

Model Economic Township Limited
(Formerly known as Reliance Haryana SEZ Limited)

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 31st March, 2016, 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. 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 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

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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 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
 - (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in note 27 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: 9th April, 2016

“Annexure A” to Standalone Independent Auditor’s Report

TO THE MEMBERS OF MODEL ECONOMIC TOWNSHIP LIMITED (Formerly Known as Reliance Haryana SEZ Limited)

(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.
 - (c) The Company does not hold any immovable properties as fixed assets in respect of which the title deeds is not in the name of the company accordingly provisions of Clause (i) (c) of paragraph 3 of the order are not applicable to the Company.
- (ii) The inventories of the Company consist of the land and projects under development /construction. During the year the management has conducted physical verification of the inventories 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, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore the provisions of Clause 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made by it. The Company has not granted any loan, given any guarantees or provided security in connection with loan taken by others during the year under audit and hence provision of section 185 of the Act are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit. Therefore the provisions of Clause (v) of paragraph 3 of the order are not applicable to the Company.
- (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, Service tax, duty of custom, duty of excise -, Value added tax, Cess and 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 31st March 2016 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, Service Tax, duty of custom, duty of excise or Value added tax, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us the Company has neither borrowed from financial institutions, bank or government and has not issued any debenture hence provisions of Clause (viii) of paragraph 3 of the order are not applicable to the Company.
- (ix) According to the information and explanations given to us the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and no term loans were raised and hence provisions of Clause (ix) of paragraph 3 of the order are not applicable to the Company.
- (x) 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.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration paid by the company

is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company, hence provisions of clause (xii) of paragraph 3 of the order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered by the Company with the related parties are in compliance with Section 177 and 188 of the Act applicable and the details have been disclosed in the Financial Statements. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully convertible debentures during the year under audit, hence provisions of clause (xiv) of paragraph 3 of the order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the order are not applicable to the Company
- (xvi) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of Clause (xvi) of paragraph 3 of the order are not applicable to the Company.

For Chaturvedi & Shah

Chartered Accountants

(Firm Registration No.101720W)

R. Koria

Partner

Membership No. 35629

Place: Mumbai

Dated: 9th April, 2016

“Annexure (B)” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under the heading “report on other legal and regulatory requirements” of our report of even date on the Standalone Financial Statements of Model Economic Township Limited (Formerly known as Reliance Haryana SEZ Limited) for the year ended 31 March 2016)

Report on the Internal Financial Controls Over Financial Reporting 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 **Model Economic Township Limited (Formerly known as Reliance Haryana SEZ Limited)** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us 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 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 ICAI.

For Chaturvedi & Shah

Chartered Accountants
(Firm Registration No.101720W)

R. Koria

Partner
Membership No. 35629

Place: Mumbai
Dated: 9th April, 2016

Balance Sheet as at 31st March, 2016

	Notes	As at 31st March, 2016 (Rs)		As at 31st March, 2015 (Rs)	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	5	97 00 00 000		5 00 000	
(b) Reserves and Surplus	6	<u>(8 62 28 701)</u>	88 37 71 299	<u>(6 77 36 286)</u>	(6 72 36 286)
Non-Current Liabilities					
(a) Long-Term Borrowings	7	5331 34 00 000		4871 24 00 000	
(b) Long-Term Provisions	8	<u>64 59 37 867</u>	5395 93 37 867	<u>52 65 93 580</u>	4923 89 93 580
Current Liabilities					
(a) Trade Payables	9	1 70 38 248		1 83 33 766	
(b) Other Current Liabilities	10	705 26 28 561		657 42 02 759	
(c) Short-Term Provisions	11	<u>5 76 87 678</u>	712 73 54 487	<u>5 21 47 682</u>	664 46 84 207
TOTAL			<u>6197 04 63 653</u>		<u>5581 64 41 501</u>
ASSETS					
Non-Current Assets					
(a) Fixed Assets	12				
(i) Tangible Assets		1 41 39 431		1 44 18 659	
(ii) Intangible Assets		<u>1 23 272</u>		<u>1 61 497</u>	
		1 42 62 703		1 45 80 156	
(b) Non Current Investment	13	75 000		5 00 000	
(c) Long-Term Loans and Advances	14	<u>9 11 39 455</u>	10 54 77 158	<u>8 96 22 426</u>	10 47 02 582
Current assets					
(a) Inventories	15	6149 20 94 318		5539 27 23 122	
(b) Trade Receivables	16	3 61 740		38 14 570	
(c) Cash and Bank Balances	17	7 96 15 742		7 84 06 028	
(d) Short-Term Loans and Advances	18	28 94 69 408		23 41 68 846	
(e) Other Current Assets	19	<u>34 45 287</u>	6186 49 86 495	<u>26 26 353</u>	5571 17 38 919
TOTAL			<u>6197 04 63 653</u>		<u>5581 64 41 501</u>
Contingent Liabilities & Commitments (to the extent not provided)	27				
Significant Accounting Policies	4				

As per our Report of even date

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

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: 9th April, 2016

For and on behalf of the Board

Shanker Adawal
(Director)
DIN- 01039400

Sudhir Jain
(Chief Financial Officer)
Membership No: 084440

Place: Gurgaon
Date: 9th April, 2016

Shrivallabh Goyal
(Director)
DIN- 00021471

Dheeraj Kandhari
(Company Secretary)
Membership No: A20934

Statement of Profit & Loss for the year ended 31st March, 2016

	Notes	2015 - 16 (Rs)	2014 - 15 (Rs)
Continuing Operations			
Income			
Revenue from Operations	20	116 06 62 394	6 88 95 995
Compensation for Compulsorily Acquisition of Land		81 96 654	6 70 921
Enhanced Compensation Received against Compulsorily Acquisition of Land		-	4 66 27 280
Other Income	21	68 34 692	4 15 60 565
Total Revenue		117 56 93 740	15 77 54 761
Expenses			
Cost for Compulsorily Acquisition of Land		83 79 739	5 98 572
Changes in Inventories	22	(610 77 50 935)	(730 52 34 751)
Employee Benefits Expense	23	8 34 03 673	7 31 04 592
Finance Cost	24	663 14 00 123	633 00 36 611
Depreciation and Amortization Expense	12	29 12 996	42 12 787
Other Expenses	25	57 40 18 887	120 25 95 349
Total Expenses		119 23 64 483	30 53 13 160
Profit/(Loss) before exceptional and extraordinary items and tax		(1 66 70 743)	(14 75 58 399)
Tax expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
(3) Excess Income Tax Provision of earlier year written back		(3 02 314)	-
Profit/(Loss) for the year from continuing operations		(1 63 68 429)	(14 75 58 399)
Earnings per equity share of face value of Rs 10 each:	26		
Basic & Diluted		(0.41)	(2951)

As per our Report of even date

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

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: 9th April, 2016

For and on behalf of the Board

Shanker Adawal
(Director)
DIN- 01039400

Sudhir Jain
(Chief Financial Officer)
Membership No: 084440

Place: Gurgaon
Date: 9th April, 2016

Shrivallabh Goyal
(Director)
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Dheeraj Kandhari
(Company Secretary)
Membership No: A20934

Cash Flow Statement for the year ended 31st March, 2016

	2015-16 (Rs.)	2014-15 (Rs.)
A: CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) before Tax as per Statement of Profit and Loss	(1 66 70 743)	(14 75 58 399)
Adjusted for:		
Depreciation	29 12 996	42 12 787
Provision for Estimated Cost Over Revenue	(62 578)	(2 09 442)
Loss/(Profit) on Sale/ Discarding of Fixed Assets(Net)	6 46 923	10 95 66 799
Interest Income	(64 65 852)	(66 52 740)
Interest on Unsecured Loan	<u>662 95 72 397</u>	<u>625 86 44 016</u>
Cash Flow before Working Capital Changes	660 99 33 143	621 80 03 021
Adjusted for:		
Non Current Assets & Liabilities		
Long Term Provisions	11 93 44 287	(51 65 438)
Long term Loans and Advances	<u>3 44 738</u>	<u>42 62 370</u>
Current Assets & Liabilities		
Trade Payables	(12 95 518)	(30 59 92 886)
Other Current Liabilities	4 48 60 926	(21 82 86 207)
Short Term Provisions	56 02 574	(6 83 453)
Inventories	(609 93 71 196)	(328 52 31 086)
Trade Receivables	34 52 830	(38 14 570)
Short Term Loans & Advances	(5 53 00 561)	22 24 55 243
Other Current Assets	<u>(9 07 145)</u>	<u>(3 68 041)</u>
Cash Generated from /(used in)operations	62 66 64 078	262 51 78 953
Exceptional Item incurred due to Merger	21 23 986	3 55 728
Excess Income Tax Provision of earlier year written back	(3 02 314)	-
Tax Paid (Net of Refund of TDS)	<u>18 61 767</u>	<u>50 30 059</u>
	<u>36 83 439</u>	<u>53 85 787</u>
Net Cash from/ (used in) operating activities (A)	62 29 80 639	261 97 93 166
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(36 00 226)	(52 91 554)
Sale of Fixed Assets	3 57 758	7 56 942
Investment/Divestment in Subsidiary Companies	4 25 000	(7 00 000)
Interest Income	<u>65 54 064</u>	<u>70 08 668</u>
Net Cash From Investing Activities (B)	37 36 596	17 74 056

Cash Flow Statement for the year ended 31st March, 2016 (Contd.)

	2015-16 (Rs.)	2014-15 (Rs.)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	690 10 00 000	463 52 00 000
Repayment of Long Term Borrowings	(230 00 00 000)	(360 00 00 000)
Proceeds From Issue of Equity Share Capital	96 95 00 000	
Interest on Unsecured Loan	(619 60 07 521)	(367 52 53 058)
Net cash from Financing Activities (C)	<u>(62 55 07 521)</u>	<u>(264 00 53 058)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	12 09 714	(1 84 85 836)
Opening Balance of Cash and Cash Equivalents		
Model Economic Township Limited	34 06 028	2 11 13 946
On account of Merger Scheme	-	7 77 918
Closing Balance of Cash and Cash Equivalents	<u>46 15 742</u>	<u>34 06 028</u>

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

As per our Report of even date

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

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: 9th April, 2016

For and on behalf of the Board

Shanker Adawal
(Director)
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Sudhir Jain
(Chief Financial Officer)
Membership No: 084440

Place: Gurgaon
Date: 9th April, 2016

Shrivallabh Goyal
(Director)
DIN- 00021471

Dheeraj Kandhari
(Company Secretary)
Membership No: A20934

Notes on Financial Statements for the year ended 31st March, 2016

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 14th November, 2007 & 20th 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 23rd June, 2014 and by Government of Haryana on 11th 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 14th 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 with effect from 24th 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 14th 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.

C. Fixed Assets

The Company has adopted the cost model and accordingly the 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.

Notes on Financial Statements for the year ended 31st March, 2016

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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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 yearend are restated at the yearend rates. In case of items which are covered by forward exchange contracts, the difference between the yearend 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 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, Revenue in respect of model economic township project and other projects is recognized on the "Percentage of Completion method" of accounting which is 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.

Notes on Financial Statements for the year ended 31st March, 2016

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.

Notes on Financial Statements for the year ended 31st March, 2016

5. Share Capital	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Authorised		
50 00 00 000 Equity Shares of Rs 10/- each (Previous year 50 00 00 000 equity shares of Rs 10/- each)	500 00 00 000	500 00 00 000
Issued, Subscribed & Paid up		
9 70 00 000 Equity Shares of Rs 10/- each fully paid up (Previous year 50 000 Equity Shares of Rs 10/- each fully paid up)	97 00 00 000	5 00 000
Total	97 00 00 000	5 00 000

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

	As at 31st March, 2016		As at 31st March, 2015	
	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 on right basis during the year	9 69 50 000	96 95 00 000	-	-
Shares outstanding at the end of the year	9 70 00 000	97 00 00 000	50 000	5 00 000

b. Details of Shareholding

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Holding Company- Reliance Ventures Limited & its Nominees (Equity Shares of Rs 10 each fully paid)	9 70 00 000	100%	50 000	100%
Total	9 70 00 000	100%	50 000	100%

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.

Notes on Financial Statements for the year ended 31st March, 2016

6. Reserves & Surplus	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Capital Reserve (Pursuant to Scheme of Amalgamation)		
Opening Balance	58 52 96 239	-
Add: Accretion to Capital Reserve during the year	-	58 56 51 967
Less: Merger Expenses Paid	21 23 986	3 55 728
Closing Balance	<u>58 31 72 253</u>	<u>58 52 96 239</u>
Surplus/(Deficit)		
Opening balance	(65 30 32 525)	(50 16 71 616)
Adjustment Relating to Fixed Assets	-	(38 02 510)
Net Profit/(Loss) for the Year	(1 63 68 429)	(14 75 58 399)
Total	<u>(66 94 00 954)</u>	<u>(65 30 32 525)</u>
Total	<u>(8 62 28 701)</u>	<u>(6 77 36 286)</u>
7. Long Term Borrowings		
Unsecured Loans		
Loans from Related Parties		
From Fellow Subsidiary	5331 34 00 000	4871 24 00 000
Total	<u>5331 34 00 000</u>	<u>4871 24 00 000</u>
Loans outstanding as on 31st March,2016 are repayable on 31st March,2020 and carrying interest @ 12.5% p.a., which is payable on yearly basis in the month of May of the succeeding Financial Year.		
8. Long Term Provisions		
Annuity (Refer Note 29)	64 59 37 867	52 65 93 580
Total	<u>64 59 37 867</u>	<u>52 65 93 580</u>
9. Trade Payables		
Micro, Small and Medium Enterprises*	-	-
Others	1 70 38 248	1 83 33 766
Total	<u>1 70 38 248</u>	<u>1 83 33 766</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	-	-

Notes on Financial Statements for the year ended 31st March, 2016

10. Other Current Liabilities	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Interest Accrued but not Due on Loans	662 95 72 397	619 60 07 521
Advance Received from Customers	25 34 42 486	16 47 06 728
Annuity Payable (Refer Note 29)	16 47 01 531	14 62 66 089
Other Liabilities*	49 12 147	6 72 22 421
Total	705 26 28 561	657 42 02 759

* Includes statutory dues and employees benefits

11. Short Term Provisions

(a) Provision for Employee Benefits

Provision For Leave Encashment (Refer Note 30)	58 99 117	49 14 186
Provision for Superannuation	16 194	8 278

(b) Others

Provision for Estimated Cost Over Revenue*	3 27 77 670	3 28 40 248
Annuity (Refer Note 29)	1 89 94 697	1 43 84 970
Total	5 76 87 678	5 21 47 682

* 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.

12. Fixed Assets

(Rs.)

Description	Gross Block				Depreciation				Net Block	
	As at 01-04-2015	Additions	Deductions / Adjustments	As at 31-03-2016	Upto March 31, 2015	For the Year	Deductions / Adjustments	Upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Tangible Assets (Owned)										
Building	19 75 136	4 19 207	-	23 94 343	19 75 136	9 690	-	19 84 826	4 09 517	-
Plant & machinery	1 86 83 080	8 19 254	17 06 129	1 77 96 205	1 43 89 649	9 06 653	14 49 273	1 38 47 029	39 49 176	42 93 431
Equipments	70 43 308	9 95 113	11 34 469	69 03 952	54 14 046	4 61 313	8 72 807	50 02 552	19 01 400	16 29 262
Electrical Installation	7 52 595	-	-	7 52 595	1 49 112	50 365	-	1 99 477	5 53 118	6 03 483
Furniture & Fixture	32 05 884	32 669	14 750	32 23 803	21 20 898	3 38 133	14 750	24 44 281	7 79 522	10 84 986
Vehicles	1 02 28 578	13 33 983	18 00 804	97 61 757	34 21 081	11 08 617	13 14 639	32 15 059	65 46 698	68 07 497
Total (A)	4 18 88 581	36 00 226	46 56 152	4 08 32 655	2 74 69 922	28 74 771	36 51 469	2 66 93 224	1 41 39 431	1 44 18 659
Intangible Assets										
Computer Software*	15 50 833	-	-	15 50 833	13 89 336	38 225	-	14 27 561	1 23 272	1 61 497
Total (B)	15 50 833	-	-	15 50 833	13 89 336	38 225	-	14 27 561	1 23 272	1 61 497
Total (A+B)	4 34 39 414	36 00 226	46 56 152	4 23 83 488	2 88 59 258	29 12 996	36 51 469	2 81 20 785	1 42 62 703	1 45 80 156
Previous Year	4 67 13 782	52 91 554	85 65 922	4 34 39 414	2 48 20 459	80 15 297	39 76 498	2 88 59 258	1 45 80 156	
Capital work in progress									-	-

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 was 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 was included in the depreciation for the previous year and adjusted in the opening balance of Reserves & Surplus.

* Other than internally generated

Notes on Financial Statements for the year ended 31st March, 2016

13. Non Current Investment	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Other Investment (Unquoted at cost, fully paid up)		
Investment in Equity Shares		
A) In subsidiary Company		
NIL 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
B) In Other Company		
7500 Equity shares (Previous year NIL equity shares) of Rs 10 each fully paid up in Resolute Land Consortium Projects Limited (Formerly known as Model Economic Township Limited)	75 000	-
Total	75 000	5 00 000
13.1 During the year the Company disinvested its Shareholding in Resolute Land Consortium Projects Limited and as a result it ceased to be a subsidiary of the Company		
13.2 Aggregate value of		
	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Unquoted Investments (Refer note no 4(H) for mode of valuation)	75 000	5 00 000
14. Long term Loan and Advances		
Unsecured considered good		
Capital Advances	62 85 368	62 85 368
Security Deposits	34 42 197	36 13 197
Infrastructure Development Charges recoverable from customers	1 99 72 000	1 99 72 000
Prepaid Expenses	7 62 644	8 00 080
Balance with Service Tax Authorities	4 91 57 508	4 92 93 810
Tax Deducted at Source	1 15 19 738	96 57 971
Total	9 11 39 455	8 96 22 426
15. Inventories		
Project under Development (Work in Progress)	6149 20 94 318	5539 27 23 122
Total	6149 20 94 318	5539 27 23 122

Notes on Financial Statements for the year ended 31st March, 2016

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, 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. 662 95 72 397 incurred during the year (Previous Year Rs 625 86 44 016) have been considered as part of Inventory.

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

15.3 Land inventory includes an amount of 42 68 59 925 representing 32.80 acres of land owned by the private companies merged with the Company with the approval of High Court of Punjab and Haryana. As per the approved scheme of amalgamation, all the assets and liabilities of the merged companies vest with the Company. The required entries for change of name in the records of the Government in respect of above land is yet to be done.

16. Trade Receivables	As at 31st March, 2016 Rs	As at 31st March, 2015 Rs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3 61 740	2 92 990
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	-	35 21 580
Total	<u>3 61 740</u>	<u>38 14 570</u>
17. Cash & Bank Balances		
A) Cash & Cash Equivalents		
Balances with Banks		
– in Current Accounts	5 72 430	22 87 009
Cheques in Hand	19 10 766	-
Cash in Hand	21 32 546	11 19 019
	46 15 742	34 06 028
B) Other Bank Balance		
Bank Deposits with more than 12 months maturity	7 50 00 000	7 50 00 000
Total	7 96 15 742	7 84 06 028
18. Short Term Loans & Advances		
Unsecured, considered good		
Balance with Service Tax Authorities	10 91 505	10 54 025
Others Advances*	28 83 77 903	23 31 14 821
Total	<u>28 94 69 408</u>	<u>23 41 68 846</u>
* Other Advances includes advances for purchase of land Rs 26 61 54 310 (Previous Year Rs 22 93 60 495) and advance payment for contribution to gratuity Rs 31 04 304 (Previous Year Rs Nil)		
19. Other Current Assets		
Interest Accrued on Fixed Deposits	7 21 819	8 10 030
Prepaid Expenses	27 23 468	18 16 323
Total	<u>34 45 287</u>	<u>26 26 353</u>

Notes on Financial Statements for the year ended 31st March, 2016

20. Revenue From Operations	2015 - 16 Rs	2014 - 15 Rs
Sale of Land	114 95 53 125	4 61 31 250
Lease Premium	40 44 239	1 37 84 848
Lease Rental	17 25 452	17 25 452
Less: Service Tax Recovered	1 89 806	1 89 806
Other Operating Income		
Common Service Charges	62 49 162	83 64 360
Less: Service Tax Recovered	7 19 778	9 20 109
Total	116 06 62 394	6 88 95 995
21. Other Income		
Interest Income on Fixed Deposit with scheduled bank	64 65 852	66 52 740
Interest on Enhanced Compensation	-	2 84 44 740
Profit on Sale of Assets	48 585	33 731
Miscellaneous Income	3 20 255	64 29 354
Total	68 34 692	4 15 60 565
22. Changes in Inventories		
Projects under Development (Work-in-Progress at commencement)	5539 27 23 122	5344 62 32 768
Less: Cost of Land acquired by Govt of Haryana	83 79 739	5 98 572
Less: Consideration of land surrendered to HSIIDC	-	343 73 01 419
Less: Reversal/Recovery of Annuity on HSIIDC Surrendered Land	-	192 08 44 406
Projects under Development (Work-in-Progress at close)	6149 20 94 318	5539 27 23 122
Total Change in Inventories	(610 77 50 935)	(730 52 34 751)
23. Employee Benefits Expense		
Salaries and wages	7 29 86 193	6 70 36 588
Contribution to Provident Fund	33 60 314	27 61 694
Contribution to Gratuity & Superannuation Fund	22 41 112	1 07 614
Staff welfare expenses	48 16 054	31 98 696
Total	8 34 03 673	7 31 04 592
24. Finance Cost		
Interest on Unsecured Loan	662 95 72 397	632 98 05 729
Finance Charges	18 27 726	2 30 882
Total	663 14 00 123	633 00 36 611

Notes on Financial Statements for the year ended 31st March, 2016

25. Other Expenses	2015-16 Rs	2014-15 Rs
Land Cost	12 97 22 966	67 29 69 351
Land Development Cost	1 41 35 324	6 28 31 740
Annuity Expenses	28 69 54 565	14 52 64 076
Rent	1 48 77 219	1 68 91 462
Rates & Taxes	32 831	22 25 939
Insurance	8 77 331	8 33 556
Telephone Expenses	7 17 003	11 05 401
Travelling & Local Conveyance	1 38 63 994	1 14 28 963
Payment to Auditors	21 64 342	20 48 298
Power & Fuel	54 20 041	38 93 074
Repair & Maintenance		
– Plant and Machinery	8 57 107	5 56 925
– Buildings	33 17 196	40 36 204
– Others	7 96 916	14 10 516
Professional & Consultancy Fees	2 21 14 001	6 28 86 667
Social Programme Expenses	54 16 105	52 77 687
Director Sitting Fees	7 48 133	89 888
Security Expenses	1 80 91 517	4 90 17 018
Loss on Sale/ Discarding of Fixed Assets	6 95 509	10 96 00 530
Salaries & Wages - Contractors	3 81 79 997	3 49 64 617
General Expenses	1 50 99 368	1 54 72 879
Reversal of Provision for Estimated Cost Over Revenue	(62 578)	(2 09 442)
Total	57 40 18 887	120 25 95 349
25.1 Payment to Auditors (including Service Tax)		
Audit fees	18 32 000	16 85 400
Tax audit fees	3 20 600	2 97 754
Certification Fees	-	11 236
Out of pocket expenses	11 742	53 908
Total	21 64 342	20 48 298
26 Earning per share (EPS)		
Net Profit / (Loss) after tax as per Statement of Profit and Loss (Rs.)	(1 63 68 429)	(14 75 58 399)
Weighted Average number of equity shares used as denominator for calculating EPS	3 98 92 760	50 000
Basic and Diluted Earning per share (Rs.)	(0.41)	(2951)
Face Value per equity share (Rs.)	10	10

Notes on Financial Statements for the year ended 31st March, 2016

27. Contingent Liability & Commitments	2015-16 Rs	2014-15 Rs
Contingent Liabilities		
(i) Bank Guarantees	37 78 71 410	28 19 60 975
(ii) In respect of private purchase of land by the Company, 1 writ and 1 revision second appeal are pending against the Company in Punjab and Haryana High Court and 45 civil suits (previous year 41 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.		
Commitments		
Others		
a. Estimated amount of contracts remaining to be executed as on 31 st March, 2016 (net of advances) and not provided for	2 82 01 495	1 08 72 520
b. MoUs executed with Land Sellers (net of advances)	5 51 16 818	5 62 77 590
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	26 45 23 527	27 03 18 823
d. Rent of offices for unexpired period of rent agreement	2 03 34 058	1 22 65 481

28. During the year the Government of Haryana (GoH) has acquired 1.19 acres (Previous Year 0.09 acres) land for the public purpose out of the private purchased land of the Company. Cost of this land amounting to Rs. 83 79 739 (Previous Year Rs. 5 98 572) and compensation of Rs. 81 96 654 (Previous Year Rs. 6 70 921) received by the company from GoH on such compulsory acquisition of land have been recognized in the Statement of Profit and Loss.

29. 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. The amount of annuity provision as at 31st March, 2016 is Rs. 16 47 01 531 (Previous year Rs.14 62 66 089). In respect of land covered under licensed area and land sold/leased out, the Company has decided to pay annuity on yearly basis to land sellers, irrespective of their meeting the eligibility conditions and in such cases, has made the provision for full term of 33 years. The amount of annuity provision as at 31st March, 2016 is Rs. 66 49 32 564 (Previous year Rs.54 09 78 550).

30. Employee Benefits

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

Defined Contribution Plans:

Provident Fund - The Company has made contribution towards provident fund at 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.

Notes on Financial Statements for the year ended 31st March, 2016

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

(Rs.)

	2015-16	2014-15
Employer's Contribution to Provident Fund	23 57 466	21 20 926
Employer's Contribution to Superannuation Fund	1 10 998	1 07 614
Employer's Contribution to Pension Fund	6 81 502	5 04 083

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:

- 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.
- 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 31st March, 2016 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 31st March, 2016.

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)	
	2015-16	2014-15	2015-16	2014-15
Defined Benefit Obligation at beginning of the year	56 97 320	60 04 962	49 14 186	50 35 680
Current Service cost	7 52 506	8 80 667	2 35 895	2 85 588
Interest Cost	4 55 786	4 80 397	3 93 721	4 02 854
Liability Transferred In/Acquisitions	81 965	-	-	-
Actuarial (gain) / loss	15 78 486	(11 03 363)	4 81 592	(5 79 092)
Benefits paid	(17 01 659)	(5 65 343)	(1 26 277)	(2 30 844)
Defined Benefit obligation at year end	68 64 404	56 97 320	58 99 117	49 14 186

Notes on Financial Statements for the year ended 31st March, 2016

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

(Rs.)

Particulars	Gratuity (Funded)	
	2015-16	2014-15
Fair Value of Plan Assets at beginning of the year	58 52 579	60 04 962
Expected Return on Plan Assets	4 68 206	4 80 397
Liability Transferred In/Acquisitions	81 965	-
Actuarial Gain / (Loss)	33 199	(67 437)
Employers Contribution	52 34 418	-
Benefits paid	(17 01 659)	(5 65 343)
Fair value of Plan assets at year end	99 68 708	58 52 579

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

(Rs.)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Current service cost	7 52 506	8 80 667	2 35 895	2 85 588
Interest Cost	4 55 786	4 80 397	3 93 721	4 02 854
Expected return on plan assets	(4 68 206)	(4 80 397)	-	-
Actuarial (Gain) / Loss	15 45 287	(10 35 926)	4 81 592	(5 79 092)
Net expenses	22 85 373	(1 55 259)	11 11 208	1 09 350

IV. Experience Adjustments in Actuarial (gain) / loss

(Rs.)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity (Funded)					
Plan Assets	(33 199)	67 437	(60 978)	(73 863)	(27 470)
Plan Liabilities	15 78 486	(11 03 363)	5 03 323	1 59 691	4 62 111
Leave Encashment (Unfunded)					
Plan Assets	-	-	-	-	-
Plan Liabilities	4 81 592	(5 79 092)	7 97 023	7 05 278	10 75 495

Notes on Financial Statements for the year ended 31st March, 2016

V. Reconciliation of fair value of Assets and Obligations

Gratuity (Funded)

(Rs.)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Fair value of Plan assets at the end of the year	99 68 708	58 52 579	60 04 962	51 72 096	48 50 642
Present Value of obligation as at the year end	68 64 404	56 97 320	60 04 962	46 16 426	34 53 409
(Asset) / Liability recognized in Balance sheet	(31 04 304)	(1 55 259)	-	(5 55 670)	(13 97 233)

Leave Encashment (Unfunded)

(Rs.)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Fair value of Plan assets at the end of the year	-	-	-	-	-
Present Value of obligation as at the year end	58 99 117	49 14 186	50 35 680	37 95 460	27 35 809
(Asset) / Liability recognized in Balance sheet	58 99 117	49 14 186	50 35 680	37 95 460	27 35 809

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

(Rs.)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Mortality Table (IALM)	2006-08 (ultimate)	2006-08 (ultimate)	2006-08 (ultimate)	2006-08 (ultimate)
Discount rate (per annum)	8%	8%	8%	8%
Expected rate of return on plan assets (per annum)	8%	8%	-	-
Rate of escalation in salary (per annum)	6%	6%	6%	6%
Rate of Employee Turnover	2%	2%	2%	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.

Notes on Financial Statements for the year ended 31st March, 2016

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

(Rs.)

Sr. No.	Particulars	As at 31 st March, 2016	As at 31 st March, 2015
a	Deferred Tax Liability Related to fixed assets	1 91 298	-
b	Deferred tax Assets Related to fixed assets	-	14 22 896
	Disallowances under the Income Tax Act, 1961	3 43 363	33 789
	Net deferred tax Assets / (Liability)	1 52 065	14 56 685

As at 31st March, 2016, the Company has Net Deferred Tax Asset of Rs. 1 52 065 (Previous Year Rs. 14 56 685). 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.

32. The Company's activities during the year revolved around development of land and 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".
33. 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:

(i) 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 till 29 th February, 2016
5	Reliance Jio Infocomm Limited	Fellow Subsidiary of Holding Company
6	Reliance Retail Limited	Fellow Subsidiary of Holding Company
7	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary of Holding Company
8	Sh. Shrivallabh Goyal, Whole Time Director	Key Managerial Personnel

Notes on Financial Statements for the year ended 31st March, 2016

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

(Amount in Rs.)

Sr. No.	Nature of Transaction	Holding Company	Holding Company of RVL	Joint Promoter	Subsidiary Company	Fellow Subsidiaries of Holding Company	Key Managerial Personnel
(A) Transactions during the year with the related parties:							
1.	Unsecured Loans Received	-	-	-	-	690 10 00 000 <i>463 52 00 000</i>	-
2.	Unsecured Loans Repaid	-	-	-	-	230 00 00 000 <i>360 00 00 000</i>	-
3.	Interest on unsecured loan	-	-	-	-	662 95 72 397 <i>625 86 44 016</i>	-
4.	Lease Rent Received	-	4 74 617 <i>4 74 617</i>	-	-	-	-
5.	Payment to Key Managerial Personnel	-	-	-	-	-	26 28 330 <i>10 17 278</i>
6.	Corporate Guarantee received	-	<i>9 59 10 435</i> <i>4 29 17 100</i>	-	-	-	-
7.	Fixed Assets Purchased/ (Sale)(Net)	-	-	-	-	1 92 388 <i>(1 34 062)</i>	-
8.	Amount received on land surrendered	-	-	<i>349 39 41 639</i>	-	-	-
9.	Other Expenses	-	-	-	-	25 37 398 <i>20 73 854</i>	-
10.	Purchase / (Sale) of investments	-	-	-	(4 25 000)	-	-
(B) Balance at the end of the year							
1.	Unsecured Loans	-	-	-	-	5331 34 00 000 <i>4871 24 00 000</i>	-
2.	Investments	-	-	-	<i>5 00 000</i>	-	-
3.	Interest accrued but not due	-	-	-	-	662 95 72 397 <i>619 60 07 521</i>	-
4.	Corporate Guarantee received	-	37 78 71 410 <i>28 19 60 975</i>	-	-	-	-
5.	Advances	-	-	-	-	2 000 <i>2 000</i>	-

Note: Figures in italics represent that of previous year.

(iii) Disclosure in Respect of Material Related Party Transactions during the year:

Unsecured Loans includes Rs. 690 10 00 000 (Previous Year Rs. 463 52 00 000) received from Reliance Industrial Investments And Holdings Limited.

Unsecured Loans includes Rs. 230 00 00 000 (Previous Year Rs. 360 00 00 000) paid to Reliance Industrial Investments And Holdings Limited.

Notes on Financial Statements for the year ended 31st March, 2016

Interest on Unsecured Loan to Reliance Industrial Investments And Holdings Limited Rs. 662 95 72 397 (Previous year Rs. 625 86 44 016).

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

Payment to Key Managerial Personnel includes Rs. 15 39 042 paid to Shri Shrivallabh Goyal (Previous Year Rs 35 000) and accommodation facility provided by the company to Sh. Shrivallabh Goyal Rs. 10 89 288 (Previous Year Rs. 9 82 278).

Corporate Guarantee received during the year Rs. 9 59 10 435 (Previous Year Rs. 4 29 17 100)

Fixed Assets purchases include from Reliance Retail Limited Rs. 1 92 388 (Previous Year Rs. 61 980) and sale of asset to Reliance Jio Infocomm Limited Rs Nil (Previous Year Rs 1 96 042)

Amount received from Haryana State Industrial & Infrastructure Development Corporation Limited against surrender of land Rs. Nil (Previous Year Rs 349 39 41 639)

Investment in Resolute Land Consortium Projects Limited has been diluted by 85% amounting Rs 4 25 000 (Previous Year Nil).

Other Expenses include purchase / services from Reliance Retail Limited Rs. 25 37 398 (Previous Year Rs. 20 73 854).

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

Balance at the end of the year of Interest accrued but not due to Reliance Industrial Investments And Holdings Limited Rs. 662 95 72 397 (Previous Year Rs. 619 60 07 521)

Balance at the end of the year of Unsecured loans taken from Reliance Industrial Investments And Holdings Limited Rs. 5331 34 00 000 (Previous Year Rs. 4871 24 00 000)

Note:

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.

34. The Expenditure in Foreign Currency is as follows:

Particulars	2015-16	2014-15
Travelling expenses	2 14 200	Nil

35. The Value of Imports on CIF basis is as follows:

Particulars	2015-16	2014-15
Capital Goods	4 56 360	Nil

36. 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

R. Koria

Partner
Membership No: 35629

Place: Mumbai
Date: 9th April, 2016

For and on behalf of the Board

Shanker Adawal

(Director)
DIN- 01039400

Sudhir Jain

(Chief Financial Officer)
Membership No: 084440

Place: Gurgaon
Date: 9th April, 2016

Shrivallabh Goyal

(Director)
DIN- 00021471

Dheeraj Kandhari

(Company Secretary)
Membership No: A20934