

Walker Chandniok & 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 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

9. 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 including ₹ 39,132 lacs in respect of certain projects, which are being carried under Long-term loans and advances as at 31 March 2015. Pending the final outcome of these matters, which is presently unascertainable, no adjustments have been recorded in the standalone financial statements, other than a provision amounting to ₹ 23,009 lacs 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.
10. We draw attention to a matter pending with Securities Appellate Tribunal (SAT), which is explained in further detail in Note 49 to the financial statements which describes the uncertainty relating to the outcome of these matters pending in litigations at different levels, pending the final outcome of the aforesaid matters, which is presently unascertainable, no adjustments have been made in the accompanying financial statements. Our opinion is not modified in respect of these matters.

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 ₹ 332.37 lacs as at 31 March 2015, total revenue (after eliminating intra-group transactions) of ₹ Nil and cash outflows (after eliminating intra-group transactions) of ₹ 0.15 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 of the Company for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit report of the other auditor. 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, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.



13. 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 Matter 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 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
- 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 40 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.

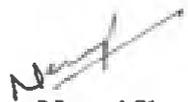
Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013


per Neeraj Sharma

Partner

Membership No.: 502103



Place: New Delhi

Date: 19 May 2015

Annexure to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the financial statements for the year ended 31 March 2015

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) 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. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory 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 or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (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/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, wealth 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 with 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.



Annexure to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the financial statements for the year ended 31 March 2015

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess 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)	904.95	84.23	Assessment year 2004-05	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)	318.12	-	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 115WE(3)	0.44	-	Assessment year 2007-08	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand u/s 143(3)/153A	121.17	-	Assessment year 2008-09	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)/153A	165.10	-	Assessment year 2009-10	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Demand u/s 143(3)/153A	60.25	-	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	Commissioner of Income Tax (Appeals)
The Finance Act, 2004 and Service Tax Rules	Demand of service tax	17.89	-	April 01, 2005 to December 31, 2010	Commissioner of Service Tax, Delhi
The Finance Act, 2004 and Service Tax Rules	Demand of service tax	13.80	13.80	January 01, 2011 to September 30, 2011	Commissioner of Service Tax, Delhi
The Finance Act, 2004 and Service Tax Rules	Demand of service tax	20.09	20.09	October 01, 2011 to September 30, 2012	Commissioner of Service Tax, Delhi

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.

(viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.

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

(x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.



Walker Chandiook & Co LLP

Annexure to the Independent Auditor's Report of even date to the members of DLF Universal Limited, on the financial statements for the year ended 31 March 2015

- (xi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

(Formerly Walker, Chandiook & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Neeraj Sharma

per Neeraj Sharma

Partner

Membership No.: 502103



Place: New Delhi

Date: 19 May 2015

DLF Universal Limited

CIN: U65993HR1980PLC034800

Registered office : Shopping Mall, 3rd Floor, Arjun Marg, Phase- I, DLF City, Gurgaon - 122002

Balance Sheet as at 31 March 2015

	Note	As at 31 March 2015	(₹ in lacs) As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	5,459.91	5,445.77
Reserves and surplus	3	(36,959.31)	15,042.08
		<u>(31,499.40)</u>	<u>20,487.85</u>
Non-current liabilities			
Long-term borrowings	4	82,905.02	105,482.40
Other long-term liabilities	5	1,666.86	1,529.73
Long-term provisions	6	957.96	688.97
		<u>85,529.84</u>	<u>107,701.10</u>
Current liabilities			
Short-term borrowings	7	430,124.97	315,957.27
Trade payables	8	49,520.95	40,263.32
Other current liabilities	9	101,490.85	98,129.08
Short-term provisions	6	26.95	66.59
		<u>581,163.72</u>	<u>454,416.25</u>
		<u>635,194.16</u>	<u>582,605.20</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	1,212.87	1,473.26
Intangible assets	11	37.94	39.79
Capital work-in-progress	12	42,335.80	37,804.19
Non-current investments	13	13,114.32	13,576.29
Deferred tax assets	14	67,424.50	40,582.08
Long-term loans and advances	15	81,603.99	89,318.24
Other non-current assets	16	3,748.80	2,994.19
		<u>209,478.22</u>	<u>185,788.04</u>
Current assets			
Inventories	17	259,948.16	230,263.28
Trade receivables	18	25,810.12	38,039.34
Cash and bank balances	19	6,058.37	7,669.25
Short-term loans and advances	20	72,805.01	58,382.56
Other current assets	21	61,094.28	62,462.73
		<u>425,715.94</u>	<u>396,817.16</u>
		<u>635,194.16</u>	<u>582,605.20</u>

Summary of significant accounting policies

1

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

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



For Walker Chandniok & Co LLP

(formerly Walker, Chandniok & Co)

Chartered Accountants

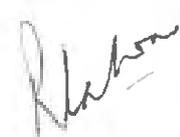
For and on behalf of board of directors


 per Neeraj Sharma
 Partner


 Anil Chugh
 Chief Financial Officer


 Gopal Ramdev
 Company Secretary
 (M.No. F3881)


 Ashok Kumar Tuli
 Director
 (DIN - 00254161)


 Rajeev Talwar
 Managing Director
 (DIN - 01440785)

Place: New Delhi

Date: 19 May 2015



DLF Universal Limited
Statement of Profit and Loss for the year ended 31 March 2015

	Note	For the year ended 31 March 2015	(₹ in lacs) For the year ended 31 March 2014
REVENUE			
Revenue from operations	22	20,998.29	52,720.55
Other income	23	10,980.00	7,942.82
		<u>31,978.29</u>	<u>60,663.37</u>
EXPENSES			
Cost of revenue	24	37,014.36	48,378.65
Employee benefits expense	25	3,255.69	3,256.68
Finance costs	26	57,912.42	38,090.40
Depreciation and amortisation	10	503.83	310.89
Other expenses	27	11,007.79	17,655.54
		<u>109,694.09</u>	<u>107,692.16</u>
Loss before tax and prior period items		(77,715.80)	(47,028.81)
Tax expense			
Income tax -earlier years		4.42	-
Deferred tax		(26,535.94)	(15,939.19)
Loss after tax but before prior period items		<u>(51,184.28)</u>	<u>(31,089.62)</u>
Prior period expenses	28	106.99	-
Loss for the year		<u>(51,291.27)</u>	<u>(31,089.62)</u>
Loss per share (₹) (Basic and diluted)	29	(94.02)	(57.09)

Summary of significant accounting policies 1

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

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

Walker Chandok & Co LLP
For Walker Chandok & Co LLP
(formerly Walker, Chandok & Co)
Chartered Accountants

For and on behalf of board of directors

Neeraj Sharma
per Neeraj Sharma
Partner



Gopal Ramdev
Gopal Ramdev
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: 19 May 2015

