

INDEPENDENT AUDITOR'S REPORT

To the Members of Reliance Smart Cities Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Smart Cities Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its losses and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "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 are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

Pathak H.D. & Associates
Chartered Accountants

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. There were no pending litigations which would impact the financial position of the Company.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Pathak H. D. & Associates
Chartered Accountants
Firm's Registration No.107783W

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: May 20, 2016

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of Reliance Smart Cities Limited on the financial statements for the period ended March 31, 2016

- (i) The Company does not have any fixed assets, hence the reporting requirements under paragraph 3(i) (a), (b) and (c) of the Order are not applicable.
- (ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured, to any company, firm, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.
- (vi) In our opinion and according to the information given to us, no cost records have been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act.
- (vii)
 - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable were outstanding, at the period end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax and cess as at March 31, 2016 which have not been deposited on account of a dispute.
- (viii) During the period the Company has not availed loan from any financial institution or bank or debenture holders hence the reporting requirements under paragraph 3(viii) of the order is not applicable.

- (ix) During the period the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans hence the reporting requirements under paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company has not paid managerial remuneration during the period and hence, the reporting requirement under paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Pathak H. D. & Associates
Chartered Accountants
Firm's Registration No.107783W

Vishal D. Shah
Partner
Membership No.119303

Place: Mumbai
Date: May 20, 2016

Annexure - B to Auditor's report

Annexure to the Independent Auditor's Report referred to in paragraph (f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Reliance Smart Cities Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Reliance Smart Cities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 Pathak H. D. & Associates
Chartered Accountants
Firm's Registration No.107783W

Vishal D. Shah
Partner
Membership No. 119303

Place: Mumbai
Date: May 20, 2016

Reliance Smart Cities Limited

Balance Sheet as at March 31, 2016

Amount in Rs.

Particulars	Note No	As at March 31, 2016
I. EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	2	500,000
Reserves and Surplus	3	(45,574)
		454,426
Current Liabilities		
Trade payables		18,034
	Total	472,460
II. ASSETS		
Current assets		
Cash and cash equivalents	4	472,460
	Total	472,460

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 to 12

As per our attached report of even date

For Pathak H.D. & Associates
Chartered Accountants
Firm Registration No.: 107783W

Vishal D. Shah
Partner
Membership No.: 119303

Place: Mumbai
Date: May 20, 2016

For and on behalf of the Board of Directors

Arun Rameshchandra Garg
Director
DIN No. 05220214

Makarand Deshpande
Director
DIN No. 07131691

Place: Mumbai
Date: May 20, 2016

Reliance Smart Cities Limited

Statement of Profit and Loss for the period ended March 31, 2016

		Amount in Rs.
Particulars	Note No	Period Ended March 31, 2016
Revenue from Operations		-
Other Income		-
Total Revenue		-
<i>Expenses:</i>		
Other Expenses	5	45,574
Total Expenses		45,574
Profit(Loss) before tax		(45,574)
Tax expense:		
(1) Current tax		-
(2) Deferred tax		-
Profit / (Loss) for the period		(45,574)
Earnings per equity share (Face value of Rs 10/- each):	6	
Basic		(0.91)
Diluted		(0.91)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 to 12

As per our attached report of even date

For Pathak H.D. & Associates
Chartered Accountants
Firm Registration No.: 107783W

For and on behalf of the Board of Directors

Arun Rameshchandra Garg
Director
DIN No. 05220214

Vishal D. Shah
Partner
Membership No.: 119303

Makárand Deshpande
Director
DIN No. 07131691

Place: Mumbai
Date: May 20, 2016

Place: Mumbai
Date: May 20, 2016

Reliance Smart Cities Limited

Cash Flow Statement for the period ended March 31, 2016

	Amount Rs.
Particulars	Period Ended March 31, 2016
A. Cash flow from operating activities	
Net Profit/(Loss) before tax	(45,574)
Stamp Duty & Filing Fees	27,540
Operating Profit before working capital changes	(18,034)
Adjustments for working capital changes:	
Increase/(Decrease) in Trade Payables	18,034
Cash generated from operations	-
Direct taxes received / (paid)	-
Net Cash generated from / (used in) operating activities (A)	-
B. Cash Flow from Investing activities	-
Net Cash generated from / (used in) investing activities (B)	-
C. Cash Flow from Financing Activities	
Stamp Duty & Filing Fees	(27,540)
Proceeds from Issue of Shares	500,000
Net Cash generated from / (used in) financing activities (C)	472,460
Net increase / (decrease) in cash and cash equivalents (A+B+C)	472,460
Cash and Cash Equivalents at the beginning of the period	-
Cash and Cash Equivalents at the end of the period	472,460
Net increase/(decrease) as disclosed above	472,460
	-
Composition of cash and cash equivalents:	
Balances with banks in current accounts	472,460
	472,460

As per our attached report of even date

For Pathak H.D. & Associates
Chartered Accountants
Firm Registration No.: 107783W

Vishal D. Shah
Partner
Membership No.: 119303

Place: Mumbai
Date: May 20, 2016

For and on behalf of the Board of Directors

Arun Rameshchandra Garg
Director
DIN No. 05220214

Makarand Deshpande
Director
DIN No. 07131691

Place: Mumbai
Date: May 20, 2016

Reliance Smart Cities Limited

Notes annexed to and forming part of the Financial Statements

Background of the Company

The Company is incorporated with the object of developing Smart Cities, Cyber cities Integrated techno township, software parks and housing colonies including design, develop, construct, set up and to maintain.

1 Significant accounting policies

a) Basis of preparation of financial statements:

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, the relevant provisions of Companies Act, 2013 (The Act) and comply in material aspects with the Accounting Standard notified under Section 133 of the Act, (read with Rule 7 of the Companies (Accounts) Rule, 2014).

b) Presentation and disclosure of financial statements:

The preparation and presentation of financial statement is made in accordance with the requirements of Schedule III under the Companies Act, 2013.

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 to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

c) Use of Estimate:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of, assets and liabilities and the disclosure of contingent liabilities, as on the date of financial statements and reported amount of revenue and expenses during the reporting period. Although this estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Difference between the actual results and estimates is recognised in the period in which the results are known / materialised.

d) Revenue Recognition Policy:

All the items of Income and expenses are recognized on accrual basis of accounting.

e) Accounting for Taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

f) Provisions:

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Reliance Smart Cities Limited

Notes annexed to and forming part of the Financial Statements

g) Cash and cash equivalents:

Cash and cash equivalents for the purposes of cash flow statement comprise cash in hand, cash at bank and demand deposits with banks and short-term investments with an original maturity of three months or less.

h) Contingent liability and contingent assets:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as a contingent liability. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in notes to the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earning Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Reliance Smart Cities Limited

Notes annexed to and forming part of the Financial Statements

2 Share Capital

Particulars	As at March 31, 2016	
	Number	Amount in Rs.
Authorised Equity Shares of Rs.10 each	50,000	500,000
Issued, Subscribed & Paid up Equity Shares of Rs.10 each	50,000	500,000
Total	50,000	500,000

- a) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining asset of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the period ended 31st March 2016, the Company had not declared any dividend.

- b) **Shares held by Holding Company and/or their Subsidiaries/Associates**
50,000 Equity Shares of Rs. 10 each (i.e 100%) are held by Reliance Infrastructure Limited (Holding Company) and its nominees.

- c) **Reconciliation of the number of Equity shares outstanding:**

Particulars	As at March 31, 2016	
	Number	Amount in Rs.
Shares outstanding at the beginning of the period	-	-
Shares Issued during the period	50,000	500,000
Shares outstanding at the end of the period	50,000	500,000

- d) **Shares in the company held by each shareholder holding more than 5 percent shares:**

Name of Shareholder	As at March 31, 2016	
	No. of Shares	% of Holding
Reliance Infrastructure Limited and its nominees	50,000	100

Reliance Smart Cities Limited

Notes annexed to and forming part of the Financial Statements

3 Reserves and Surplus:

Particulars	As at March 31, 2016
Surplus/ (Deficit) as per the Statement of Profit and Loss	
Opening Balance	-
(+) Net Profit/ (Loss) for the period	(45,574)
Closing Balance Total	(45,574)

4 Cash and Cash Equivalents:

Particulars	As at March 31, 2016
Balance with Banks in Current account	472,460
Total	472,460

5 Other Expenses:

Particulars	For the period ended March 31, 2016
Stamp Duty & Filing Fees	27,540
Auditors Remuneration	
Audit Fees	18,034
Total	45,574

6 Earnings per Equity Share:

Particulars	For the period ended March 31, 2016
Profit / (Loss) after tax available for Equity Share holders (Rs.)	(45,574)
Weighted Average Number of Equity Shares (Nos.)	50,000
Nominal Value per Share (Rs.)	10
Earnings per Equity Share- Basic	(0.91)
Earnings per Equity Share- Diluted	(0.91)

7 Related Party Disclosure:

As per Accounting Standard -18 as prescribed under Section 133 of the Companies Act, 2013, the Company's related parties and transactions are disclosed below:

(a) Parties where control exists:

Holding Company - Reliance Infrastructure Limited.

(b) Other related parties with whom transactions have taken place during the period: Nil

(c) Details of transactions during the period and closing balances as at the period end.

Particulars	Holding Company - Reliance Infrastructure Limited. 2015-16
Transactions during the period:	
Proceeds towards Issue of Equity Shares	500,000
Closing Balance:	
Share Capital	500,000

Reliance Smart Cities Limited

Notes annexed to and forming part of the Financial Statements

8 Segment wise Revenue, Results and Capital Employed

The Company has not commenced its commercial operation hence; there are no separate reportable segments as required under Accounting Standard 17 "Segment Reporting" as prescribed under Section 133 of the Companies Act, 2013.

9 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

10 Since there is no timing difference between the taxable income and accounting income the question of recognizing deferred tax assets / (liability) does not arise.

11 Information to the extent not disclosed, with regards to Matters specified in 5 of the Schedule III of the Companies Act, 2013 is either Nil or not applicable to the Company for the period ended March 31, 2016.

12 The Company was incorporated on July 25, 2015, and this being the first financial year from the date of incorporation upto March 31, 2016, comparative figures for the previous year are not applicable and hence not given in the financial statements

As per our attached report of even date

For Pathak H.D. & Associates
Chartered Accountants
Firm Registration No.: 107783W

Vishal D. Shah
Partner
Membership No.: 119303

Place: Mumbai
Date: May 20, 2016

For and on behalf of the Board

Arun RameshChandra Garg
Director
DIN No. 05220214

Makarand Deshpande
Director
DIN No. 07131691

Place: Mumbai
Date: May 20, 2016