

Walker Chandiook & Co LLP

Independent Auditor's Report

To the Members of DLF Utilities Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of DLF Utilities 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

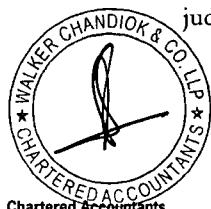
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of 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.
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

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Chartered Accountants

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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.

Report on Other Legal and Regulatory Requirements

9. 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.
10. 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. 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;
 - f. 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 19 May 2016 as per Annexure B expressed unmodified opinion; and

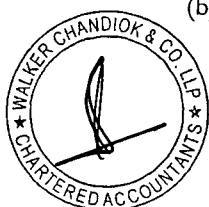


Annexure A to the Independent Auditor's Report of even date to the members of DLF Utilities Limited, on the financial statements for the year ended 31 March 2016

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the 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, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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 (except stocks represented by development rights) 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(ii)(a), 3(ii)(b) and 3(ii)(c) of the Order are not applicable.
- (iv) In our opinion the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans investments, guarantees, and security.
- (v) 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 and 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.
 - (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:



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

Name of the statute	Nature of dues	Amount (₹) in lacs	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	28.71	NIL	Financial Year 1992-93	Hon'ble High Court of Delhi
Income Tax Act, 1961	Income tax	25.19	NIL	Financial Year 2002-03	Income tax appellate Tribunal (ITAT 'B' Bench) New Delhi
Income Tax Act, 1961	Income tax	78.44	NIL	Financial Year 2003-04	Hon'ble High Court of Delhi
Income Tax Act, 1961	Income tax	45.89	NIL	Financial Year 2006-07	Income tax appellate Tribunal (ITAT 'B' Bench) New Delhi
Income Tax Act, 1961	Income tax	31.77	NIL	Financial Year 2007-08	Income tax appellate Tribunal (ITAT 'B' Bench) New Delhi
Income Tax Act, 1961	Income tax	124.04	NIL	Financial Year 2011-12	Commissioner of Income Tax (Appeals)-III, New Delhi
Finance Act, 1994	Service tax	5.00	NIL	Financial Year 2003-04 and 2004-05	Director General of Central Excise Intelligence, Delhi Adjudication Authority
Finance Act, 1994	Service tax	3,799.64	NIL	For the period 1 April 2008 to 30 September 2012	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	21,876.00	NIL	For the period 2010-11 to 2014-15-(till October)	Commissioner of Service Tax, Audit - II, Delhi
Finance Act, 1994	Service tax	7636.17	NIL	Financial Year 2014-15	Commissioner of Service Tax, Delhi - IV.
Delhi Value Added Tax Act, 2004	Value Added tax	109.29	NIL	Financial Year 2012-13 and 2013-14	Special/ Additional Commissioner Delhi VAT



Walker ChandioK & Co LLP

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

Name of the statute	Nature of dues	Amount (₹) in lacs	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Delhi Value Added Tax Act, 2004	Value Added tax	1.77	NIL	Financial Year 2013-14	Additional Commissioner Delhi VAT

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (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.
- (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, clause 3(xii) of the Order is 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 ChandioK & Co

For ~~Walker ChandioK & Co LLP~~

(formerly Walker, ChandioK & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sumit Mahajan

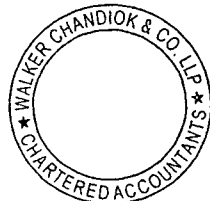
per Sumit Mahajan

Partner

Membership No.: 504822

Place: Gurgaon

Date : 19 May 2016



Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of DLF Utilities 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 Utilities 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 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.



Walker Chandiook & Co LLP

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

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.

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.

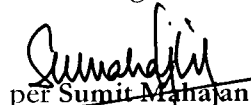


~~For~~ Walker Chandiook & Co LLP

(formerly Walker, Chandiook & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Partner

Membership No.: 504822



Place: Gurgaon

Date: 19 May 2016

Walker Chandiok & Co LLP

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in Note 27(III) 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; and
 - 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

Sumanjit

per Sumanjit Mahajan

Partner

Membership No.: 504822



Place: Gurgaon

Date : 19 May 2016

DLF Utilities Limited
Balance Sheet as at 31 March 2016

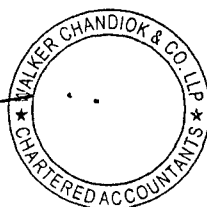
	Note	As at 31 March 2016 ₹ in lacs	As at 31 March 2015 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	10,707.46	10,707.46
Reserves and surplus	3	(23,157.68)	(7,210.84)
		<u>(12,450.22)</u>	<u>3,496.62</u>
Non-current liabilities			
Long-term borrowings	4	116,568.14	130,370.29
Other long term liabilities	5	17,097.22	15,883.23
Long-term provisions	6	919.70	896.33
		<u>134,585.06</u>	<u>147,149.85</u>
Current liabilities			
Short-term borrowings	7	151,778.43	93,252.67
Trade payables			
- Payable to micro enterprises and small enterprises	8A	-	-
- Other Payables	8B	20,679.00	17,145.15
Other current liabilities	9	69,687.61	91,535.91
Short-term provisions	6	157.72	103.09
		<u>242,302.76</u>	<u>202,036.81</u>
TOTAL		<u><u>364,437.61</u></u>	<u><u>352,683.29</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	105,972.30	104,397.93
Intangible assets	10	117.45	133.42
Capital work-in-progress	10	3,464.10	14,405.55
		<u>109,553.85</u>	<u>118,936.90</u>
Non-current investments	11	1,221.14	1,221.14
Deferred tax assets (net)	12	14,596.89	14,596.89
Long-term loans and advances	13	22,059.18	21,520.41
Other non-current assets	14	0.25	90.85
		<u>147,431.31</u>	<u>156,366.19</u>
Current assets			
Inventories	15	116,587.92	103,906.94
Trade receivables	16	19,279.71	20,205.14
Cash and bank balance	17	46,323.74	40,694.20
Short-term loans and advances	13	26,590.66	22,921.09
Other current assets	14	8,224.27	8,589.73
		<u>217,006.30</u>	<u>196,317.10</u>
TOTAL		<u><u>364,437.61</u></u>	<u><u>352,683.29</u></u>

The accompanying notes form an integral part of these financial statements
This is the Balance Sheet referred to in our report of even date

Walker Chandiook & Co
For Walker Chandiook & Co LLP

(formerly Walker, Chandiook & Co)
Chartered Accountants

Sumit Mahajan
per Sumit Mahajan
Partner



Gautam Dey
Gautam Dey
Whole time Director
DIN 00593963

Anant Verma
Anant Verma
Whole time Director
DIN 02461227

For and on behalf of Board of Directors

C.P. Poonacha
C.P. Poonacha
Director
DIN 00074337

Debaraj Sahoo
Debaraj Sahoo
Company Secretary
M No F6827

Baljeet Singh
Baljeet Singh
Chief Financial Officer

Place : Gurgaon
Date : 19 May 2016

DLF Utilities Limited

Statement of Profit and Loss for the year ended 31 March 2016

Particulars	Note	Year ended	Year ended
		31 March 2016	31 March 2015
		₹ in lacs	₹ in lacs
Revenue			
Revenue from operations	18	131,244.74	129,538.97
Other income	19	3,355.79	3,023.88
Total revenue		134,600.53	132,562.85
Expenses			
Cost of revenue	20	92,452.21	93,955.41
Employee benefits expense	21	7,615.85	7,704.71
Finance cost	22	25,863.43	23,187.19
Depreciation and amortisation expense	23	9,300.02	8,679.39
Other expenses	24	12,017.52	16,349.92
Total expenses		147,249.03	149,876.62
Loss before exceptional, extraordinary items and prior period items		(12,648.50)	(17,313.77)
Prior period item	25	19.84	185.41
Loss before exceptional and extraordinary items and tax		(12,668.34)	(17,499.18)
Exceptional items (refer note 10(a) and (b))		3,104.09	3,837.99
Extraordinary Items (refer note 36)		25.00	-
Loss before tax		(15,797.43)	(21,337.17)
Loss from continuing operations before tax		(15,357.24)	(21,136.58)
Tax expense/(benefit):			
Wealth tax		-	35.42
Deferred tax		-	(3,124.78)
Tax expense for earlier years :			
Minimum alternate tax credit entitlement (refer note 13(a))		114.65	-
Wealth tax		34.75	62.90
Loss from continuing operations after tax		(15,506.64)	(18,110.12)
Loss from discontinuing operations before tax (refer note 38)		(440.19)	(200.58)
Tax expense		-	-
Loss from discontinuing operations after tax		(440.19)	(200.58)
Net loss for the year		(15,946.83)	(18,310.70)
Loss per equity share			
Basic and diluted (₹)	26	(14.89)	(17.10)

The accompanying notes form an integral part of these financial statements

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

Walker Chandiook & Co

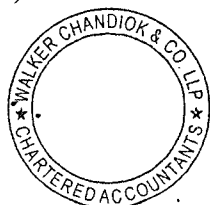
For Walker Chandiook & Co LLP

(formerly Walker, Chandiook & Co)

Chartered Accountants

Sumit Mahajan

per Sumit Mahajan
Partner



Gautam Dey

Gautam Dey
Whole time Director
DIN 00593963

Anant Verma

Anant Verma
Whole time Director
DIN 02461227

Debaraj Sahoo

Debaraj Sahoo
Company Secretary
M No F6827

For and on behalf of Board of Directors

C.P. Poonacha

C.P. Poonacha
Director
DIN 00074337

Baljeet Singh

Baljeet Singh
Chief Financial Officer

Place : Gurgaon

Date : 19 May 2016