

INDEPENDENT AUDITOR'S REPORT**To the Members of Model Economic Township Limited****Report on the Financial Statements****Opinion**

We have audited the accompanying financial statements of **Model Economic Township Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss including comprehensive income, the changes in Equity and its cash flow for the year ended on that date.

Basis of Opinion

We conducted our audit of financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the director's report included in the annual report but does not include the financial statements and our auditor's report thereon.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015, as amended. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually



or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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 Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the 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 (including other comprehensive income), and the Cash Flow Statement and statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid or provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V to the Act.

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



- i. The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its financial position in its financial statements. Refer Note no.30 to the financial Statements.
- ii. The Company has made provisions, as required under the applicable law 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 D T S & Associates LLP
Chartered Accountants
(Firm Registration No. 142412W/W100595)



Anuj Bhatia
Partner
Membership No. 122179
UDIN:-20122179AAAAAL9337



Place: Mumbai,
Dated: 10th April, 2020

"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of Model Economic Township Limited on the financial statements for the year ended on 31st March 2020)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) As explained to us, the property, plant and equipment 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) According to the information and explanations given by the management, the company does not hold any immovable properties as property, plant and equipment except investment property, the title deeds of which are held in the name of 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, or other parties covered in the register maintained under section 189 of the Act. Therefore the provisions of Clause (iii) of paragraph 3 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 not made any investments and not granted any loan or provided any guarantee or security during the year to parties covered under section 185 of the Act and hence provision of section 185 & 186 are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.



- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and the Cost Records and Audit (Telecommunication Industry) Rules prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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 undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, custom duty, Goods and Service Tax, Cess and any other statutory dues with appropriate authorities 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, 2020 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, duty of custom, duty of excise, Value added tax and goods and service tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not borrowed from financial institution, bank or government and has not issued any debentures. Accordingly, the 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 any money by way of initial public offer or further public offer (including debt instruments) and no term loans were raised during the year and hence provisions of Clause (ix) of paragraph 3 of the Order are not applicable to the Company.
- (x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the company or on the Company by the officers and employees of the company has been noticed or reported during the year.



- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration paid or provided 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, the company is not a Nidhi Company. Therefore, the provisions of Clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable Indian accounting standards.
- (xiv) According to the information and explanations provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us by the management, 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) According to the information and explanations provided to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For D T S & Associates LLP
Chartered Accountants
(Firm Registration No. 142412W/W100595)


Anuj Bhatia
Partner
Membership No.122179
UDIN:- 20122179AAAAAL9337

Place: Mumbai,
Dated: 10th April, 2020



"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 financial statements of Model Economic Township Limited for the year ended 31st March 2020)

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** ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 and the Standards on Auditing, under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgment, 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 authorisations 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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.

For D T S & Associates LLP
Chartered Accountants
(Firm Registration No. 142412W/W100595)



Anuj Bhatia
Partner
Membership No.122179
UDIN:- 20122179AAAAAL9337



Place: Mumbai,
Dated: 10th April, 2020

MODEL ECONOMIC TOWNSHIP LIMITED
BALANCE SHEET AS AT 31st MARCH 2020

	Notes	As at 31st March 2020 (Rs in Lacs)	As at 31st March 2019 (Rs in Lacs)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	97	95
Capital Work in Progress	3	127	-
Investment Property	4	233	233
Intangible assets	3	1	1
Financial Assets			
Other Financial Assets	5	78	70
Other Non Current Assets	6	2 557	2 232
Total Non-Current assets		3 093	2 631
Current assets			
Inventories	7	7 10 718	6 79 043
Financial Assets			
Trade Receivables	8	13	15
Cash and cash equivalents	9	352	844
Other Financial Assets	10	20	8
Current Tax Assets (Net)	11	581	447
Other Current Assets	12	3 847	5 187
Total Current assets		7 15 531	6 85 544
TOTAL ASSETS		7 18 624	6 88 175
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	13	9 700	9 700
Other Equity	14	4 11 302	4 12 265
Total Equity		4 21 002	4 21 965
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	15	2 63 244	2 42 319
Provisions	16	1 717	1 070
Other Non Current Liabilities	17	43	2
Deferred Tax Liability (Net)	18	967	988
Total Non-Current Liabilities		2 65 971	2 45 279
Current Liabilities			
Financial Liabilities			
Trade payables	19	1 597	701
Micro and Small enterprises		397	161
Other than Micro and Small enterprises		1 200	540
Provisions	20	1 767	2 322
Other Current Liabilities	21	28 287	17 908
Total Current Liabilities		31 651	20 931
Total Liabilities		2 97 622	2 66 210
Total Equity and Liabilities		7 18 624	6 88 175

See accompanying Notes to the Financial Statements

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As per our Report of even date
For D T S & Associates LLP
Chartered Accountants
Registration No. 142412W/W100595

Anuj Chhabra
Partner
Membership No : 122179



Place : Mumbai
Date : 10th April 2020

For and on behalf of the Board

Shrivallabh Goyal
(Director)
DIN- 00021471

Sudhir Jain
(Chief Financial Officer)
Membership No : 084440

Shanker Adawal
(Director)
DIN- 01039400

Rashmi Santosh Mishra
(Company Secretary)
Membership No : ACS 28952

Place : Gurugram
Date : 10th April 2020



MODEL ECONOMIC TOWNSHIP LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2020

	Notes	2019-20 (Rs in Lacs)	2018-19 (Rs in Lacs)
Income			
Revenue from Operations	22	7 706	21 675
Other Income	23	45	1 156
Total Income		<u>7 751</u>	<u>22 831</u>
Expenses			
Changes in Inventories	24	(31 675)	(11 199)
Employee Benefits Expense	25	1 304	1 200
Finance Cost	26	21 522	19 677
Depreciation and Amortization Expense	3	48	31
Other Expenses	27	17 470	13 649
Total Expenses		<u>8 729</u>	<u>23 657</u>
Loss before tax		<u>(978)</u>	<u>(826)</u>
Tax expense			
(1) Current Tax		-	-
(2) Deferred Tax		(19)	253
		<u>(19)</u>	<u>253</u>
Loss for the year		<u>(959)</u>	<u>(1 079)</u>
Other Comprehensive Income			
(a) Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss		-	-
(b) Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan		(6)	(9)
Income tax relating to items that will not be reclassified to profit or loss		2	3
Total Comprehensive Income for the year		<u>(963)</u>	<u>(1 085)</u>
Earning per equity share of face value of Rs 10 each			
(1) Basic		(0.99)	(1.11)
(2) Diluted		(0.99)	(1.11)

Significant Accounting Policies

See accompanying Notes to the Financial Statements

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As per our Report of even date
For D T S & Associates LLP
Chartered Accountants
Registration No: 142413W W100055

Anuj Datta
Partner
Membership No: 122179



Place: Mumbai
Date: 10th April 2020

For and on behalf of the Board

Shrivallabh Goyal
(Director)
DIN- 00021471

Shanker Adawal
(Director)
DIN- 01039400

Sudhir Jain
(Chief Financial Officer)
Membership No: 084440

Rashmi Santosh Mishra
(Company Secretary)
Membership No: ACS 28952

Place: Gurugram
Date: 10th April 2020



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AS ON 31st MARCH 2020

A. Equity Share Capital

	As at 31st March 2020		As at 31 March 2019	
	Numbers (Lacs)	Rs in Lacs	Numbers (Lacs)	Rs in Lacs
Equity Shares at the Beginning of the year	970	9 700	970	9 700
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	970	9 700	970	9 700

B. Other Equity

	Instruments classified as equity	Reserve and Surplus			Total
		Capital Reserve	Retained Earning	Other Comprehensive Income	
Balance at the beginning of the year	4 12 592	5 818	(6 097)	(48)	4 12 265
Total Comprehensive Income for the year	-	-	(959)	(4)	(963)
Balance at the end of the year	4 12 592	5 818	(7 056)	(52)	4 11 302

As per our Report of even date

For D T S & Associates LLP

Chartered Accountants

Registration No : 142412W/ W100595



Anur Bhelia

Partner

Membership No : 122179



For and on behalf of the Board



Shrivallabh Goyal

(Director)

DIN- 00021471



Sudhir Jain

(Chief Financial Officer)

Membership No : 084440



Shanker Adawal

(Director)

DIN- 01039400



Rashmi Santosh Mishra

(Company Secretary)

Membership No : ACS 28952



Place : Mumbai

Date : 10th April 2020

Place : Gurugram

Date : 10th April 2020

MODEL ECONOMIC TOWNSHIP LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH' 2020

	2019-20 (Rs in Lacs)	2018-19 (Rs in Lacs)
A: CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:		
Net Profit(Loss) before Tax as per Profit and Loss Statement	(978)	(829)
Adjusted for:		
Loss/Profit on Sale/ Discarding of Property, Plant & Equipment (Net)	2	-
Depreciation and Amortisation	40	31
Interest Income	(0)	(152)
Finance Costs	21 307	19 525
Operating Profit before Working Capital Changes	20 379	18 578
Adjusted for:		
Trade and Other Receivables	191	(2 349)
Inventories	(31 672)	(11 365)
Trade and Other Payables	10 510	10 302
Cash Generated From Operations	208	15 146
Tax Paid (Net of Refund of TDS)	135	406
Net Cash Flow From Operating Activities (A)	73	14 740
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Payment for Property, Plant & Equipment	(181)	(27)
Proceeds from disposal of Property, Plant & Equipment	1	-
Bank Deposit with more than 12 months maturity	(3)	1 109
Interest Income	0	161
Net Cash Flow (Used in) Investing Activities (B)	(183)	1 333
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings- Non Current	29 650	34 760
Repayment of Borrowings-Non Current	(8 725)	(30 575)
Interest on Unsecured Loan	(21 307)	(19 625)
Net Cash Flow (Used in) Financing Activities (C)	(382)	(15 340)
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	(492)	732
Opening Balance of Cash and Cash Equivalents	844	112
Closing Balance of Cash and Cash Equivalents	352	844

Changes in Liability arising from financing activities

	As in 1st April, 2019	Cash Flow	As as 31st Mar, 2020
Borrowing- Non Current (Refer note 15)	2 42 319	20 925	2 63 244
Borrowing- Current	-	-	-
	2 42 319	20 925	2 63 244

	As as 1st April, 2018	Cash Flow	As as 31st Mar, 2019
Borrowing- Non Current (Refer note 15)	2 38 134	4 185	2 42 319
Borrowing- Current	-	-	-
	2 38 134	4 185	2 42 319

NOTES:

- (1) The above cash flow statement has been prepared under the "indirect method" as set out in Ind AS-7-Cash Flow Statement
 (2) Figures in the brackets indicate outflow

As per our Report of even date
 For D T S & Associates LLP
 Chartered Accountants
 Registration No.: 142412W/ W100585

Anuj Bhalla
 Partner
 Membership No.: 122179



Place: Mumbai
 Date: 10th April 2020

For and on behalf of the Board

Shrivallabh Goyal
 (Director)
 DIN- 00321471

Sudhir Jain
 (Chief Financial Officer)
 Membership No.: 084440

Shanker Adawal
 (Director)
 DIN- 01039400

Rashmi Santosh Mishra
 (Company Secretary)
 Membership No.: ACS 28902

Place: Gurugram
 Date: 10th April 2020



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

A. CORPORATE INFORMATION

1. Model Economic Township Limited is public limited company having its registered office at third floor, 77 B, IFFCO Road, Sector 18, Gurugram-122015, Haryana.

Presently, the Company is carrying out development activities in its industrial colonies, for which licenses are obtained and has also continued to consolidate the purchased land as well as to coordinate and obtain various government approvals etc.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- Defined Benefit Plans - Plan Assets,
- Annuity Payment for Future Period to Land Sellers,
- Lease Rentals Receivable from Customers on Long Term Lease

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

With effect from 1st April 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The application of Ind AS 116 has no impact on the Company.

The Financial Statements of the Company are presented in Indian Rupees, which is its functional currency and all values are rounded to the nearest Lakh (Rs.00,000) except when otherwise indicated.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-Current classifications.

As asset is treated as Current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no un-conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and



any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Other indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

Depreciation on Property, Plant and Equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(c) Investment Property

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment Properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Properties are transferred from investment properties to development properties when and only when there is a change in use, evidenced by commencement of development with a view to sell or inventurize if they are sold without any further development. Such transfers are made at the carrying value of the properties at date of transfer.

(d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

For the assets given under finance lease, the lease premium received initially is recognised as income of the Company at the inception of the lease. Annual lease rentals receivable in future are recognised at their present value. The corresponding amount due from the lessee is included in the balance sheet as lease rents receivable.

Lease rents received by the Company are apportioned between finance income and reduction of the lease receivables so as to achieve a constant rate of interest on the remaining balance of the lease. Finance income is recognised immediately in Statement of profit and loss. Contingent rentals are recognised as income in the periods in which they are received.

For the assets given under operating lease, the lease rentals received by the Company, as per the terms of the lease, are recognised by the Company as income in Statement of profit and loss.

(e) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Intangible Assets Under Development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit or loss when the asset is derecognised.

The Company's intangible assets comprises assets with finite useful lives which are amortized on a straight line basis over the period of their expected useful lives.

A summary of the amortization policies applied to the Company's intangible assets to the extent of depreciable amount is, as follows:

Particular	Depreciation
Computer Software	Over a period of 5 years

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

(f) Cash and Cash Equivalent

Cash and cash equivalents comprise of cash on hand and short-term deposits, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Finance Cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

(h) Inventories

Items of Inventories are measured at lower of cost and net realisable value.

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

(i) Impairment of Non-Financial Assets, Property, Plant and Equipment and Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The Recoverable amount is higher of an asset's fair value less costs of disposal and value in use. Value in use is based on the estimated future cash flows discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(j) Provisions

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



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Contingent Liabilities

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

(l) Employee Benefits Expense
Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits
Defined Contribution Plans

The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid at 15 days basic salary for every completed year of service as per the payment of Gratuity Act 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by the respective Income tax authorities. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which they occur in Other Comprehensive Income.

(m) Tax Expenses

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity.

- Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

- Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses, can be utilized. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

(n) Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.



MODEL ECONOMIC TOWNSHIP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

The agreement for sale or long term lease of land, including 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. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Revenue in respect of projects under development/construction is recognized on the "Percentage of Completion method" of accounting which is the percentage of the actual cost incurred, including the cost of land and its development, to the total estimated cost of the project subject to such actual cost incurred being 25% or more of the total estimated cost. 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. The estimates of the costs are revised periodically by the Company and effect of such changes in estimates is recognized in the period in which such changes are determined. 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 fulfilment of obligations/conditions imposed by the statutory authorities, is postponed till such obligations are discharged. When sale price is realized on deferred payment basis, the difference between fair value of sale price receivable as per normal credit terms and sale price receivable over deferred payment terms will be accounted as interest income over the credit period.

Contract Balances**Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest Income

Interest income from a Financial Assets is recognised using effective interest rate method.

Dividend Income

Dividend Income is recognised when the Company's right to receive the amount has been established.

(o) Earnings per Share

Basic earnings per share is calculated by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share, if any. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**a) Property Plant and Equipment/ Intangible Assets**

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Property, Plant and Equipment / Intangible assets are depreciated/amortized over their estimated useful lives, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortization to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortization for future periods is revised if there are significant changes from previous estimates.

b) Recoverability of Trade Receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against these receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

c) Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

d) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

e) Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f) Recognition of Deferred Tax Assets and liabilities

Deferred tax Assets and Liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

g) Estimation Uncertainty Relating To The Global Health Pandemic On COVID-19

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID-19 is significantly impacting business operation of the companies, by way of interruption in construction and development activities due to restriction of free movement of man and material etc., required for such activities. On 24th March 2020, the Government of India ordered a nationwide lockdown for 21 days to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

In assessing the recoverability of Company's assets such as intangible assets, Trade receivable etc. the Company has considered internal and external information. The company has performed sensitivity analysis on the assumptions used basis the internal and external information / indicators of future economic conditions; the Company expects to recover the carrying amount of the assets.



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

3. Property, Plant and Equipment and Intangible Assets

Description	Gross Block				Depreciation				Net Block	
	As at	Additions	Deductions / Adjustments	As at	Upto	For the Year	Deductions / Adjustments	Upto	As at	As at
	1st April 2019	2019-2020	2019-2020	31st Mar 2020	1st April 2019	2019-2020	2019-2020	31st Mar 2020	31st Mar 2020	31st March 2019
Tangible Assets (Owned)										
Building	49	1	-	50	39	9	-	48	2	10
Plant and Equipment	1	-	-	1	1	-	-	1	0	0
Office Equipments	237	24	-	261	192	17	-	209	52	45
Furniture & Fixture	40	29	-	69	32	14	-	46	23	8
Vehicles	42	-	7	35	25	4	3	26	9	17
Others (Electrical Installation)	47	-	-	47	32	4	-	36	11	15
Total (A)	416	54	7	463	321	46	3	366	97	85
Intangible Assets										
Computer Software*	16	-	-	16	15	-	-	15	1	1
Total (B)	16	-	-	16	15	-	-	15	1	1
Total (A+B)	432	54	7	479	336	46	3	381	98	86
Previous Year	405	27	-	432	306	31	-	336	86	
Capital work in Progress									127	

* Other than internally generated



MODELECONOMIC TOWNSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st March 2020 (Rs in Lacs)	As at 31 March 2019 (Rs in Lacs)
4. Investment Property		
Cost of Investment Property (refer note no. 34)	233	233
	<u>233</u>	<u>233</u>
5. Other Financial Assets-Non Current		
Lease Rent Receivable in Future (refer note no. 36)	54	60
Employee Loans Recoverable in Future	10	-
Bank Deposits with more than 12 months maturity	14	10
	<u>78</u>	<u>70</u>
6. Other Non Current Assets		
Security Deposits	29	32
Amount Recoverable from Prospective Customers	2 036	1 403
Prepaid Expenses	34	10
Balance with GST Authorities	458	459
Claim Receivable	-	320
Total	<u>2 557</u>	<u>2 232</u>



MODEL ECONOMIC TOWNSHIP LIMITED

NOTE 5 TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st March 2020 (Rs in Lacs)	As at 31 March 2019 (Rs in Lacs)
7. Inventories		
Work- In- Progress	7 10 718	6 79 043
Total	7 10 718	6 79 043

7.1. During the previous year, the Company has taken steps to consolidate the purchased land, undertaken land development activities in its 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. 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 Indian Accounting Standard - 17 "Leases". Accordingly the Company has been classifying the entire land as Inventory and also interest on borrowings of Rs. 21 307 Lacs incurred during the year (Previous Year Rs 19 525 Lacs) have been considered as part of Inventory.

8. Trade Receivables

(Unsecured and considered good)

Trade Receivables	13	15
Total	13	15

9. Cash & Cash Equivalents

(i) Cash in Hand	67	67
(ii) Balances with Banks		
-In Current Accounts	247	23
	314	90
(iii) Other Bank Balance		
-Balance in current account for compliance (refer note no. 9.1)	38	754
	352	844

9.1 Represent the amount deposited in separate account, in terms of the Real Estate (Regulation and Development) Act 2016 and Haryana Real Estate (Regulation and Development) Rule 2017.

10. Other Financial Assets - Current

Interest Accrued on Fixed Deposits (Rs 1 042, Previous year Rs 6 890)	0	0
Lease Rent Receivable in Future (refer note no. 36)	4	8
Employee Loans Recoverable in Future	16	-
Total	20	8

11. Current tax Assets (Net)

Tax Deducted at Source	581	447
	581	447

12. Other Current Assets

Balance with GST Authorities	30	26
Prepaid Expenses	64	45
Others Advances	3 753	5 116
Total	3 847	5 187



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

13. Share Capital

	As at 31st March 2020	As at 31 March 2019
	(Rs in Lacs)	(Rs in Lacs)
Authorised Share Capital		
50 00 00 000 Equity Shares of Rs 10/- each (Previous year 50 00 00 000 equity shares of Rs 10/- each)	50 000	50 000
Issued, Subscribed & Paid up		
9 70 00 000 Equity Shares of Rs 10/- each fully paid up (Previous year 9 70 00 000 Equity Shares of Rs 10/- each fully paid up)	9 700	9 700
Total	9 700	9 700

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

	As at 31st March 2020		As at 31 March 2019	
	Numbers	Rs	Numbers	Rs
Shares outstanding at the beginning of the Year	9 70 00 000	9 700	9 70 00 000	9 700
Add: Shares issued on right basis during the year	-	-	-	-
Shares outstanding at the end of the year	9 70 00 000	9 700	9 70 00 000	9 700

a. Details of Shareholding more than 5% in the Company

	As at 31st March 2020		As at 31 March 2019	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Holding Company- Rolland Ventures Limited & its Nominees (Equity Shares of Rs 10 each fully paid)	9 70 00 000	100%	9 70 00 000	100%
Total	9 70 00 000	100%	9 70 00 000	100%

b. 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st March 2020 (Rs in Lacs)	As at 31 March 2019 (Rs in Lacs)
14. Other Equity		
Instrument classified as equity		
Zero Coupon Optionally Fully Convertible Unsecured Debentures		
As per last Balance Sheet	4 12 592	4 12 592
Total	4 12 592	4 12 592
<p>14.1. The Company had issued 412 59 20 000 number of Zero Coupon Optionally fully convertible unsecured Debentures having face value of Rs 10/- each to Reliance Services and Holdings Limited (formerly Reliance World Trade Private Limited). Total tenure is 15 years from date of allotment and Company will settle the outstanding debentures on expiry of 15 years. The Company has the option for early conversion at any time by giving one month notice. The conversion of debenture will be based on the face value as at 31st March, 2016. The equity shares arising out of conversion of debenture will rank pari passu in all respects with the then outstanding shares of the Company on the date of such conversion except for dividend if declared, shall be paid on pro rata basis from the date of allotment of such equity shares. The debentures are not marketable and will not be listed on any stock exchange in India and abroad.</p>		
Reserves & Surplus		
Capital Reserve (Pursuant to Scheme of Amalgamations)		
As per last Balance Sheet	5 818	5 818
Add: Accretion during the year	-	-
Closing Balance	5 818	5 818
Retained Earning		
As per last Balance Sheet	(6 097)	(4 902)
Add: Impact of IND AS 116	-	(107)
Add: IND AS Transitional difference adjustment due to surrender of lease deed	-	(9)
Add: Net Profit/(Loss) for the year	(959)	(1 079)
Closing Balance	(7 056)	(6 097)
Other Comprehensive Income (OCI)		
As per last Balance Sheet	(48)	(42)
Add: Movement in OCI (net) during the year	(4)	(6)
Closing Balance	(52)	(48)
Total	4 11 302	4 12 265



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st March 2020 (Rs in Lacs)	As at 31 March 2019 (Rs in Lacs)
15. Borrowings		
Unsecured Loans		
Loans from Related Parties		
From Fellow Subsidiary (refer note no. 15.1 and 29.1)	2 63 244	2 42 319
Total	2 63 244	2 42 319
15.1 Loans outstanding as on 31st March, 2020 are repayable on 31st March, 2025 and carrying interest @ 8.75% p.a.		
16. Provisions- Non Current		
Annuity (refer note no. 37)	1 717	1 970
Total	1 717	1 970
17. Other Non-Current Liabilities		
Security Deposits received from Customers	43	2
	43	2
18. Deferred Tax Liability (Net)		
At the start of the year	988	630
Add: Effect of IND AS 115	-	107
Charge/(credit) to profit or loss (refer note no. 40)	(21)	251
At the end of the year	967	988
19. Trade Payables		
Trade Payables		
Micro and Small enterprises	397	161
Other than Micro and Small enterprises	1 200	540
	1 597	701

There is no overdue amounts as at March 31, 2020 and as such no interest is payable to Micro, Small and Medium Enterprises. Accordingly the disclosures required pursuant to schedule III of Companies Act 2013 are not applicable.



MODEL ECONOMIC TOWNSHIP LIMITED

NOTE 5 TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st March 2020 (Rs in Lacs)	As at 31 March 2019 (Rs in Lacs)
20. Provisions		
(a) Provision for Employee Benefits		
Provision For Leave Encashment	70	67
Provision for Superannuation (Rs 10 433, Previous year Rs 10 503)	0	0
(b) Others		
Provision for Estimated Cost Over Revenue*	793	1 506
Annuity (refer note no. 37)	904	749
Total	1 767	2 322
21. Other Current Liabilities		
Advance received from Customers	23 839	14 473
Annuity (refer note no. 37)	2 485	2 367
Creditors for Capital Expenditure	22	-
Other Liabilities*	1 941	1 068
Total	28 287	17 908

* Includes statutory dues and employees benefits



MODEL ECONOMIC TOWNSHIP LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	2019-20		2018-19	
	(Rs in 'Lacs)		(Rs in 'Lacs)	
22. Revenue From Operations				
Sale of Land				
- Undeveloped	371		12 637	
- Developed	7 154		8 520	
- Compensation for Compulsorily Acquisition	24	7 549	-	21 567
Lease Rent	15		8	
Less: GST Recovered	2	19	1	7
Other Operating Income				
Common Service Charges	140		116	
Less: GST Recovered	23	126	18	101
Water Charges		18		-
Total		7 702		21 679
23. Other Income				
Interest income				
- On Fixed Deposit with scheduled bank (Rs 34 384)	0		152	
- Others	18	18	596	751
Finance Income against Lease Rental		6		6
Miscellaneous Income		21		399
Total		45		1 156
24. Changes in Inventories				
Projects under Development (Work-in-Progress at commencement)	6 79 043		6 67 890	
Add: Transitional impact of IND AS 115	-		343	
Less: Adjustment in Opening balance	-		(156)	
Less: Transfer to Investment Property	-	6 79 043	(233)	6 67 844
Projects under Development (Work-in-Progress at close)		7 10 718		6 79 043
Total		(31 675)		(11 199)
25. Employee Benefits Expense				
Salaries and wages		1 235		1 171
Contribution to Provident and other Fund		72		68
Staff welfare expenses		57		60
Total		1 364		1 299
26. Finance Cost				
Interest on Unsecured Loan		21 307		19 525
Guarantee Commission		102		69
Finance Charges-Discounting Difference		113		83
Total		21 522		19 677



MODE ECONOMIC TOWNSHIP LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	2018-20 (Rs in Lacs)	2018-19 (Rs in Lacs)
27. Other Expenses		
Land	3 754	5 084
Land Development	10 280	3 939
Utility Expenses	1 112	2 237
Salaries & Wages - Contractors	443	521
Rent	157	184
Rates & Taxes	4	1
Insurance	35	33
Telephone Expenses	9	12
Travelling & Local Conveyance	137	167
Power & Fuel	64	57
Repair & Maintenance		
- Plant and Machinery	10	8
- Buildings	31	34
- Others	46	46
Professional & Consultancy Fees	424	442
Security Expenses	361	408
Brokerage and Commission	315	238
Social Programme Expenses	14	20
Payment to Auditors (Refer note 27.1)	24	23
Director Sitting Fees	7	7
Loss on Sale of Property, Plant & Equipment	2	-
General Expenses	232	258
Provision (Reversal) for Estimated Cost Over Revenue	(713)	150
Total	17 470	13 849
27.1. Payment to Auditors		
Statutory Audit fees	23	23
Certification Fees (previous year Rs 10 600)	1	0
Out of pocket expenses	-	-
Total	24	23
28. Earning per share (EPS)		
Net Loss after tax as per Statement of Profit and Loss (Rs.)	(958)	(1 079)
Weighted Average number of equity shares used as denominator for calculating EPS	970	970
Basic Earning per share (Rs.)	(0.99)	(1.11)
Diluted Earning per share (Rs.) #	(0.98)	(1.11)
Face Value per equity share (Rs.)	10	10

The effects of ZOFCD on the earning per share are anti-dilutive and hence, the same is not considered for the purpose of calculation of dilutive earning per share.



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

29. As per Indian Accounting Standard 24- "Related Party Disclosures", the disclosures of transactions with the related parties 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	Reliance Jio Infocomm Limited	Fellow Subsidiary of Holding Company
4	Reliance Retail Limited	Fellow Subsidiary of Holding Company
5	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary of Holding Company
6	Reliance 4IR Realty Development Limited	Fellow Subsidiary of Holding Company
7	Reliance Corporate IT Park Limited	Fellow Subsidiary of Holding Company
8	Reliance Eminent Trading and Commercial Private Limited	Fellow Subsidiary of Holding Company
9	Reliance Services and Holdings Limited (formerly Reliance World Trade Private Limited)	Associate of Holding Company
10	Shri Shrivallabh Goyal, Whole Time Director	Key Managerial Personnel
11	Shri Sudhir Jain , Chief Financial Officer	
12	Shri Dheeraj Kandhari, Company Secretary till 09.01.2019	
13	Ms Asha Damani, Company Secretary till 24 th September, 2019	
14	Ms. Rashmi Santosh Mishra wef 18 th March, 2020	

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

(Amount in Rs in Lacs)						
S. No.	Nature of Transaction	Holding Company of RVL	Associates	Subsidiary Company	Fellow Subsidiaries of Holding Company	Key Managerial Personnel
(A) Transactions during the year						
1.	Unsecured Loans Received	-	-	-	29 650	-
		-	-	-	34 760	-
2.	Unsecured Loans Repaid	-	-	-	8 725	-
		-	-	-	30 575	-
3.	Interest on unsecured loan	-	-	-	21 307	-
		-	-	-	19 525	-
4.	Lease Rent Received	18	-	-	-	-
		12	-	-	-	-
5.	Finance Income against Lease Rental	1	-	-	-	-
		1	-	-	-	-
5.	Payment to Key Managerial Personnel	-	-	-	-	300
		-	-	-	-	305
6.	Corporate Guarantee received	3 523	-	-	-	-
		675	-	-	-	-
7.	Cancellation of the Bank Guarantee for the Company	(1 439)	-	-	-	-
8.	Fixed Assets Purchased/(Sale)/(Net)	-	-	-	0	-
	(Rs 13 090, Previous year Rs 42 240)	-	-	-	0	-
9.	Other Expenses	-	-	-	50	-
		-	-	-	57	-
10.	Payment for Surrender of Lease Reliance Industries Limited	1 756	-	-	-	-
11.	Sale of land Reliance Eminent Trading and Commercial Private Limited	-	-	-	149	-
		-	-	-	-	-
(B) Balance as at 31st March 2020						
1.	Unsecured Loans	-	-	-	2 63 244	-
		-	-	-	2 42 319	-
2.	Zero Coupon optionally Fully Convertible Debentures	-	4 12 592	-	-	-
		-	4 12 592	-	-	-
4.	Corporate Guarantee received	24 818	-	-	-	-
		21 294	-	-	-	-



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

Note: Figures in italics represent that of previous year.

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

(Rs. in Lacs)

S.no	Particulars	Relationship	2019-20	2018-19
1.	Unsecured Loans Received			
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	5 550	34 760
	Reliance 4IR Realty Development Limited	Fellow Subsidiary	24 100	-
2.	Unsecured Loans Repaid			
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	3 350	30 575
	Reliance 4IR Realty Development Limited	Fellow Subsidiary	5 375	-
3.	Interest on unsecured loan			
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	8 889	19 525
	Reliance 4IR Realty Development Limited	Fellow Subsidiary	12 418	-
4.	Lease Rent Received			
	Reliance Industries Limited	Holding Company of RVL	18	12
5.	Payment to Key Managerial Personnel			
	Shri Shrivallabh Goyal	Key Managerial Personnel	198	181
	Shri Sudhir Jain	Key Managerial Personnel	96	98
	Shri Dheeraj Kandhari	Key Managerial Personnel	-	24
	Ms Asha Damani	Key Managerial Personnel	6	2
	Ms Rashmi Mishra (Rs 26 849)	Key Managerial Personnel	0	-
6.	Corporate Guarantee utilized for issue of bank guarantee of the Company (net)			
	Reliance Industries Limited	Holding Company of RVL	3 524	675
7.	Cancellation of the Bank Guarantee for the Company			
	Reliance Industries Limited	Holding Company of RVL	-	(1 439)
8.	Fixed Assets Purchased			
	Reliance Retail Limited (Rs 13 090, Previous year Rs 42 240)	Fellow Subsidiary	0	0
9.	Other Expenses			
	Reliance Jio Infocomm Limited	Fellow Subsidiary	3	10
	Reliance Retail Limited (Rs 37 380)	Fellow Subsidiary	0	47
	RELIANCE RETAIL LTD (DIVISION GEMS)	Fellow Subsidiary	44	-
	RELIANCE RETAIL LTD (DIVN RESQ)	Fellow Subsidiary	3	-
10.	Payment for Surrender of Lease			
	Reliance Industries Limited	Holding Company of RVL	-	1 756
11.	Sale of land			
	Reliance Eminent Trading and Commercial Private Limited	Fellow Subsidiary	149	-

Balance at the end of the year includes:

(Rs in Lacs)

S.N.	Particulars	Relationship	2019-20	2018-19
1	Unsecured Loan			
	Reliance Industrial Investments and Holdings Limited	Fellow Subsidiary	-	2 42 319
	Reliance 4IR Realty Development Limited	Fellow Subsidiary	2 63 244	-



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

2	Issue of Zero Coupon Optionally Fully Convertible Debentures Reliance Services and Holdings Limited (formerly Reliance World Trade Private Limited)	Associates of Holding company	4 12 592	4 12 592
3	Corporate Guarantee utilized for issue of bank guarantee of the Company (net) Reliance Industries Limited	Holding Company of RVL	24 818	21 294

29.1 Compensation of Key managerial personnel

The remuneration of director and other member of key management personnel during the year was as follows:

		(Rs. in Lakhs)	
S.N.	Particulars	2019-20	2018-19
1.	Short term benefits	300	305
2.	Post-employment benefits	10	14
	Total	310	319

30 Contingent Liability & Commitments

	2019-20	(Rs in Lakhs) 2018-19
Contingent Liabilities		
(i) Bank Guarantees	24 818	21 294
(ii) In respect of private purchase of land by the Company, 30 civil suits (previous year 21 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, 2019 (net of advances) and not provided for	18 207	21 066
b. MoUs executed with Land Sellers (net of advances)	399	445
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 not included in (a) above	5 448	12 578
d. Rent of offices for unexpired period of rent agreement.	565	846
e. Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- In respect of others	5	-

Capital Management

The Company adheres to robust capital Management framework. It proactively reviews its debt structure and tries to optimize the impact of finance cost by adopting suitable debt mix.

		(Rs in Lakhs)	
Particulars	As at 31 st March, 2020	As at 31 st March, 2019	
Gross Debt	2 63 244	2 42 319	
Cash and Marketable Securities	352	844	
Net Debt (A)	2 62 892	2 41 475	
Total Equity (As per Balance Sheet) (B)	4 21 002	4 21 965	
Net Gearing (A/B)	0.62	0.57	



31 Financial Instruments

Fair value measurement hierarchy

(Rs. in Lakhs)

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Carrying amount	Level of inputs used	Carrying amount	Level of inputs used
Financial Assets				
At amortized cost				
Trade Receivables	13	-	15	-
Cash and Cash Equivalents	352	-	844	-
Other Financial Asset	98	-	78	-
At FVTPL	-	-	-	-
At FVTOCI	-	-	-	-
Financial Liability				
At Amortised cost				
Trade Payable	1 597	-	701	-
Other Financials Liability	-	-	-	-
At FVTPL	-	-	-	-
At FVTOCI	-	-	-	-

Interest rate risk

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period is as follows:

(Rs in Lakhs)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Borrowing-Non Current	2 63 244	2 42 319

Impact on interest expenses for the year on 1% change in interest rate

Interest rate sensitivity	As at 31 st March, 2020		As at 31 st March, 2019	
	Up Move	Down Move	Up Move	Down Move
Impact on equity	-	-	-	-
Impact on Profit or Loss	-	-	-	-

Credit Risk

Credit risk is the risk that a customer or counter party to a financial instrument fails to perform or pay the amounts due causing financial loss to the Company. Credit risk arises from company's activities in investments and outstanding receivables from customers.

The Company has prudent and conservative process for managing its credit risk arising in the course of its business activities. Sale of developed plots /un-developed plots is made on receipt of full amount of consideration. The Company has payment delay risk on recovery of lease rentals and common maintenance charges from customers settling up their units in licensed colonies of the Company.

Liquidity Risk

Liquidity risk arises from the company's inability to meet its cash flow commitments on time. Since the Company is subsidiary of Reliance Industries Limited, the cash flow deficits are funded by its holding Company.

- 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 operating segment as per Indian Accounting Standard 108 – "Operating Segments".
- 33 During the year the Government of Haryana (GoH) has acquired 0.05 acres (Previous Year Nil) land for the public purpose out of the private purchased land of the Company. Cost of this land amounting to Rs 3 Lakh (Previous Year Rs. Nil) and compensation, including enhanced compensation for acquisition in past years, of Rs 24 Lakh (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.

34 Investment property

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

Investment Property represents two land parcels admeasuring 1,3125 acres in revenue village of Dadri Toe and 1,1375 acres in revenue village Badli on operating lease with the intention to earn the rental and capital appreciation. The Company has re-classified both the land parcels as Investment Property. The details are as under:

Particulars	(Rs in Lakhs)
CCST:	
As on 1 st April, 2019	233
Additions	-
Transferred to Assets held for Sale	-
Disposals	-
Balance as on 31 st March, 2020	233
Depreciation and Amortization	
As on 1 st April, 2019	-
Depreciation and Amortization during the year	-
Transferred to Assets held for Sale	-
Disposals	-
Balance as on 31 st March, 2020	-
Net Book Value	
As on 31 st March, 2019	233
As on 31 st March, 2020	233

Information regarding income and expenditure of investment Property

S.N.	Particulars	(Rs in Lakhs)	
		For the year ended	
		31 st March, 2020	31 st March, 2019
1.	Rental income derived from investment properties	13	7
2.	Less: Direct operating expenses (including repairs and maintenance) that are generating rental income)	-	-
3.	Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
4.	Profit arising from investment property before depreciation	13	-
5.	Less: Depreciation and Amortization for the year	-	-
6.	Loss arising from Investment Properties	-	-

The fair value of the properties are Rs. 372 Lakhs (Previous year – Rs 360 Lakh). These valuations are based on the methodology adopted for determination of compensation for land acquired under The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013.

- 35 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 undiscounted annuity provision as at 31st March, 2020 is Rs 2485 Lakhs (Previous year Rs. 2 367 Lakhs). 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 undiscounted annuity provision for 33 years as at 31st March, 2020 is Rs. 9672 Lakhs (Previous year Rs 9 861 Lakhs). Thus after carrying out the adjustment as required, the discounted amount of annuity provision as on 31st March, 2020 stands at Rs. 5 107 Lakhs (Previous year – Rs. 5 087 Lakhs). Such provisions will be re-measured in subsequent years as per the requirement of Indian Accounting Standards.
- 36 The Company executed long term lease agreements with three of its customers for a period of 99 years. As per the terms of lease, it received one time lease premium and in addition receives lease rentals on annual basis during the lease period. Subsequent to adoption of Indian Accounting Standards with transition date as at 1st April, 2015, it has computed the fair value of lease rentals receivable in future. It has thus gross lease rentals receivable with discounted value of minimum lease payments receivable as at end of each of the reporting period as under:

S.N.	Particulars	(Rs in Lakhs)	
		As at	
		31 st March 2020	31 st March 2019
1.	Gross lease rentals receivable	1 312	1 325
2.	Present value of minimum lease payments receivable	54	68
(a)	Not later than one year	6	7
(b)	Later than one year but not later than five years	21	27
(c)	Later than five years	27	34
3.	Unearned Finance Income	1 258	1 257



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

- 37 As per the requirement of Ind AS- 37 (provisions, contingent liabilities and contingent assets), following are the details of provisions appearing as on each of the following reporting period:

(Rs in Lakhs)

S.N.	Particulars	As at	
		31 st March 2020	31 st March 2019
1.	Balance at the beginning	5 087	4,465
2.	Add provisions made during the year	1812	2,257
3.	Less:		
	Amount used/charged against the provisions during the year	1906	1,718
4.	Increase during the year in undiscounted amount arising from unwinding of discounting	114	83
5.	Balance at the end	5 107	5,087

38 Employee Benefits

As per Indian Accounting Standard - 19 "Employee Benefits" the disclosures as defined are given below:

Defined Contribution Plans:

Contribution to Defined Contribution Plan, recognized as expenses for the year is as under:-

(Rs. in Lakhs)

	2019-20	2018-19
Employer's Contribution to Provident Fund	39	38
Employer's Contribution to Superannuation Fund	1	2
Employer's Contribution to Pension Scheme	7	8

Defined Benefit Plan

I. Reconciliation of opening and closing balances of Defined Benefit Obligation

(Rs. in Lakhs)

Particulars	Gratuity (Funded)	
	2019-20	2018-19
Defined Benefit Obligation at beginning of the year	165	143
Current Service cost	16	16
Interest Cost	13	11
Actuarial (gain) / loss on obligations due to change in financial assumptions	9	-
Actuarial (gain) / loss	(1)	9
Transfer in/ (Out)	-	-
Benefits paid	(26)	(14)
Defined Benefit obligation at year end	176	165

II. Reconciliation of opening and closing balances of fair value of Plan Assets

(Rs. in Lakhs)

Particulars	Gratuity (Funded)	
	2019-20	2018-19
Fair Value of Plan Assets at beginning of the year	165	143
Expected Return on Plan Assets	13	11
Liability Transferred In/Acquisitions	-	-
Actuarial Gain / (Loss)	(0)	(0)
Employers Contribution	-	25
Benefits paid	-	(14)
Fair value of Plan assets at year end	178	165



III. Reconciliation of fair value of Assets and Obligations

Particulars	(Rs. in Lakhs)	
	Gratuity (Funded)	
	2019-20	2018-19
Fair value of Plan Assets	178	165
Present value of Obligation	176	(165)
Net Liability/(Asset) Recognized in the Balance Sheet	(2)	-

IV. Expenses recognized during the year

Particulars	(Rs. in Lakhs)	
	Gratuity (Funded)	
	2019-20	2018-19
In Income Statement		
Current Service Cost	16	15
Interest Cost	-	-
Net Cost	16	15
In Other Comprehensive Income		
Actuarial (Gain) / Loss	8	8
Return On Plan Assets	0	1
Net (Income)/ Expense For the year Recognized in OCI	9	9

V. Investment Details

Particulars	(Rs. in Lakhs)	
	Gratuity (Funded)	
	2019-20	2018-19
Insurance Fund	178	165

VI. Bifurcation of Net Liability/ (Asset)

Particulars	(Rs. in Lakhs)	
	As on 31 st Mar, 2020	As on 31 st Mar, 2019
Current Liability/ (Asset) (Short Term)	(2)	-
Non-Current Liability/ (Asset) (Long Term)	-	-

VII. Actuarial assumptions

Particulars	Gratuity (Funded)	
	2019-20	2018-19
	2006-08	2006-08
		(Ultimate)
Discount Rate (per annum)	6.84%	8.00%
Rate of escalation in Salary (per annum)	6.00%	6.00%
Rate of Employee Turnover	2.00%	2.00%

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.

VIII. The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20.



IX. Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

(Rs in Lakhs)				
Particulars	31 st March, 2020		31 st March, 2019	
Defined Benefit Obligation (Base)	175.90		164.81	
Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.5%)	5	(5)	4	(4)
%age change compared to base due to sensitivity	2.9%	-2.7%	2.3%	-2.2%
Salary growth rate (-/+0.5%)	(5)	5	(4)	4
%age change compared to base due to sensitivity	-2.7%	2.9%	-2.2%	+2.3%
Attrition rate (-/+ 25%)	(0)	0	(0)	0
%age change compared to base due to sensitivity	-0.0%	0.0%	-0.2%	+0.2%
Mortality Rate (-/+ 10%)	0	(0)	(0)	0
%age change compared to base due to sensitivity	0.0%	-0.0%	0.0%	0.0%

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of reporting period on investment with LIC.

Interest risk: A decrease in the interest rate will increase the plan liability; however this will be partially offset by an increase in the return on plan debt investments.

Longevity risk: The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

39. Taxation

The income tax expenses for the year can be reconciled to the accounting profit as follows:

Particulars	(Rs in Lakhs)			
	Year ended		Year ended	
	31 st March, 2020	31 st March, 2019	31 st March, 2020	31 st March, 2019
Loss before tax	(978)	(826)	(978)	(826)
Applicable tax rate	26.00%	31.20%	26.00%	31.20%
Computed tax expense	(254)	(258)	(254)	(258)
Tax effect of:				
Exempted Income	-	-	-	-
Expenses disallowed	(126)	(444)	(126)	(444)
Additional allowances net of MAT credit	-	-	-	-
Current tax provision (A) *	-	-	-	-
Incremental deferred tax asset on account of tangible and intangible assets	4	(3)	4	(3)
Incremental deferred tax asset / (liability) on account of financial assets and other items	17	(247)	17	(247)



MODEL ECONOMIC TOWNSHIP LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

Deferred tax provision (B)	21	(250)
Tax expenses recognized in Statement of Profit and Loss (A+B)	21	(250)
Effective tax rate		-

* Since there is a Loss before tax, no provision of current tax has been made.

40 The Deferred Tax (Liability) /Asset comprise of the following:

(Rs in Lakh)

	As at 31st March, 2019	Charge/(Credit) to profit or loss	Others	As at 31st March, 2020
Deferred Tax (Liabilities) /Asset in relation to				
Property, plant and equipment	13	4	-	17
Financial assets at FVTPL	(1022)	19	-	(1003)
Financial assets at FVTOCI	21	(2)	-	19
Total	(988)	21	-	967

- 41 The figures for the corresponding previous year have been regrouped/ reclassified wherever necessary, to make them comparable.
- 42 The company has evaluated impact of COVID-19 on its business operations and based on its review there is no significant impact on its financial statements.
- 43 The financial statements were approved for issue by Board of directors on 10th April, 2020.

For DTS & Associates LLP
Chartered Accountants
Reg. No. 142412W / W100595

Anuj Bhatia
Partner
Membership No. 122179



Place: Mumbai

Date: 10th April, 2020

For and on behalf of the Board

Shrivallabh Goyal
(Director)
DIN- 00021471

Sudhir Jain
(Chief Financial Officer)
Membership No.- 084440
Place: Gurugram

Date: 10th April, 2020

Shanker Adawal
(Director)
DIN- 01039400

Rashmi Santosh Mishra
(Company Secretary)
Membership No. ACS 28952
Place: Gurugram

Date: 10th April, 2020

