

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
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## Independent Auditor's Report

### To the Members of DLF Universal Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of DLF Universal Limited ("the Company"), which comprise the Balance Sheet as at 31 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

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

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. 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.



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6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. 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

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

## Emphasis of Matters

9. We draw attention to Note 48 to the standalone financial statements which describe the uncertainty related to the outcome of matter pending in litigation with appellate authorities. Pending the final outcome of the aforesaid matter, which is presently unascertainable, no adjustments have been made in the standalone financial statements. Our opinion is not modified in respect of this matter.
10. We draw attention to Note 36 to the standalone financial statements which describes the uncertainty related to the outcome of pending legal cases filed by the Company against the joint venture partner with respect to recovery of certain claims amounting to ₹ 39,233 lacs in respect of certain projects, which are being carried under long-term loans and advances as at 31 March 2016. Pending the final outcome of these matters, which is presently unascertainable, no further adjustments have been recorded in the standalone financial statements, other than a provision amounting to ₹ 25,309 lacs as at 31 March 2016 (previous year ₹ 23,009) which has been considered adequate by the management based upon opinion received from an independent legal counsel. Our opinion is not modified in respect of this matter.

## Other Matter

11. We did not audit the financial statements of Banjara Hills Hyderabad Complex (an Association of persons), whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 332.17 lacs as at 31 March 2016, total revenue (after eliminating intra-group transactions) of ₹ Nil and cash outflows (after eliminating intra-group transactions) of ₹ 0.20 lacs for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the standalone financial statements not audited by us, in so far it relates to the amount and disclosure included in respect of such Association of persons. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

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



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13. Further to our comments in annexure A, 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 purpose 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 standalone financial statements 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 (as amended);
  - e. the litigation matters described in paragraph 9 and 10 under the Emphasis of Matters paragraph in case of an unfavorable decision against the Company, in our opinion, may have an adverse effect on the functioning of the Company;
  - f. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - g. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2016 as per annexure B expressed unqualified opinion;
  - 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. as detailed in Note 36, 41(b), 41(d), 41(f), 41(g), 45 and 48 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Neeraj*  
per **Neeraj Sharma**  
Partner

Membership No.: 502103



**Place:** Gurgaon

**Date:** 25 May 2016

# Walker Chandiook & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the standalone financial statements for the year ended 31 March 2016

### Annexure A

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



# Walker Chandiook & Co LLP

Annexure A to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the standalone financial statements for the year ended 31 March 2016

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Amount paid under Protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand u/s 143(3)	431.82	84.23	Assessment year 2004-05	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)	313.88	-	Assessment year 2006-07	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)	3,809.94	-	Assessment year 2006-07	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)/153 A	121.17	-	Assessment year 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand u/s 143(3)/153 A	165.10	-	Assessment year 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand u/s 143(3)/153 A	42.65	-	Assessment year 2009-10	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)	132.69	132.69	Assessment year 2010-11	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)	451.38	230.42	Assessment year 2011-12	Income Tax Appellate Tribunal (ITAT)
The Finance Act, 2004 and Service Tax Rules	Demand of service tax	51.78	33.89	01 April 2005 to 30 September 2012	Commissioner of Service Tax, Delhi

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.



# Walker Chandiook & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the standalone financial statements for the year ended 31 March 2016

- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*Walker Chandiook & Co LLP*

For Walker Chandiook & Co LLP

(Formerly Walker, Chandiook & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Neeraj*

per Neeraj Sharma

Partner

Membership No.: 502103



Place: Gurgaon

Date: 25 May 2016

# Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the standalone financial statements for the year ended 31 March 2016

## Annexure B

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the standalone financial statements of DLF Universal Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 (the "Guidance Note") 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 the company's 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

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

### Meaning of Internal Financial Controls over Financial Reporting

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



# Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the standalone financial statements for the year ended 31 March 2016

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

*Walker Chandiook & Co LLP*  
For **Walker Chandiook & Co LLP**  
(Formerly Walker, Chandiook & Co)  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Neeraj*  
per **Neeraj Sharma**  
Partner  
Membership No.: 502103



**Place:** Gurgaon  
**Date:** 25 May 2016



**Standalone Balance Sheet as at 31 March 2016**

	Note	As at 31 March 2016	(₹ in lacs) As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	5,459.91	5,459.91
Reserves and surplus	3	(105,154.22)	(36,959.31)
		<u>(99,694.31)</u>	<u>(31,499.40)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	105,967.80	82,905.02
Other long-term liabilities	5	1,688.44	1,461.23
Long-term provisions	6	924.24	957.96
		<u>108,580.48</u>	<u>85,324.21</u>
<b>Current liabilities</b>			
Short-term borrowings	7	595,293.57	430,124.97
Trade payables			
Payable to micro enterprises and small enterprises	8A	-	-
Other payables	8B	40,494.41	40,585.43
Other current liabilities	9	123,078.34	110,632.00
Short-term provisions	6	58.10	26.95
		<u>758,924.42</u>	<u>581,369.35</u>
		<u>767,810.59</u>	<u>635,194.16</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	2,755.86	1,212.87
Intangible assets	11	23.28	37.94
Capital work-in-progress	12	42,754.95	42,335.80
Non-current investments	13	13,114.32	13,114.32
Deferred tax assets	14	101,557.79	67,424.50
Long-term loans and advances	15	82,858.71	81,906.92
Other non-current assets	16	4,589.18	3,748.80
		<u>247,654.09</u>	<u>209,781.15</u>
<b>Current assets</b>			
Inventories	17	312,270.87	259,948.16
Trade receivables	18	22,898.08	25,810.12
Cash and bank balances	19	54,832.15	6,058.37
Short-term loans and advances	20	82,482.01	72,502.08
Other current assets	21	47,673.39	61,094.28
		<u>520,156.50</u>	<u>425,413.01</u>
		<u>767,810.59</u>	<u>635,194.16</u>

**Summary of significant accounting policies**

1

The accompanying notes form an integral part of the standalone financial statements

This is the Standalone Balance Sheet referred to in our report of even date

*Walker Chandiok & Co LLP*  
 For Walker Chandiok & Co LLP  
 (formerly Walker, Chandiok & Co)  
 Chartered Accountants

For and on behalf of board of directors

*Neeraj Sharma*  
 per Neeraj Sharma  
 Partner



*Atul Goyal*  
 Atul Goyal  
 Chief Financial Officer

*Gopal Ramdev*  
 Gopal Ramdev  
 Company Secretary  
 (M.No. F3881)

*Ashok Kumar Tyagi*  
 Ashok Kumar Tyagi  
 Director  
 (DIN - 00254161)

*Rajeev Talwar*  
 Rajeev Talwar  
 Managing Director  
 (DIN - 01440785)

**DLF Universal Limited**  
**Standalone Statement of Profit and Loss for the year ended 31 March 2016**

	Note	For the year ended 31 March 2016	(₹ in lacs) For the year ended 31 March 2015
<b>REVENUE</b>			
(Revenue reversal)/revenue from operations	22	(21,311.59)	20,998.29
Other income	23	11,890.11	10,980.00
		<u>(9,421.48)</u>	<u>31,978.29</u>
<b>EXPENSES</b>			
Cost of revenue	24	794.10	37,014.36
Employee benefits expense	25	2,811.47	3,255.69
Finance costs	26	72,270.87	57,912.42
Depreciation and amortisation	10 & 11	490.40	503.83
Other expenses	27	13,501.47	11,007.79
		<u>89,868.31</u>	<u>109,694.09</u>
<b>Loss before tax and prior period items</b>		<b>(99,289.79)</b>	<b>(77,715.80)</b>
<b>Tax expense</b>			
Current tax (including earlier year)		1,246.47	4.42
Deferred tax		(34,133.30)	(26,535.94)
<b>Loss after tax but before prior period items</b>		<b>(66,402.96)</b>	<b>(51,184.28)</b>
Prior period expenses (net)	28	1,791.95	106.99
<b>Loss for the year</b>		<b>(68,194.91)</b>	<b>(51,291.27)</b>
<b>Loss per share (₹)</b> (Basic and diluted)	29	<b>(125.01)</b>	<b>(94.02)</b>

**Summary of significant accounting policies**

1

The accompanying notes form an integral part of the standalone financial statements

This is the Standalone Statement of Profit and Loss referred to in our report of even date

*Walker Chandniok & Co LLP*  
 For Walker Chandniok & Co LLP  
 (formerly Walker, Chandniok & Co)  
 Chartered Accountants

For and on behalf of board of directors

*Neeraj Sharma*  
 per Neeraj Sharma  
 Partner



*Adul Goyal*  
 Adul Goyal  
 Chief Financial Officer

*Gopal Ramdev*  
 Gopal Ramdev  
 Company Secretary  
 (M.No. F3881)

*Ashok Kumar Tyagi*  
 Ashok Kumar Tyagi  
 Director  
 (DIN - 00254161)

*Rajeev Talwar*  
 Rajeev Talwar  
 Managing Director  
 (DIN - 01440785)

Place: New Delhi  
 Date: 25 May 2016