

## **STANDALONE INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF MODEL ECONOMIC TOWNSHIP LIMITED (Formerly Known as RELIANCE HARYANA SEZ LIMITED)**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Model Economic Township Limited (Formerly known as Reliance Haryana SEZ Limited)** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone 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 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, 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone 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 standalone financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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 31<sup>st</sup> March, 2015 and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to,

- i. Note 1, regarding surrender of land back to HSIIDC in pursuant to termination of joint venture agreement with them and adjustment of the consideration received for such surrender against the carrying amount of the land included in the project inventory, for the reasons explained therein.
- ii. Note 32, regarding preparation of accounts on going concern basis even though the accumulated losses are much higher than the net worth of the Company, for the reasons as mentioned there in.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order 2015 ("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 statement on the matters specified in the paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, 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 standalone 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 31<sup>st</sup>March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup>March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in note 20 (ii) to the standalone financial statements.
  - ii. The Company has made provision, as required under the applicable laws or Accounting Standards, for material foreseeable losses, if any, on long - term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Chaturvedi & Shah**  
**Chartered Accountants**  
(Firm Registration No.101720W)

**R. Koria**  
Partner  
Membership No. 35629

Place: Mumbai,  
Dated: 11<sup>th</sup> May, 2015

**ANNEXURE TO STANDALONE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MODEL ECONOMIC TOWNSHIP LIMITED ( Formerly Known as Reliance Haryana SEZ Limited)**

**Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date**

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the book records.
- (ii) In respect of its inventories:
  - (a) The inventories of the Company consist of the land and projects under development /construction. The management has conducted physical verification of the same during the year. In our opinion, which is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore the provisions of Clause 3(iii) of said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and inventory and sale of projects. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provision of the Act and rules framed there under are not applicable for the year under audit.
- (vi) According to the information and explanations given to us, the Central Government has prescribed the maintenance of cost records under section 148(1) of the Act, in respect of construction and development activities carried out by the company as per the threshold limit. Since the company does not fall in the category of threshold limit, maintenance of cost records is not applicable to the Company.

- (vii) According to the information and explanations given to us, and the records of the Company examined by us:
- (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise duty, Value added tax, Cess and any other material statutory dues as applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding, as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us there are no dues of Income Tax , Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value added tax & Cess as applicable, which have not been deposited on account of any dispute.
  - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Company's accumulated losses at the end of the financial year are more than its net worth. The Company has incurred cash loss during the year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us the Company has no dues to financial institutions, bank or debenture holders therefore question of default does not arise.
- (x) According to the information and explanations given by the management, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) According to the information & explanations given to us, the Company has not raised any term loan during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Chaturvedi & Shah**  
**Chartered Accountants**  
(Firm Registration No.101720W)

**R. Koria**  
Partner  
Membership No. 35629

Place: Mumbai,  
Dated: 11<sup>th</sup> May, 2015

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**BALANCE SHEET AS AT 31ST MARCH, 2015**

	Notes	As at 31st March, 2015 (Rs)		As at 31st March, 2014 (Rs)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	5	5 00 000		5 00 000	
(b) Reserves and Surplus	6	<u>(6 77 36 286)</u>	<u>(6 72 36 286)</u>	<u>(50 16 71 616)</u>	(50 11 71 616)
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	7	4871 24 00 000		4767 72 00 000	
(b) Long-Term Provisions	8	<u>52 65 93 580</u>	<u>4923 89 93 580</u>	<u>226 12 50 404</u>	4993 84 50 404
<b>Current Liabilities</b>					
(a) Trade Payables	9	1 83 33 766		32 43 26 653	
(b) Other Current Liabilities	10	657 42 02 759		410 50 60 248	
(c) Short-Term Provisions	11	<u>5 21 47 682</u>	<u>664 46 84 207</u>	<u>24 43 93 597</u>	467 37 80 498
<b>TOTAL</b>			<u><u>5581 64 41 501</u></u>	<u><u>5411 10 59 286</u></u>	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	12				
(i) Tangible Assets		1 44 18 659		2 16 93 600	
(ii) Intangible Assets		1 61 497		1 99 723	
(iii) Capital Work-in-Progress		-		10 57 34 318	
		<u>1 45 80 156</u>		<u>12 76 27 641</u>	
(b) Non Current Investment	13	5 00 000		5 00 000	
(c) Long-Term Loans and Advances	14	<u>8 96 22 426</u>	<u>10 47 02 582</u>	<u>8 65 44 306</u>	21 46 71 947
<b>Current assets</b>					
(a) Inventories	15	5539 27 23 122		5344 62 32 768	
(b) Trade Receivables	16	38 14 570		-	
(c) Cash and Bank Balances	17	7 84 06 028		9 61 13 946	
(d) Short-Term Loans and Advances	18	23 41 68 846		35 14 26 385	
(e) Other Current Assets	19	<u>26 26 353</u>	<u>5571 17 38 919</u>	<u>26 14 240</u>	5389 63 87 339
<b>TOTAL</b>			<u><u>5581 64 41 501</u></u>	<u><u>5411 10 59 286</u></u>	

**Contingent Liabilities & Commitments(to the extent not provided)** 20

**Significant Accounting Policies** 4

**As per our Report of even date**

**For Chaturvedi & Shah**  
 Firm Regd No :101720W  
 Chartered Accountants

**For and on behalf of the Board**

**Shanker Adawal**  
 (Director)  
 DIN: 01039400

**Shrivallabh Goyal**  
 (Director)  
 DIN: 00021471

**R. Koria**  
 Partner  
 Membership No. : 35629

**Sudhir Jain**  
 (Company Secretary)  
 Membership No : A10554

Place : Mumbai  
 Date : 11<sup>th</sup> May,2015

Place : New Delhi  
 Date : 11<sup>th</sup> May,2015

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

	Notes	2014 - 15 ( Rs )	2013- 14 ( Rs )
<b>Income</b>			
Revenue from Operations	21	6 88 95 995	6 04 19 673
Compensation for Compulsorily Acquisition of Land (Refer note 29)		6 70 921	-
Enhanced Compensation Received against Compulsorily Acquisition of Land		4 66 27 280	-
Other Income	22	4 15 60 565	3 97 66 693
<b>Total Revenue</b>		<u>15 77 54 761</u>	<u>10 01 86 366</u>
<b>Expenses</b>			
Cost for Compulsorily Acquisition of Land (Refer note 29)		5 98 572	-
Changes in Inventories	23	(730 52 34 751)	(415 78 72 295)
Employee Benefits Expense	24	7 31 04 592	8 05 96 870
Finance Cost	25	633 00 36 611	367 76 94 111
Depreciation and Amortization Expense	12	42 12 787	48 04 201
Other Expenses	26	120 25 95 349	50 13 82 510
<b>Total Expenses</b>		<u>30 53 13 160</u>	<u>10 66 05 397</u>
<b>(Loss) before tax</b>		<u>(14 75 58 399)</u>	<u>( 64 19 031)</u>
<b>Tax expense</b>			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
<b>(Loss) for the year from continuing operations</b>		(14 75 58 399)	( 64 19 031)
<b>Earnings per equity share of face value of Rs 10 each:</b>	27		
<b>Basic &amp; Diluted</b>		(2951)	(128)

As per our Report of even date

**For Chaturvedi & Shah**  
 Firm Regd No :101720W  
 Chartered Accountants

**For and on behalf of the Board**

**Shanker Adawal**  
 (Director)  
 DIN: 01039400

**Shrivallabh Goyal**  
 (Director)  
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 Partner  
 Membership No. : 35629

**Sudhir Jain**  
 (Company Secretary)  
 Membership No : A10554

Place : Mumbai  
 Date : 11th May,2015

Place : New Delhi  
 Date : 11<sup>th</sup> May,2015

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

	2014-15 (Rs.)	2013-14 (Rs.)
<b>A: CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES:</b>		
<b>Profit/(Loss) before Tax as per Statement of Profit and Loss</b>	<b>(14 75 58 399)</b>	<b>( 64 19 031)</b>
<b>Adjusted for:</b>		
Depreciation	42 12 787	48 04 201
Intangible Assets under development written off	-	19 56 983
Provision for Estimated Cost Over Revenue	( 2 09 442)	( 85 90 884)
Loss/(Profit) on Sale/ Discarding of Fixed Assets(Net)	10 95 66 799	3 08 967
Interest Income	( 66 52 740)	( 68 94 288)
Interest on Unsecured Loan	625 86 44 016	367 67 23 747
Amortization of Share Issue Expenses	-	28 54 858
	<u>636 55 61 420</u>	<u>367 11 63 584</u>
<b>Cash Flow before Working Capital Changes</b>	<b>621 80 03 021</b>	<b>366 47 44 553</b>
<b>Adjusted for:</b>		
<b>Non Current Assets &amp; Liabilities</b>		
Long Term Provisions	( 51 65 438)	(5 14 33 259)
Long term Loans and Advances	<u>42 62 370</u>	<u>( 81 42 145)</u>
	<b>( 9 03 068)</b>	<b>(5 95 75 404)</b>
<b>Current Assets &amp; Liabilities</b>		
Trade Payables	(30 59 92 886)	7 38 83 977
Other Current Liabilities	(21 82 86 207)	16 42 11 926
Short Term Provisions	( 6 83 453)	5 11 40 349
Inventories	(328 52 31 086)	(415 78 72 295)
Trade Receivables	( 38 14 570)	2 30 729
Short Term Loans & Advances	22 24 55 243	(18 29 99 073)
Other Current Assets	<u>( 3 68 041)</u>	<u>10 38 05 036</u>
	<b>(359 19 21 000)</b>	<b>(394 75 99 351)</b>
<b>Cash Generated from /(used in )operations</b>	<b>262 51 78 953</b>	<b>(34 24 30 202)</b>
Exceptional Item incurred due to Merger	3 55 728	
Tax Paid (Net of Refund of TDS)	<u>50 30 059</u>	28 80 211
	<u>53 85 787</u>	
<b>Net Cash from/ (used in) operating activities (A)</b>	<u><u>261 97 93 166</u></u>	<u><u>(34 53 10 413)</u></u>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	( 52 91 554)	( 44 02 094)
Sale of Fixed Assets	7 56 942	9 43 343
Purchase of Investment	( 7 00 000)	
Bank Deposit with more than 12 months maturity	-	5 00 00 000
Interest Income	<u>70 08 668</u>	<u>1 69 09 249</u>
<b>Net Cash From Investing Activities (B)</b>	<u><u>17 74 056</u></u>	<u><u>6 34 50 498</u></u>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings	463 52 00 000	781 00 00 000
Repayment of Long Term Borrowings	(360 00 00 000)	(413 62 00 000)
Interest on Unsecured Loan	<u>(367 52 53 058)</u>	<u>(337 23 08 363)</u>
<b>Net cash from Financing Activities (C)</b>	<u><u>(264 00 53 058)</u></u>	<u><u>30 14 91 637</u></u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<b>(1 84 85 836)</b>	<b>1 96 31 722</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		
<b>Model Economic Township Limited</b>	2 11 13 946	14 82 224
<b>On account of Merger Scheme</b>	<u>7 77 918</u>	<u>-</u>
<b>Closing Balnce of Cash and Cash Equivalents</b>	<u><u>2 18 91 864</u></u>	<u><u>14 82 224</u></u>
	<b>34 06 028</b>	<b>2 11 13 946</b>

1.The Cash Flow Statement has been prepared under the "Indirect Method" as set out in "Accounting standard-3" Cash Flow Statement.

2. Figures in bracket represents Cash Outflow.

As per our Report of even date

**For Chaturvedi & Shah**  
 Firm Regd No :101720W  
 Chartered Accountants

For and on behalf of the Board

**Shanker Adawal**  
 (Director)  
 DIN: 01039400

**Shrivallabh Goyal**  
 (Director)  
 DIN: 00021471

**R. Koria**  
 Partner  
 Membership No. : 35629

**Sudhir Jain**  
 (Company Secretary)  
 Membership No : A10554

Place : Mumbai  
 Date : 11th May,2015

Place : New Delhi  
 Date : 11<sup>th</sup> May,2015



**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as Reliance Haryana SEZ Limited)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

1. The Company was jointly promoted by Reliance Ventures Limited (a subsidiary of Reliance Industries Limited) and Haryana State Industrial & Infrastructure Development Corporation Limited (HSIIDC) in terms of the Joint Venture Agreement dated 19th June 2006 to develop and operate Special Economic Zones ('SEZ') in the districts of Jhajjar and Gurgaon, Haryana. Ministry of Commerce, Government of India accorded a formal approval to the Company for the first phase of multi-services SEZ in Gurgaon having area of 440 hectares of land vide its letter dated 21st June, 2007 which was notified as a Special Economic Zone by the Central Government by notifications dated 14<sup>th</sup> November, 2007 & 20<sup>th</sup> November, 2007 and by Government of Haryana vide notification dated 10th June, 2008. At the request of the Company, SEZ in Gurgaon was de-notified by Government of India on 23<sup>rd</sup> June, 2014 and by Government of Haryana on 11<sup>th</sup> July, 2014. Subsequent to de-notification, the Company surrendered 1383.68 acres of land back to HSIIDC and terminated the Joint Venture Agreement dated 19th June 2006 with HSIIDC on 29th August, 2014. The consideration of Rs 343 73 01 419 received from HSIIDC has been adjusted against the carrying amount of the project inventory in view of the fact that the Company is developing an integrated Model Economic Township Project and surrender of the land parcels is an integral part of and necessitated for such large scale development HSIIDC sold equity shares held by it in the Company to RVL and as such the Company has become wholly owned subsidiary of RVL.

On 14<sup>th</sup> July 2010, Haryana Investment Promotion Board (HIPB) approved the proposal of the Company to develop and operate Special Economic Zones ('SEZ') on the land acquired by Government of Haryana and transferred to the Company through HSIIDC and the Model Economic Township (IMT framework) project with a combination of Special Economic Zone (SEZ), Domestic Tariff Areas (DTA), Logistics Hub, Social Infrastructure etc. on balance land. Presently, the company is carrying out development activities on three industrial colonies, for which licenses were obtained and has continued to consolidate the purchased land as well as to coordinate and obtain various government approvals etc.

2. The name of the Company has been changed from Reliance Haryana SEZ Limited to Model Economic Township Limited w e f from 24<sup>th</sup> February, 2015.
3. The Company is an intermediate wholly own subsidiary of Reliance Venture Limited and ultimate subsidiary of Reliance Industries Limited and accordingly in view of Ministry of Corporate Affairs Notification no GSR. 723(E) dated 14<sup>th</sup> October, 2014, the provision related to preparation of Consolidated Financial Statements of the Company and its subsidiary are not applicable to the Company and hence not prepared.

**4. Summary of significant accounting policies**

**A. Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements are prepared on accrual basis under the historical cost convention.

**B. Use of Estimates**

The preparation 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 results and estimates are recognized in the period in which the results are known / materialized.

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as RELIANCE HARYANA SEZ LIMITED)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

**C. Fixed Assets**

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation, amortization and impairment loss, if any.

**D. Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortization. Computer software is amortized over a period of five years on straight line basis.

**E. Depreciation**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method over the useful life of assets as prescribed in Part – C of Schedule II to the Companies Act, 2013.

**F. Impairment of Assets**

The carrying amount of assets are reviewed at each Balance Sheet date to see if there is any indication of impairment based on internal / external factor. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**G. Foreign Currency Transactions**

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

**H. Investment**

Current Investments are carried at lower of cost or quoted / fair value, computed script wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

**I. Inventories**

Inventory comprises of cost of Industrial Township and other Projects under development (Work-in-progress). Cost of Inventory consists of cost of land, annuity, land development expenses, material, services, construction cost, interest and finance charges and other expenses related to development of projects. Inventory is measured at lower of cost and net realizable value.

**J. Revenue Recognition**

The agreement for sale or long term lease of land including the development and provision of infrastructure facilities/ services where substantial risk & rewards are conveyed to buyer/lessee is considered as sale of

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as RELIANCE HARYANA SEZ LIMITED)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

land. Revenue from such sale of land is recognized on execution of sale/lease deeds, by which substantial risks and rewards are conveyed to Buyers/Lessee, effective from the sale deed/ lease commencement date on the "Percentage of Completion method" of accounting. Revenue is recognized in relation to sale/lease of land on the percentage of the actual cost incurred, including the cost of the land and its development, to the total estimated cost of the project subject to such actual cost being 30% or more of the total estimated cost. The estimates of the costs are revised periodically by the Company. The effect of such changes in estimates is recognized in the period in which such changes are determined. The estimated cost of the project is based on company's estimate of the cost expected to be incurred till the final completion of the project and includes cost of land, annuity costs, construction and development expenses, materials, services, interest and finance charges and other expenses related to development of projects. Any projected losses on agreements executed are recognized in full when identified. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations/conditions imposed by the statutory authorities, is postponed till such obligations are discharged.

Dividend is recognized when right to receive payment is established. Interest income is recognized on time proportion basis.

**K. Employee Benefits**

- (i) Short Term Employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Post Employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

**L. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to the revenue.

**M. Share Issue Expenses**

Share Issue Expenses are written off over a period of seven years from the year in which the Statement of Profit and Loss is prepared.

**N. Provision for Current and Deferred tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act 1961. Deferred Tax resulting from the "Timing Difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

**O. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes on Financial Statements. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

**MODEL ECONOMIC TOWNSHIP LIMITED**  
*(Formerly Known as Reliance Haryana SEZ Limited)*  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**5. Share Capital**

	<u>As at 31st March, 2015 Rs</u>	<u>As at 31st March, 2014 Rs</u>
<b>Authorised</b>		
50 00 00 000 Equity Shares of Rs 10/- each (Previous year 50 00 00 000 equity shares of Rs 10/- each)	<b>500 00 00 000</b>	500 00 00 000
<b>Issued, Subscribed &amp; Paid up</b>		
50 000 Equity Shares of Rs 10/- each fully paid up (Previous year 50 000 Equity Shares of Rs 10/- each fully paid up)	<b>5 00 000</b>	5 00 000
<b>Total</b>	<b><u>5 00 000</u></b>	<b><u>5 00 000</u></b>

**a. Reconciliation of numbers of shares outstanding at the beginning and at the end of the year**

	<u>As at 31st March, 2015</u>		<u>As at 31st March, 2014</u>	
	Numbers	Rs	Numbers	Rs
Shares outstanding at the beginning of the year	50 000	5 00 000	50 000	5 00 000
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b><u>50 000</u></b>	<b><u>5 00 000</u></b>	<b><u>50 000</u></b>	<b><u>5 00 000</u></b>

**b. Details of Shareholding**

	<u>As at 31st March, 2015</u>		<u>As at 31st March, 2014</u>	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
<b>Equity Shares of Rs 10 each fully paid</b>				
Holding Company- Reliance Ventures Limited & its Nominees	50 000	100%	46 250	92.50%
Haryana State Industrial & Infrastructure Development Corporation Limited	-	-	3 750	7.50%
<b>Total</b>	<b><u>50 000</u></b>	<b><u>100%</u></b>	<b><u>50 000</u></b>	<b><u>100%</u></b>

**c. Terms/right attached to equity shares**

The company has only one class of equity shares having a par value of Rs 10 per share. 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 remaining assets 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.

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31st March, 2015</u> Rs	<u>As at 31st March, 2014</u> Rs
<b>6. Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>	<b>58 52 96 239</b>	-
Pursuant to Scheme of Amalgamation (Refer note 30)		
<b>Surplus/(Deficit)</b>		
Opening balance	<b>(50 16 71 616)</b>	(49 52 52 585)
Adjustment Relating to Fixed Assets (Refer note 12.1)	<b>( 38 02 510)</b>	-
(Loss) for the Year	<b>(14 75 58 399)</b>	( 64 19 031)
<b>Total</b>	<u><b>(65 30 32 525)</b></u>	<u>(50 16 71 616)</u>
<b>Total</b>	<u><u><b>(6 77 36 286)</b></u></u>	<u><u><b>(50 16 71 616)</b></u></u>

**7. Long Term Borrowings**

**Unsecured Loans**

**Loans from Related Parties**

From Fellow Subsidiary	<u><b>4871 24 00 000</b></u>	<u>4767 72 00 000</u>
<b>Total</b>	<u><u><b>4871 24 00 000</b></u></u>	<u><u>4767 72 00 000</u></u>

Loans outstanding as on 31st March,2015 are repayable on 31st March,2018 and carries interest @ 12.5% p.a payable on yearly basis in the month of May of the succeeding Financial Year.

**8. Long Term Provisions**

Annuity (Refer note 31)	<u><b>52 65 93 580</b></u>	<u>226 12 50 404</u>
<b>Total</b>	<u><u><b>52 65 93 580</b></u></u>	<u><u>226 12 50 404</u></u>

**9. Trade Payables**

Micro, Small and Medium Enterprises*	-	-
Others	<u><b>1 83 33 766</b></u>	<u>32 43 26 653</u>
	<u><u><b>1 83 33 766</b></u></u>	<u><u>32 43 26 653</u></u>

\*The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31st March, 2015</u> Rs	<u>As at 31st March, 2014</u> Rs
<b>10. Other Current Liabilities</b>		
Interest Accrued but not Due on Loans	619 60 07 521	367 52 53 058
Advance Received from Customers	16 47 06 728	28 36 89 276
Annuity Payable (Refer note 31)	14 62 66 089	13 27 14 036
Other Liabilities*	6 72 22 421	1 34 03 878
<b>Total</b>	<u><u>657 42 02 759</u></u>	<u><u>410 50 60 248</u></u>

\* Includes statutory dues and employees benefits

**11. Short Term Provisions**

**(a) Provision for Employee Benefits**

Provision For Leave Encashment (Refer note 33)	49 14 186	50 35 680
Provision for Superannuation	8 278	-

**(b) Others**

Provision for Estimated Cost Over Revenue*	3 28 40 248	3 30 49 690
Annuity (Refer note 31)	1 43 84 970	20 63 08 227
<b>Total</b>	<u><u>5 21 47 682</u></u>	<u><u>24 43 93 597</u></u>

\* The Company has recognized estimated loss based on substantial degree of estimation for estimated cost over revenue from Industrial Township Project. Actual outflow is expected in the subsequent financial years.

**MODEL ECONOMIC TOWNSHIP LIMITED**

*(Formerly Known as Reliance Haryana SEZ Limited)*

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**12. Fixed Assets**

**(Rs.)**

Description	Gross Block			Depreciation				Net Block		
	As at 01-04-2014	Additions	Deductions / Adjustments	As at 31-03-2015	Upto 31-03-2014	For the Year	Deductions / Adjustments	Upto 31-03-2015	As at 31-03-2015	As at 31-03-2014
<b>Tangible Assets (Owned)</b>						Refer note 12.1				
Building	15 61 808	4 13 328	-	<b>19 75 136</b>	15 61 808	4 13 328	-	<b>19 75 136</b>	-	-
Plant & machinery	1 94 16 680	18 29 319	25 62 919	<b>1 86 83 080</b>	1 42 53 161	19 56 887	18 20 399	<b>1 43 89 649</b>	<b>42 93 431</b>	51 63 519
Equipments	69 30 182	7 55 278	6 42 152	<b>70 43 308</b>	22 01 247	35 47 963	3 35 164	<b>54 14 046</b>	<b>16 29 262</b>	47 28 935
Electrical Installation	55 17 453	-	47 64 858	<b>7 52 595</b>	12 86 834	3 44 940	14 82 662	<b>1 49 112</b>	<b>6 03 483</b>	42 30 619
Furniture & Fixture	38 01 877	-	5 95 993	<b>32 05 884</b>	20 32 450	4 26 721	3 38 273	<b>21 20 898</b>	<b>10 84 986</b>	17 69 427
Vehicles	79 34 949	22 93 629	-	<b>1 02 28 578</b>	21 33 849	12 87 232	-	<b>34 21 081</b>	<b>68 07 497</b>	58 01 100
<b>Total (A)</b>	<b>4 51 62 949</b>	<b>52 91 554</b>	<b>85 65 922</b>	<b>4 18 88 581</b>	<b>2 34 69 349</b>	<b>79 77 071</b>	<b>39 76 498</b>	<b>2 74 69 922</b>	<b>1 44 18 659</b>	2 16 93 600
<b>Intangible Assets</b>										
Computer Software*	15 50 833	-	-	<b>15 50 833</b>	13 51 110	38 226	-	<b>13 89 336</b>	<b>1 61 497</b>	1 99 723
<b>Total (B)</b>	<b>15 50 833</b>	-	-	<b>15 50 833</b>	<b>13 51 110</b>	<b>38 226</b>	-	<b>13 89 336</b>	<b>1 61 497</b>	1 99 723
<b>Total (A+B)</b>	<b>4 67 13 782</b>	<b>52 91 554</b>	<b>85 65 922</b>	<b>4 34 39 414</b>	<b>2 48 20 459</b>	<b>80 15 297</b>	<b>39 76 498</b>	<b>2 88 59 258</b>	<b>1 45 80 156</b>	2 18 93 323
Previous Year	4 53 47 925	44 02 094	30 36 237	4 67 13 782	2 18 00 185	48 04 201	17 83 927	2 48 20 460	2 18 93 323	
Capital work in progress									-	10 57 34 318

**12.1** Pursuant to the enactment of Companies Act,2013, the Company has applied the estimated useful lives as specified in schedule II of Companies Act,2013 . Accordingly the unamortised carrying value is being depreciated/amortised over the revised/remaining useful lives. The written down value of Fixed Assets amounting to Rs. 38 02 510, whose lives have expired as at 1st April,2014 has been included in the depreciation for the year and adjusted in the opening balance of Reserves & Surplu:

\* Other than internally generated

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31st March, 2015</u> Rs	<u>As at 31st March, 2014</u> Rs
<b>13. Non Current Investment</b>		
<b>Trade Investment</b>		
<b>Equity shares of subsidiary Company</b>		
<b>Unquoted</b>		
50,000 Equity shares (Previous year 50,000 equity shares) of Rs 10 each fully paid up in Resolute Land Consortium Projects Limited (Formerly known as Model Economic Township Limited)	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>
<b>13.1. Aggregate value of</b>		
Unquoted Investments (Refer note no 4(H) for mode of valuation)	5 00 000	5 00 000
<b>14. Long term Loan and Advances</b>		
<b>Unsecured considered good</b>		
Capital Advances	62 85 368	1 32 34 168
Security Deposits	36 13 197	65 70 937
Infrastructure Development Charges recoverable from customers	1 99 72 000	1 99 72 000
Prepaid Expenses	8 00 080	6 72 030
Balance with Service Tax Authorities	4 92 93 810	4 14 67 259
Tax Deducted at Source	96 57 971	46 27 912
<b>Total</b>	<u>8 96 22 426</u>	<u>8 65 44 306</u>



**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31st March, 2015</u> Rs	<u>As at 31st March, 2014</u> Rs
<b>15. Inventories</b>		
Project under Development (Work in Progress)	<b>5539 27 23 122</b>	5344 62 32 768
<b>Total</b>	<b>5539 27 23 122</b>	<b>5344 62 32 768</b>

15.1. During the year, the Company has taken steps to consolidate the purchased land, undertaken land development activities in three licensed industrial colonies, coordinated and obtained various government approvals etc. The developed land will be provided to the end users for various purposes, such as industrial activity, residential, commercial etc. Presently, the intention of the Company is to either sell the developed land or convey the land on long term lease with upfront lease premium which would qualify to be finance lease as per the requirements of Accounting Standard - 19 "Accounting of Leases". Accordingly the Company has been classifying the entire land as Inventory and also interest and finance charges of Rs. 625 86 44 016 incurred during the year ( Previous Year Rs 367 67 23 747) have been considered as part of Inventory.

15.2. Refer note 4(l) for the basis of valuation of inventories.

15.3. Subsequent to de-notification of SEZ of the Company in Gurgaon by Government of India in June, 2014 and by Government of Haryana in July, 2014, the Company terminated the Joint Venture Agreement dated 19th June 2006 with HSIIDC and surrendered 1383.68 acres of land back to HSIIDC. The consideration of Rs 343 73 01 419 received from HSIIDC has been adjusted against the carrying amount of the project inventory in view of the fact that the Company is developing an integrated Model Economic Township Project and surrender of the land parcels is an integral part of and necessitated for such large scale development. (Refer Note 1 & 23)

**16. Trade Receivables**

Unsecured, considered good

Outstanding for a period exceeding six months from the date they are due for payment	<b>2 92 990</b>	-
Others	<b>35 21 580</b>	-
<b>Total</b>	<b>38 14 570</b>	-

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly Known as Reliance Haryana SEZ Limited)**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31st March, 2015</u> Rs	<u>As at 31st March, 2014</u> Rs
<b>17. Cash &amp; Bank Balances</b>		
A) Cash & Cash Equivalents		
Balances with Banks		
-in Current Accounts	22 87 009	2 09 85 755
Cash on Hand	11 19 019	1 28 191
	<u>34 06 028</u>	<u>2 11 13 946</u>
B) Other Bank Balance		
Bank Deposits with more than 12 months maturity	7 50 00 000	7 50 00 000
<b>Total</b>	<u><u>7 84 06 028</u></u>	<u><u>9 61 13 946</u></u>
<b>18. Short Term Loans &amp; Advances</b>		
Unsecured, considered good		
Balance with Service Tax Authorities	10 54 025	13 19 479
Others Advances*	23 31 14 821	35 01 06 906
<b>Total</b>	<u><u>23 41 68 846</u></u>	<u><u>35 14 26 385</u></u>
* Other Advances includes advances for purchase of land Rs 22 93 60 495 (Previous Year Rs 28 04 85 993).		
<b>19. Other Current Assets</b>		
Interest Accrued on Fixed Deposits	8 10 030	11 65 958
Prepaid Expenses	18 16 323	14 48 282
<b>Total</b>	<u><u>26 26 353</u></u>	<u><u>26 14 240</u></u>

**MODEL ECONOMIC TOWNSHIP LIMITED**  
*(Formerly known as Reliance Haryana SEZ Limited)*

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

**20. Contingent Liability & Commitments**

	<b>2014 - 15 (RS)</b>	2013 - 14 (RS)
<b>Contingent Liabilities</b>		
(i) Bank Guarantees	<b>28 19 60 975</b>	23 91 43 875
<p>(ii) In respect of land acquired by the Government of Haryana and transferred to the Company through HSIIDC, one case is pending in the Hon'ble Punjab and Haryana High Court. Further, few land owners have filed references under Section 18 of Land Acquisition Act, 1894 for enhancement of compensation, which are pending at various stages. The liability on account of the above cases, if any, cannot be quantified at this stage. Since the Company has returned the land back to HSIIDC, there would not be any liability on the Company on account of these cases. In addition to above, in respect of private purchase of land by the Company, 3 writs are pending against the Company in Punjab and Haryana High Court and 41 civil suits (previous year 58 civil suits) of various nature are pending in district courts. Company is of the view that most of these cases are not tenable and no material liability will arise.</p>		

**Commitments**

**Others**

a. Estimated amount of contracts remaining to be executed as on 31 <sup>st</sup> March, 2015 (net of advances) and not provided for	<b>1 08 72 520</b>	2 24 39 027
b. MoUs executed with Land Sellers (net of advances).	<b>5 62 77 590</b>	5 70 60 916
c. Estimated cost to be incurred in connection with development of Industrial colonies under license issued by Directorate of Town & Country Planning, Government of Haryana	<b>27 03 18 823</b>	28 84 63 583
d. Rent of offices for unexpired period of rent agreement	<b>1 22 65 481</b>	79 42 683

**MODEL ECONOMIC TOWNSHIP LIMITED***(Formerly Known as Reliance Haryana SEZ Limited)***NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>2014 - 15</u>		<u>2013- 14</u>
	<u>Rs</u>		<u>Rs</u>
<b>21. Revenue From Operations</b>			
Sale of Land	4 61 31 250		
Lease Premium	1 37 84 848		5 40 92 588
Lease Rental	17 25 452		17 25 452
Less:Service Tax Recovered	<u>1 89 806</u>	<u>15 35 646</u>	<u>15 35 646</u>
<b>Other Operating Income</b>			
Common Service Charges	83 64 360		53 83 661
Less:Service Tax Recovered	<u>9 20 109</u>	<u>74 44 251</u>	<u>5 92 222</u>
<b>Total</b>		<u><u>6 88 95 995</u></u>	<u><u>6 04 19 673</u></u>

**22. Other Income**

Interest Income on Fixed Deposit with scheduled bank	66 52 740		68 94 288
Interest on Enhanced Compensation	2 84 44 740		-
Profit on Sale of Fixed Assets	33 731		1 26 337
Brokerage & Commission	-		3 19 65 234
Miscellaneous Income	64 29 354		7 80 834
<b>Total</b>		<u><u>4 15 60 565</u></u>	<u><u>3 97 66 693</u></u>

**23. Changes in Inventories**

Projects under Development (Work-in-Progress at commencement)	5344 62 32 768		4928 83 60 473
Less: Cost of Land acquired by Govt of Haryana	5 98 572		-
Less: Consideraion of land surrendered to HSIIDC (Refer Note 15.3)	343 73 01 419		-
Less: Reversal/Recovery of Annuity on HSIIDC Surrendered Land	<u>192 08 44 406</u>	<u>4808 74 88 371</u>	<u>-</u>
			4928 83 60 473
Projects under Development (Work-in-Progress at close)	<u>5539 27 23 122</u>		<u>5344 62 32 768</u>
<b>Total Change in Inventories</b>		<u><u>(730 52 34 751)</u></u>	<u><u>(415 78 72 295)</u></u>

**24. Employee Benefits Expense**

Salaries and wages	6 70 36 588		7 32 43 276
Contribution to Provident Fund	27 61 694		29 02 038
Contribution to Gratuity & Superannuation Fund	1 07 614		14 17 265
Staff welfare expenses	31 98 696		30 34 291
<b>Total</b>		<u><u>7 31 04 592</u></u>	<u><u>8 05 96 870</u></u>

**25. Finance Cost**

Interest on Unsecured Loan	632 98 05 729		367 67 23 747
Finance Charges	2 30 882		9 70 364
<b>Total</b>		<u><u>633 00 36 611</u></u>	<u><u>367 76 94 111</u></u>

**MODEL ECONOMIC TOWNSHIP LIMITED***(Formerly Known as Reliance Haryana SEZ Limited)***NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>2014 - 15</u>	<u>2013- 14</u>
<b>26. Other Expenses</b>		
Land Cost	<b>67 29 69 351</b>	8 20 74 545
Land Development Cost	<b>6 28 31 740</b>	3 08 75 822
Annuity Expenses	<b>14 52 64 076</b>	13 20 58 030
Rent	<b>1 68 91 462</b>	1 77 95 554
Rates & Taxes	<b>22 25 939</b>	3 074
Insurance	<b>8 33 556</b>	9 15 915
Telephone Expenses	<b>11 05 401</b>	13 26 536
Travelling & Local Conveyance	<b>1 14 28 963</b>	1 29 77 324
Payment to Auditors	<b>20 48 298</b>	27 71 635
Power & Fuel	<b>38 93 074</b>	38 33 946
Repair & Maintenance		
- Plant and Machinery	<b>5 56 925</b>	6 54 450
- Buildings	<b>40 36 204</b>	45 67 651
- Others	<b>14 10 516</b>	8 52 158
Professional & Consultancy Fees	<b>6 28 86 667</b>	9 91 41 589
Social Programme Expenses	<b>52 77 687</b>	1 74 80 557
Director Sitting Fees	<b>89 888</b>	56 180
Security Expenses	<b>4 90 17 018</b>	5 38 35 354
Loss on Sale/ Discarding of Fixed Assets	<b>10 96 00 530</b>	4 35 304
Intangible Assets under development written off	-	19 56 983
Amortization of Share Issue Expenses (Refer no 28)	-	28 54 858
Salaries & Wages - Contractors	<b>3 49 64 617</b>	3 68 93 135
General Expenses	<b>1 54 72 879</b>	66 12 794
Reversal of Provision for Estimated Cost Over Revenue	<b>( 2 09 442)</b>	( 85 90 884)
<b>Total</b>	<b><u>120 25 95 349</u></b>	<b><u>50 13 82 510</u></b>
<b>26.1. Payment to Auditors (including Service Tax)</b>		
Audit fees	<b>16 85 400</b>	24 71 920
Tax audit fees	<b>2 97 754</b>	2 52 810
Certification Fees	<b>11 236</b>	-
Out of pocket expenses	<b>53 908</b>	46 905
	<b><u>20 48 298</u></b>	<b><u>27 71 635</u></b>
<b>27. Earning per share (EPS)</b>		
(Loss) after tax as per Statement of Profit and Loss (Rs.)	(14 75 58 399)	( 64 19 031)
Weighted Average number of equity shares used as denominator for calculating EPS	50 000	50 000
Basic and Diluted Earning per share (Rs.)	(2951)	(128)
Face Value per equity share (Rs.)	10	10

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as Reliance Haryana SEZ Limited)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

28. Unamortized expenses (to the extent not written off or adjusted) represents expenditure incurred towards increase in Authorized Share Capital, considered to be part of the Share Issue Expenses. These expenses are being written off over a period of seven years. Accordingly, Rs Nil (Previous Year Rs. 28 54 857) has been charged off to the Statement of Profit and Loss.
29. During the year the Government of Haryana (GoH) has acquired 0.091 acres (Previous Year Nil acres) land for the public purpose out of the private purchased land of the Company. Cost of this land amounting to Rs. 5 98 572 (Previous Year Rs. Nil) and compensation of Rs. 6 70 921 (Previous Year Rs. Nil) received by the company from GoH on such compulsory acquisition of land have been recognized in the Statement of Profit and Loss.
30. During the year, the Company made investments in the equity shares in seven companies, namely Bhagyashri Mercantile Private Limited, Chitrani Mercantile Private Limited, Gopesh Commercials Private Limited, Nemita Commercials Private Limited, Nisarga Commercials Private Limited, Prakruti Commercials Private Limited and Vijayant Commercials Private Limited, and as a result these companies became "wholly owned subsidiary" of the Company as on 5th November, 2014.

Subsequently these subsidiary companies filed a Scheme of amalgamation (the Scheme) with the Company in the Hon'ble High Court of Bombay and the Company has also filed the scheme in the Hon'ble High Court of Punjab and Haryana at Chandigarh which has been approved by these Hon'ble High Courts vide their order dated 20th March, 2015 and 31st March, 2015 respectively.

The Scheme became effective on 4th May, 2015, the appointed date of the Scheme being 1st April, 2014.

In accordance with the scheme and as per approval of both the High Courts:

- (a) The assets, liabilities, reserves, rights and obligations of erstwhile Companies have been transferred to and vested with the Company with effect from 1st April, 2014 and have been recorded at their respective fair value determined as of the appointed date, under the purchase method of accounting for amalgamation as prescribed in Accounting Standard 14 on Accounting for Amalgamations. The aggregate excess or deficit of value of the net assets determined as above after setting off any cost, charges, duties and cancellation of investment has been credited by the Company to its Capital Reserve Account amounting to Rs. 58 52 96 239.
- (b) Being the wholly owned subsidiary companies, 70,000 equity shares (10,000 shares of each) of the erstwhile Companies held by the Company have been cancelled against Share Capital of the amalgamating company and no shares has been issued in pursuance to scheme of amalgamation.

The figures for the current year include figures of these Wholly Owned Subsidiaries of the Company which are amalgamated with the Company with effect from 1st April, 2014 and are therefore to that extent not comparable with those of previous year.

31. For the land purchased by the Company, the Company has formulated its own annuity scheme on voluntary basis for the payment of annuity to land sellers meeting the eligibility criteria and has provided for annuity on annual basis with cumulative amount of Rs 72 32 86 623 till 31st March, 2015 (cumulative amount of Rs 57 81 42 672 till 31st March, 2014). However, in respect of land covered under licensed area, Company has decided to pay annuity on yearly basis to land sellers, irrespective of their meeting the eligibility conditions as per its policy and in such cases has made the provision for full term of 33 years in the books totaling to Rs 54 55 89 366 (Previous Year Rs 54 54 69 241). As against the above, the Company has made total payment of Rs. 58 16 31 350 till 31st March, 2015 (total payment of Rs. 44 44 66 348 till 31st March 2014).

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as Reliance Haryana SEZ Limited)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

32. The net worth of the Company is fully eroded and it has negative Shareholders Fund of Rs 6 72 36 286. The Company has incurred net loss during the year and in the previous year. The Company is in the process of developing Model Economic Township (IMT framework) project in the districts of Gurgaon and Jhajjar, which is a combination of SEZ, DTA, Logistics Hub, Social Infrastructure etc. Since the project activities have been funded by long term loans from fellow Subsidiary of its Holding Company along with commitment from its Holding Company for financial and operational support, the financial statements have been prepared on Going Concern basis.

**33. Employee Benefits**

As per Accounting Standard - 15 (AS-15) “**Employee Benefits**” the disclosures as defined in the AS-15 are given below:

Defined Contribution Plan:

Provident Fund - The Company has made contribution towards provident fund as a specified percentage of the Basic Salary to Reliance Haryana SEZ Employees Provident Fund Trust duly approved by the Regional Provident Fund Commissioner, Gurgaon and managed by the Trustee of Reliance Haryana SEZ Employees Provident Fund Trust till October, 2014 and thereafter to Regional Provident Fund Commissioner, Gurgaon. The Company also makes contribution towards pension fund to Regional Provident Fund Commissioner. There are no other obligations other than the contribution payable to said fund.

Superannuation Fund - The superannuation fund is administered by the Life Insurance Corporation of India. The Company makes annual contribution to the fund based on a specified percentage of the covered employee's salary and has no further obligation under the plan.

**Contribution to Defined Contribution Plan, recognized as expenses in the Statement of Profit and Loss for the year is as under:-**

	(Rs.)	
	2014-15	2013-14
Employer's Contribution to Provident Fund	21 20 926	24 81 873
Employer's Contribution to Superannuation Fund	1 07 614	44 473
Employer's Contribution to Pension Fund	5 04 083	3 37 402

Defined benefit plan:

Gratuity - The Company makes annual contributions for gratuity as a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

- a) On Normal retirement / early retirement / withdrawal / resignation: As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- b) On death while in service: As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity was carried out as at 31<sup>st</sup> March, 2015 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and leave encashment and the amounts recognized in the Company's financial statements as at 31<sup>st</sup> March, 2015.

**MODEL ECONOMIC TOWNSHIP LIMITED**  
(Formerly known as Reliance Haryana SEZ Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

**I. Changes in the present value of the Defined Benefit Obligation representing reconciliation of opening and closing balances thereof are as follows:**

(Rs.)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Defined Benefit Obligation at the beginning of the year	60 04 962	46 16 426	50 35 680	37 95 460
Current Service cost	8 80 667	9 64 824	2 85 588	2 92 524
Interest Cost	4 80 397	3 52 048	4 02 854	2 97 754
Actuarial (gain) / loss	(11 03 363)	5 03 323	(5 79 092)	7 97 023
Benefits paid	(5 65 343)	(4 31 659)	(2 30 844)	(1 47 081)
Defined Benefit obligation at the end of the year	56 97 320	60 04 962	49 14 186	50 35 680

**II. Change in Fair Value of Plan Assets representing reconciliation of opening and closing balances thereof is as follows:-**

(Rs.)

Particulars	Gratuity (Funded)	
	2014-15	2013-14
Fair Value of Plan Assets at the beginning of the year	60 04 962	51 72 096
Expected Return on Plan Assets	4 80 397	3 96 501
Actuarial Gain / ( Loss)	(67 437)	60 978
Employers Contribution	-	8 07 046
Benefits paid	(5 65 343)	(4 31 659)
Fair value of Plan assets at the end of the year	58 52 579	60 04 962

**III. The amount recognized in the statement of Profit & Loss is as follows:-**

(Rs.)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Current service cost	8 80 667	9 64 824	2 85 588	2 92 524
Interest Cost	4 80 397	3 52 048	4 02 854	2 97 754
Expected return on plan assets	(4 80 397)	(3 96 501)	-	-
Actuarial (gain) / loss	(10 35 926)	4 42 346	( 5 79 092)	7 97 023
Net expenses	(1 55 259)	13 62 717	1 09 350	13 87 301

**IV. Experience Adjustments in Actuarial (gain) / loss**

(Rs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Gratuity (Funded)</b>					
Plan Assets	67 437	(60 978)	(73 863)	(27 470)	45 767
Plan Liabilities	(11 03 363)	5 03 323	1 59 691	4 62 111	(4 08 219)
<b>Leave Encashment (Unfunded)</b>					
Plan Assets	-	-	-	-	-
Plan Liabilities	(5 79 092)	7 97 023	7 05 278	10 75 495	1 51 700



**MODEL ECONOMIC TOWNSHIP LIMITED**  
(Formerly known as Reliance Haryana SEZ Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

**V. Reconciliation of fair value of assets and obligation**

**Gratuity (Funded)**

Particulars	(Rs)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Fair value of Plan assets at the end of the year	<b>58 52 579</b>	60 04 962	51 72 096	48 50 642	46 34 550
Present Value of obligation as at the year end	<b>56 97 320</b>	60 04 962	46 16 426	34 53 409	23 05 564
(Asset) / Liability recognized in Balance sheet	<b>(1 55 259)</b>	-	(5 55 670)	(13 97 233)	(23 28 986)

**Leave Encashment (Unfunded)**

Particulars	(Rs)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Fair value of Plan assets at the end of the year	-	-	-	-	-
Present Value of obligation as at the year end	<b>49 14 186</b>	50 35 680	37 95 460	27 35 809	14 82 880
(Asset) / Liability recognized in Balance sheet	<b>49 14 186</b>	50 35 680	37 95 460	27 35 809	14 82 880

**VI. Principal actuarial assumptions at the Balance sheet date:-**

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Mortality Table (IALM)	<b>2006-08 (ultimate)</b>	2006-08 (ultimate)	<b>2006-08 (ultimate)</b>	2006-08 (ultimate)
Discount rate (per annum)	<b>8%</b>	8%	<b>8%</b>	8%
Expected rate of return on plan assets (per annum)	<b>8%</b>	8%	-	-
Rate of escalation in salary (per annum)	<b>6%</b>	6%	<b>6%</b>	6%
Attrition Rate	<b>2%</b>	2%	<b>2%</b>	2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

In the absence of detailed information regarding plan asset which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan asset has not been disclosed.

**34. The Deferred Tax Liability/Asset comprise of the following:**

Sr.	Particulars	(Rs.)	
		As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
a	Deferred Tax Liability		
	Related to fixed assets	-	-
b	Deferred tax Assets		
	Related to fixed assets	14 22 896	5 83 940
	Disallowances under the Income Tax Act, 1961	33 789	4 71 544
	Net deferred tax Assets / (Liability)	14 56 685	10 55 484

**MODEL ECONOMIC TOWNSHIP LIMITED**  
(Formerly known as Reliance Haryana SEZ Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

As at 31<sup>st</sup> March, 2015, the Company has Net Deferred Tax Asset of Rs. 14 56 685 (Previous Year Rs. 10 55 484). In the absence of virtual certainty that surplus Taxable Income will be available against which the Deferred Tax Asset can be realized, the same has not been recognized in books of accounts in line with Accounting Standard - 22 dealing with Accounting for Taxes on Income.

35. The Company's activities during the year revolved around development of Industrial Township Project (Referred to in Note no. 1). Considering the nature of Company's business and operations, there is only one reportable segment (Business and / or geographical) in accordance with requirements of Accounting Standard 17 – "Segment Reporting".

36. As per Accounting Standard 18 (AS-18) "Related Party Disclosures", the disclosures of transactions with the related parties as defined in the AS-18 are given below :

List of Related Parties and Relationships:

Sr. No	Name of the Related Party	Relationship
1	Reliance Ventures Limited (RVL)	Holding Company
2	Reliance Industries Limited	Holding Company of RVL
3	The Haryana State Industrial & Infrastructure Development Corporation Limited (till 29/08/2014)	Joint Promoter of the Company
4	Resolute Land Consortium Projects Limited (Formerly known as Model Economic Township Ltd.)	Subsidiary Company
5	Reliance Jio Infocomm Limited	Fellow Subsidiary of Holding Company
6	Reliance Retail Limited	Fellow Subsidiary of Holding Company
7	Office Depot Reliance Supply Solutions Private Limited	Fellow Subsidiary of Holding Company
8	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary of Holding Company
9	Sh. Shanker Adawal	Key Managerial Personnel
10	Sh. Shrivallabh Goyal	Key Managerial Personnel

ii) Transactions and closing balance during the year with the Related Parties:

Sr. No.	Nature of Transaction	Holding Company	Holding Company of RVL	Joint Promoter	Subsidiary Company	(Amount in Rs.)	
						Fellow Subsidiaries of Holding Company	Key Managerial Personnel
<b>(A) Transactions during the year with the related parties:</b>							
1.	Unsecured Loans Received/(Repaid)	- (350 00 00 000)	-	-	-	<b>103 52 00 000</b> 717 38 00 000	-
2.	Interest on unsecured loan	-	-	-	-	<b>625 86 44 016</b> 367 67 23 747	-
3.	Land Related Cost	-	-	4 49 324	-	-	-
4.	Lease Rent Received	-	<b>4 74 617</b> 4 74 617	-	-	-	-
5.	Directors sitting fee	-	-	-	-	-	<b>75 000</b> 40 000

**MODEL ECONOMIC TOWNSHIP LIMITED**  
(Formerly known as Reliance Haryana SEZ Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

6.	Corporate Guarantee received/pre closed	-	<b>4 29 17 100</b>	-	-	-	-
		-	<i>50 00 000</i>	-	-	-	-
7.	Fixed Assets Purchased/(Sale)(Net)	-	-	-	-	<b>(1 34 062)</b>	-
		-	-	-	-	-	-
8.	Amount received on land surrendered	-	-	<b>349 39 41 639</b>	-	-	-
		-	-	-	-	-	-
9.	Other Expenses	-	-	-	-	<b>20 73 854</b>	<b>9 82 278</b>
		-	-	-	-	<i>22 13 717</i>	<i>8 85 720</i>

**(B) Balance at the end of the year**

1.	Unsecured Loans	-	-	-	-	<b>4871 24 00 000</b>	-
		-	-	-	-	<i>4767 72 00 000</i>	-
2.	Advance Recoverable in cash or in kind or for value to be received	-	-	-	-	-	-
		-	-	<i>5 66 40 220</i>	-	-	-
3.	Investments	-	-	-	<b>5 00 000</b>	-	-
		-	-	-	<i>5 00 000</i>	-	-
4.	Interest accrued but not due	-	-	-	-	<b>619 60 07 521</b>	-
		-	-	-	-	<i>367 52 53 058</i>	-
5.	Corporate Guarantee	-	<b>28 19 60 975</b>	-	-	-	-
		-	<i>23 90 43 875</i>	-	-	-	-
6.	Advances	-	-	-	-	<b>2 000</b>	-
		-	-	-	-	-	-

Note: Figures in italics represent that of previous year.

**Disclosure in Respect of Material Related Party Transactions during the year:**

Unsecured Loans includes Rs. 103 52 00 000 (Previous Year Rs. 717 38 00 000) net received from Reliance Industrial Investments And Holdings Limited and Rs. Nil (Previous year Rs. 350 00 00 000) repaid to Reliance Ventures Limited.

Interest on Unsecured Loan to Reliance Industrial Investments And Holdings Limited Rs. 625 86 44 016 (Previous year Rs. 367 67 23 747).

Lease rent from Long term lease of land to Reliance Industries Limited Rs. 4 74 617 (Previous Year Rs. 4 74 617)

Director Sitting Fees includes Rs 35 000 paid to Shri Shrivallabh Goyal (Previous Year Rs 20 000) and Rs 40 000 paid to Shri Shanker Adawal (Previous Year Rs 20 000)

Corporate Guarantee received during the year Rs 4 29 17 100 and redeemed (pre closed) during the Previous Year Rs. 50 00 000;

Fixed Assets purchases include from Reliance Retail Limited Rs. 61 980 (Previous Year Rs. NIL) and sale of asset to Reliance Jio Infocomm Limited Rs 1 96 042 (Previous Year Rs NIL)

Amount received from Haryana State Industrial & Infrastructure Development Corporation Limited against surrender of land Rs. 349 39 41 639 (Previous Year Rs NIL) and lease rent paid Rs NIL (Previous Year Rs 4 49 324)

**MODEL ECONOMIC TOWNSHIP LIMITED**  
**(Formerly known as Reliance Haryana SEZ Limited)**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

Other Expenses include purchase / services from Office Depot Reliance Supply Solutions Private Limited (formerly eOfficePlanet India Private Limited) Rs. Nil (Previous Year Rs. 1 61 909); Reliance Retail Limited Rs. 20 73 854 (Previous Year Rs. 20 51 808) Other Expenses include accommodation facility provided by the company to Sh. Shrivallabh Goyal, Director Rs. 9 82 278 (Previous Year Rs. 8 85 720).

Balance at the end of the year includes advance for services to Reliance Retail Limited Rs. 2 000 (Previous Year Rs. Nil)

Balance at the end of the year of Interest accrued but not due to Reliance Industrial Investments And Holdings Limited Rs. 619 60 07 521 (Previous Year Rs. 367 52 53 058).

Balance at the end of the year of Unsecured loans taken from Reliance Industrial Investments And Holdings Limited Rs. 4871 24 00 000 (Previous Year Rs. 4767 72 00 000)

**Note:**

- (i) The above transactions disclosed are entered during the period of existence of related party relationship. The balance and transactions are not disclosed after cessation of related party relationship.
- (ii) The transactions with Bhagyashri Mercantile Private Limited, Chitrani Mercantile Private Limited, Gopesh Commercials Private Limited, Nemita Commercials Private Limited, Nisarga Commercials Private Limited, Prakruti Commercials Private Limited and Vijayant Commercials Private Limited, subsidiaries of the Company which have merged with the Company as mentioned in Note 30 have not been disclosed above since the merger is with the appointed date of 1<sup>st</sup> April, 2014.

37. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary to make them comparable with the current year figures. Amounts and other disclosures for the preceding year are included as an integral part of the current financial year statements and are to be read in relation to the amounts and other disclosures relating to the current year.

**As per our Report of even date**

**For Chaturvedi & Shah**  
Firm Regd No.: 101720W  
Chartered Accountants

**For and on behalf of the Board**

**R. Koria**  
Partner  
Membership No.- 35629

**Shanker Adawal**  
(Director)  
DIN- 01039400

**Shrivallabh Goyal**  
(Director)  
DIN- 00021471

**Sudhir Jain**  
(Company Secretary)  
Membership No.- A10554

Place: Mumbai  
Date: 11<sup>th</sup> May, 2015

Place: New Delhi  
Date: 11<sup>th</sup> May, 2015