


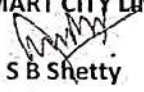
19 Earnings/(Loss) Per Share:

Particulars	2022-23	2021-22
Net Profit After Tax	5,251	(65,152)
No. of. Shares	100	100
Earnings/ (Loss) per share	52.51	(651.52)
Nominal Value of Equity Share	10	10

20. Notes: a) There are no transactions with struck off companies under section 248 or 560
b) No charges or satisfaction is yet to be registered with Registrar of Companies beyond the statutory period.
c) The Company has complied with the no. of layers prescribed u/s 2(87) read with the applicable Rules
e) There is no Scheme of Arrangements that has been approved in terms of sections 230 to 237
f) The company has not advanced/loaned/invested or received funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), 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 by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
g) There are no transactions that are not recorded in the books of account to be surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
h) The company is not covered under section 135.
i) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.


By Order of the Board of Directors
HUBBALLI-DHARWAD SMART CITY LIMITED


Rudresh S Ghali
Managing Director
DIN: 09489423
Add: Chikodi-591201
Place: HUBBALLI
Date: 17-11-2023


S B Shetty
Director
DIN: 08302682
Add: Time Square Building
Vidyanagar Hubballi-580031.


Pavan Pise
Company Secretary
A-42117

For ABL & CO
Chartered Accountants
FRN 017107S


Laxman Patel
Partner
M. No. 216499

Dt: 25-11-2023

UDIN: 23216499 B6XZYVSS13



Subschedule -17

1 Bank Interest Apportionment in Grant received ratio

(Rs.in Hundred)

Particulars	As at 31/03/2023	As at 31/03/2022
Grants	Amount (Rs)	Amount (Rs)
Capital Grant (Mission Grant)	7,56,91,716	5,58,91,716
Revenue Grant (A&OE Grant)	39,07,001	25,07,001
Total	7,95,98,717	5,83,98,717

Particulars	Amount (Rs)	Amount (Rs)
Total Bank interest for the year	8,07,088	7,03,275
Interest deducted from Project grant	7,67,473	6,73,084
Interest deducted from A and OE grant	39,615	30,191.

2022-23

Particulars	Amount (Rs)
Total Accrued Interest to be paid to Government	9,53,853
Payable to Government of India(As per government order dated)	1,09,000
Payable to Government of Karnataka(As per government order dated)	8,44,853

Reduction of Accrued Interest from Grants in the ration of Grant Received for the year

Particulars	Amount (Rs)
Payable to Government of India	1,09,000
To be Reduced from Project Grant	1,03,650
To be Reduced from A and OE Grant	5,350

Particulars	Amount (Rs)
Payable to Government of Karnataka	8,44,853
To be Reduced from Project Grant	8,03,384
To be Reduced from A and OE Grant	41,469

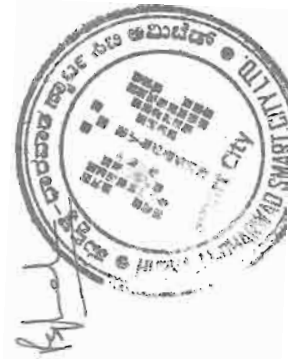


Additional Regulatory Information

HUBBALLI-DHARWAD SMART CITY LIMITED

Ratios

Ratios	Numerator	Denominator	Current Reporting Period	Previous reporting period	% of Change
Current Ratio	Current Assets	Current Liabilities	15.03	87.05	-82.73%
Debt Equity Ratio	Debt Capital	Shareholder's Equity	-	-	0.00%
Debt Service coverage ratio	EBITDA-CAPEX	Debt Service (Int+Principal)	-	-	0.00%
Net Profit Ratio (%)	Net profit	Sales	-	-	0.00%
Return on Equity Ratio	Profit for the year	Average Shareholder's Equity	(0.02)	0.18	-108.18%
Return on Capital employed (%)	Earnings before interest and tax	Capital Employed	(0.02)	0.18	-108.29%
Return on Investment (%)	Net Profit	Investment (Shareholders fund)	(0.02)	0.18	-108.18%
Inventory Turnover Ratio	COGS	Average Inventory	-	-	0.00%
Trade Receivables turnover ratio	Net Sales	Closing trade receivables	-	-	0.00%
Trade payables turnover ratio	Total Purchases (Fuel Cost + Other Expenses+Closing Inventory-Opening Inventory)	Closing Trade Payables	-	-	0.00%
Net capital turnover ratio	Sales	Working capital (CA-CL)	-	-	0.00%





BY REGISTERED POST
CONFIDENTIAL

No. PAG(Audit-I)/AMG-II/SPSU-CC/2023-24/283

Date: 24.01.2024

To
The Managing Director,
Hubballi Dharwad Smart City Limited,
Hubballi.

Sub: Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of **Hubballi Dharwad Smart City Limited, Hubballi** for the year ended **31 March 2023**.

Sir,

I forward herewith **Comments** under Section 143(6)(b) of the Companies Act, 2013 on the accounts of **Hubballi Dharwad Smart City Limited, Hubballi** for the year ended **31 March 2023**.

2. A copy of the proceedings of the Annual General Meeting adopting the certified accounts, Auditors Report thereon and the Comments of the Comptroller and Auditor General of India may be forwarded to this office immediately after the conclusion of the Annual General Meeting. Two copies of the printed Annual Reports may also be sent to this office.

3. Receipt of the letter and the enclosures may please be acknowledged.

Hubballi Dharwad Smart City Ltd.,		
Received Date:	29/1/24	No. 5964
Subject:		
Forwarded For Action:		
Date:		
SO	CE/JMD	MD
HSCL	HSCL	HSCL

Yours faithfully,

(SHANTHI PRIYA S.)
PR. ACCOUNTANT GENERAL(AUDIT-I)
KARNATAKA, BENGALURU


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF HUBBALLI – DHARWAD SMART CITY LIMITED, HUBBALLI
FOR THE YEAR ENDED 31 MARCH 2023.**

The preparation of financial statements of **Hubballi Dharwad Smart City Limited, Hubballi** for the year ended **31 March 2023** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated **16 January 2024** which supersedes their earlier Audit Report dated **25 November 2023**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Hubballi Dharwad Smart City Limited, Hubballi** for the year ended **31 March 2023** under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of revision made to the Statutory Auditor's Report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the act.

**For and on the behalf of the
Comptroller & Auditor General of India**


(SHANTHI PRIYA S)
PR. ACCOUNTANT GENERAL(AUDIT-1)
KARNATAKA, BENGALURU

Date: ~~24~~.01.2024

1 General Information

HUBBALLI-DHARWAD SMART CITY LIMITED was incorporated on 10/03/2017 under the provisions of Companies Act,2013. The company being a Special Purpose Vehicle under the Smart City Mission of Central Government of India, is engaged in implementing the Smart City Projects in the twin cities viz., Hubballi-Dharwad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

The financial statements have been prepared on Historical Cost Convention and in accordance with Generally Accepted Accounting Principles (GAAP). GAAP comprises mandatory Accounting Standards as specified in section 133 of the Companies Act 2013, read with rule 7 of Companies (Accounts) Rules 2014.

All Assets and Liabilities have been classified as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

2.2 Use of estimate

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of the Financial Statements and the reported amount of Revenues and Expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized

2.3 Property, Plant and Equipment and Depreciation:

Property, Plant and Equipment are stated at cost of Acquisition inclusive of inward freight, duties and any other directly attributable cost of bringing the assets to its intended use.

Depreciation on Assets has been provided on written down value method in accordance with the useful life of the assets specified in Schedule II to the Companies Act, 2013.

Nature of Asset	Useful Life
Furniture and Fixtures	10
Office Equipment	15
Building (Temporary Structure)	3
Computer Equipment	3

The office was relocated, and the building had an opening balance of Rs. 1,01,393. However, the building was subsequently completely demolished, resulting in its full removal.

2.4 Revenue Recognition

Revenue is recognized on accrual basis of accounting.

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.

Interest Income received on account of Government Grants for Capital Projects is capitalized and not shown as income.

Interests earned on the investments made with banks out of Smart City Grants are allocated in the ratio of Smart City Project Grants & Smart City (A & OE) Grants before allocation of interest and transfer of Project and A&OE expenses given below in view of grants maintained in single bank Account.

Bank Interest Apportionment in Grant received ratio

Particulars	As at 31/03/2023	As at 31/03/2022
Grants	Amount (Rs)	Amount (Rs)
Capital Grant (Mission Grant)	7,56,91,71,610	5,58,91,71,610
Revenue Grant (A&OE Grant)	39,07,00,095	25,07,00,095
Total	7,95,98,71,705	5,83,98,71,705

Particulars	Amount (Rs)	Amount (Rs)
Total Bank interest for the year	8,07,08,761	7,03,27,482
Interest deducted from Project grant	7,67,47,275	6,73,08,390
Interest deducted from A and OE grant	39,61,486	30,19,091

Accrued Interest from grants to be transferred to government of India and Government of Karnataka

	2022-23
Particulars	Amount (Rs)
Total Accrued Interest to be paid to Government	9,53,85,275
Payable to Government of India	1,09,00,000
Payable to Government of Karnataka	8,44,85,275

Reduction of Accrued Interest from Grants in the ratio of Grant Received for the year as below

Particulars	Amount (Rs)
Payable to Government of India	1,09,00,000
To be Reduced from Project Grant	1,03,64,987
To be Reduced from A and OE Grant	5,35,013

Particulars	Amount (Rs)
Payable to Government of Karnataka	8,44,85,275
To be Reduced from Project Grant	8,03,38,424
To be Reduced from A and OE Grant	41,46,851

2.5 Provisions and contingent liabilities

A provision is recognized when the Company has present obligations as a result of past event, it is probable that an outflow of resources will be required to settle the obligations, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligations at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimate. All known liabilities wherever material are provided for. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

HUBBALLI-DHARWAD SMART CITY LIMITED					
Note No. 18					
Contingent Liability as on 31/03/2023					
Particulars	Taxable Amount	CGST	SGST	IGST	Total Contingent Liability
Price Water House Coopers	85,88,657	-	-	15,45,959	15,45,959
Total	85,88,657	-	-	15,45,959	15,45,959
Note: As infomed PWC has performed Project expenses similar to Government function as specified in Article 243W of constitution of India. GST amount claimed by Price Water Cooper is not paid by the company as its pure service contract and same is under litigation.					

Sulaiman Asif (Swimming pool)					
Total Amount Paid upto 31/03/23	7,22,96,178				42,05,182
The above amount of GST is under litigation in high court with respect to GST Payment					

2.6 Government grants

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

All government grants are recognized in the balance sheet and the Project related expenses are deducted from Smart City Project Grant and Administrative and office expenses are deducted from Smart City (A & OE) Grant.

2.7 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex- gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Post-employment and other long-term employee benefits

During the year all the employees are deputed from government and are governed by government rules salaries. The post-retirement benefits of company are taken care by government and company will not have any liability.

2.8 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred Tax Liability is recognized during the year on account of timing difference

2.9 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a written down basis over their estimated useful lives, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life, the amortization method and the amortization period are reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Nature of Asset	Useful Life
Software	3 Years

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

The software began with an opening balance of Rs. 1,32,280, which represents less than 5% of the original asset cost. According to the Company's Act, assets cannot be subjected to depreciation lower than 5% of their value. Therefore, any additional depreciation that was initially charged is subsequently reversed.

2.10 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

2.11 Amortization of Project Expenses

Project Related expenses

Particulars	As at 31st March 2023	As at 31st March 2022
	Amount(Rs.)	Amount(Rs.)
Advertisement Expenses	12,72,683	11,83,741
Bengeri Market	16,158	4,70,81,926
BRTS Boom Barrier	78,12,073	2,11,92,467
BSUP Package-01	79,560	4,17,03,214
BSUP Package-02		19,90,23,915

	13,99,57,853	
BSUP-Package-03	2,53,45,516	7,33,22,470
CC TV	5,25,138	8,45,476
Chitaguppi Hospital	11,93,76,816	3,61,36,133
Consultation charges	2,38,09,092	-
Consultation charges (PWC)	94,69,463	3,00,17,671
Cycles 4 Change	-	22,52,716
Digital Display Board	1,61,920	1,22,36,000
E toilet O & M	-	2,82,914
Electrical Crematorium	39,81,115	1,63,63,034
Fish Markets	39,17,902	4,27,70,061
Glass House	-	77,88,509
GPS Tracker	35,000	2,80,000
ICCC : LSI (Local System Integrator)	1,60,97,852	21,82,77,135
ICCC Building	9,27,588	1,51,45,485
ICCC Interior	-	26,79,800
Janata Bazar Market-Rehabilitation	11,47,87,453	5,80,57,803
KIMS Gate	13,61,420	17,32,703
Medar Oni	1,38,24,481	1,78,22,411
MG Park	1,02,17,820	2,87,92,003
Mobile Library Van	4,91,000	19,64,000
MSME Industrial Area Package -01	2,54,898	47,44,780
Nehru Stadium	14,13,82,638	4,68,91,380
Old Bus Stand	16,16,76,237	5,58,79,011
Old Hubballi Market	-	46,50,752

Public Bycycle Sharing	2,29,93,008	74,96,167
Quality Control Laboratory	-	19,96,734
RFID Reader	-	73,03,350
Smart Health	-	19,71,445
Smart Road -03	18,41,81,792	22,01,14,335
Smart Road Package-01	9,56,89,043	7,89,42,845
Smart Road Package-02	12,64,34,187	17,75,49,970
Smart Health O&M	7,88,578	7,49,980
Smart Road Package-04	-	55,56,697
Smart Road Package-05	1,34,16,432	17,27,46,283
Smart Road Package-06	1,98,70,082	22,76,94,410
Swimming Pool Expansion Pase-2	1,39,02,873	1,54,54,625
Tolankere	13,74,750	10,41,82,124
Tolankere Phase-2	1,17,73,081	3,75,86,380
Toy Train	1,32,30,000	1,26,00,000
Unakal Lake Phase-1	3,76,51,655	1,45,84,096
Unkal Market	23,76,887	57,82,493
Vani Vilas	6,84,07,425	6,96,95,965
Vegetable Smart Bench and Electric Push Cart	-	1,45,000
Electrical Crematorium O&M	6,00,000	-
MCLP	30,00,000	-
Medar Oni Medical Equip	27,51,244	-
MG Park O&M	78,49,270	-
MLCP	1,56,26,171	-
EPDM		-

	43,12,662	
Puzzle Parking O&M	40,96,309	-
MSME LED Street Light	1,86,145	-
Musical Foutain O&M	23,14,129	-
Smart School O & M	2,99,992	-
Solar Butterfly	4,95,000	-
Sports Complex	32,36,32,133	-
Tolankere O&M	25,00,000	-
Unkal Lake-2	22,46,83,826	-
Transferred to Project Grant	2,00,12,18,350	2,15,12,70,409

2.12 Earnings per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with AS 20 on Earnings per share. Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.13 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in AS 3 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

For HUBBALLI-DHARWAD SMART CITY LIMITED

Sd/-
Rudresh Ghali
Director
DIN: 09489423

Sd/-
S.B.Shetty
Director
DIN: 08302682

DATE : 17-11-2023

PLACE : HUBBALLI