

DLF Limited

Regd. Office: Shopping Mall 3rd Floor, Arjun Marg, Phase I DLF City, Gurgaon - 122 022 (Haryana)

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

(₹ in crores)

SL NO	PARTICULARS	QUARTER ENDED	
		30.6.2016 (Reviewed)	30.6.2015 (Unaudited) (refer note 16)
1	Income from operations		
	Sales and other receipts	1,867.46	2,388.72
2	Expenses		
	a) Cost of land, plots, development rights, constructed properties and others	896.79	1,264.24
	b) Employee benefits expense	74.23	69.40
	c) Depreciation, amortisation and impairment	146.24	132.45
	d) Other expenses	151.60	186.06
	Total Expenses	1,268.86	1,652.15
3	Profit from operations before other income, finance costs and exceptional items (1-2)	598.60	736.57
4	Other income	158.12	131.30
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	756.72	867.87
6	Finance costs	747.84	621.82
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	8.88	246.05
8	Exceptional items (net)	329.11	(47.54)
9	Profit from ordinary activities before tax (7+8)	337.99	198.51
10	Tax expense*	54.95	43.10
11	Net profit for the period	283.04	155.41
	(before minority interest, share of profit/(loss) in associates and jointly controlled entities) (9-10)		
12	Minority interest - share of (loss)/profit	(0.43)	0.28
13	Share of (loss)/ profit in associates and jointly controlled entities	(21.19)	(29.82)
14	Net profit after tax, minority interest and share of profit/(loss) of associates and jointly controlled entities (11+12+13)	261.42	125.87
15	Other comprehensive income (net of tax)	(0.15)	(0.11)
16	Total comprehensive income (14+15)	261.27	125.76
17	Paid up equity share capital (face value ₹ 2 each)	356.78	356.46
18	Earning per share		
	(of ₹ 2 Per share) (not annualised)		
i)	Basic EPS (₹)	1.46	0.71
ii)	Diluted EPS (₹)	1.46	0.70

* Tax expense includes deferred tax

Notes to the Consolidated Financial Results

1. The above quarterly consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 29, 2016 and have undergone “Limited Review” by the Statutory Auditors of the Company.
2. The consolidated financial results have been prepared in accordance with the principles and procedures of Indian Accounting Standards (“Ind AS”) as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013.
3. The Company has adopted Ind AS from April 1, 2016 and accordingly, these consolidated financial results have been prepared in accordance with the recognition and measurement principals laid down in Ind AS 34 Interim Financial Reporting prescribed under section 133 of the Companies Act 2013, read with relevant rules issued thereunder. The date of transition to Ind AS is April 1, 2015. The impact of transition has been accounted for in the opening reserves and the comparative period results have been restated accordingly. The opening balance sheet as at April 1, 2015 and the results for the subsequent periods would be finalised and will be subject to audit at the time of annual financial statements for the year ended March 31, 2017.
4. In terms of the accounting policy for revenue recognition, estimates of revenues and costs are reviewed periodically by the management and the impact of any changes in such estimates are recognized in the period in which such changes are determined.
5. During the quarter, as per the Employee Stock Option Scheme 2006:
 - a) No amount has been provided as employee benefit expense and there are no options outstanding as on June 30, 2016.
 - b) The Company has allotted 185,608 equity shares of face value of ₹ 2/- each to the eligible employees of the Company on account of exercise of vested stock options.
6. The Standalone financial results of the Company for the quarter ended June 30, 2016 are available on the Company’s Website (www.dlf.in).

Key standalone financial information is given below:

(₹ in crores)

Particulars	Quarter ended	
	June 30, 2016 (Reviewed)	June 30, 2015 (unaudited) (Refer note 16)
Total income from operations	676.17	484.54
Profit/(loss) before tax	91.48	(27.74)
Net profit/(loss) after tax	67.46	(42.33)
Other comprehensive income	-	-
Total comprehensive income	67.46	(42.33)

Notes to the Consolidated Financial Results

7. The weighted average number of equity shares outstanding during the period has been considered for calculating the Basic and Diluted Earning per share (not annualised) in accordance with Ind AS 33, "Earnings per share".

8. **Key Pending Matters:**

a) (i) The Competition Commission of India (CCI) on a complaint filed by the Belaire / Park Place owners Association had passed orders dated August 12, 2011 and August 29, 2011 wherein the CCI had imposed a penalty of ₹ 630 crores on DLF Limited ("DLF" or "the Company") or, restraining DLF from formulating and imposing allegedly unfair conditions with buyers in Gurgaon and further ordered to suitably modify the alleged unfair conditions on its buyers.

The said orders of CCI were challenged by DLF on several grounds by filing appeals before the Competition Appellate Tribunal (COMPAT). The COMPAT, pending hearing and till final orders had granted stay on demand of penalty of ₹ 630 Crores imposed by CCI.

COMPAT vide its order dated May 19, 2014 accepted the arguments of DLF that since the agreements were entered into prior to coming into force of section 4 of the Act, the clauses of the agreements entered in 2006-07 could not be looked into for establishing contravention of section 4 of the Competition Act, however COMPAT held that the company is a dominant player in Gurgaon being the relevant market and has abused its dominant position in relation to certain actions which is violative of Section 4 of the Act and has accordingly upheld the penalty imposed by CCI.

COMPAT further held that CCI could not have directed modifications of the Agreement as the power to modify the agreement under Section 27 is only in relation to Section 3 and cannot be applied for any action in contravention of Section 4 of the Act.

The Company has filed an Appeal in the Hon'ble Supreme Court of India against the order dated May 19, 2014 passed by the COMPAT. The Hon'ble Supreme Court of India vide order dated August 27, 2014 admitted the Appeal and directed the Company to deposit penalty of ₹ 630 crore in the Court.

In compliance of the order, the Company has deposited ₹ 630 crores with the Hon'ble Supreme Court of India.

The appeals are listed for hearing in first week of September, 2016.

ii) An order has been passed by CCI on May 14, 2015, against one of the Subsidiary Company relating to New Town Heights Project where CCI has directed the Company to cease and desist in implementation of the terms and conditions of Apartment Buyer Agreement which is found to be unfair and abusive.

No penalty has been imposed by CCI. The Subsidiary Company has filed an Appeal before COMPAT against the said Order dated May 14, 2015 and Appeals was dismissed by COMPAT. The Subsidiary Company against the order passed by COMPAT has filed an Appeal before the Hon'ble Supreme Court.

The appeals are listed for hearing in first week of September, 2016.

b) During the year ended March 31, 2011, the Company and two of its subsidiary companies received judgments from the Hon'ble High Court of Punjab and Haryana cancelling the sale deeds of land

Notes to the Consolidated Financial Results

relating to two IT SEZ/ IT Park Projects in Gurgaon. The Company and the subsidiary companies filed Special Leave petitions (SLPs) challenging the orders in the Hon'ble Supreme Court of India.

The Hon'ble Supreme Court of India has admitted the matters and stayed the operation of the impugned judgments till further orders in both the cases.

Based on the advice of the independent legal counsels, the management believes that there is a reasonably strong likelihood of succeeding before the Hon'ble Supreme Court of India. Pending the final decisions on the above matter, no adjustment has been made in these consolidated financial results.

- c) (i) Securities and Exchange Board of India (SEBI) had issued a Show Cause Notice (SCN) dated June 25, 2013 under Sections 11(1), 11(4), 11A and 11B of the SEBI Act, 1992 ("the Act") read with clause 17.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 ("DIP Guidelines") and Regulation 111 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), and levelled certain allegations in the same.

The Company filed its reply with SEBI, placed written submissions and participated in the hearings conducted by the Hon'ble Whole Time Member, in which it replied to each allegation levelled in the said Show Cause Notice (SCN).

The Hon'ble Whole Time member however rejected the reply filed by the Company and vide its order dated October 10, 2014 restrained the Company and six others from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for a period of three years.

The Company filed an appeal against the said order before Securities Appellate Tribunal (SAT) which vide majority order dated March 13, 2015 allowed all the appeals and the impugned order passed by SEBI has been quashed and set aside.

SEBI has filed a statutory appeal under section 15Z of SEBI Act before Hon'ble Supreme Court of India.

On April 24, 2015, the Hon'ble Supreme Court of India admitted the appeal ("Appeal") filed by SEBI and issued notice on interim application. No stay has been granted by Hon'ble Supreme Court of India in favour of SEBI.

SEBI had filed an application stating that proposed sale of Compulsory Convertible Preference Shares ("CCPS") in DLF Cyber City Developers Limited, one of the unlisted subsidiary of the Company, by the promoters, to third party Institutional Investors should not be allowed during the pendency of the appeal and have sought stay from the Hon'ble Supreme Court of India on the proposed transactions. The Hon'ble Supreme Court did not pass any order and has kept the application to be heard along with the Appeal.

- (ii) SEBI also issued a SCN dated August 28, 2013 under Sections 15HA and 15HB of the SEBI Act, 1992 and under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by adjudicating officer) Rules, 1995 ("Adjudication Rules"), hearing on which has been completed and the Company has filed its written synopsis/submissions.

Notes to the Consolidated Financial Results

By way of orders dated February 26, 2015, the adjudicating officer of SEBI imposed penalties upon company, some of its directors, officer, its three subsidiaries and their directors under Section 15HA and under Section 15HB of the SEBI Act, 1992.

The Company, its directors, officer, its three subsidiaries and their directors have filed appeal before SAT impugning the order dated February 26, 2015 passed by an Adjudicating Officer of SEBI. The Appeal is listed before SAT and on April 15, 2015, SEBI has undertaken not to enforce the orders dated February 26, 2015 during pendency of the appeal. The appeals are listed on September 13, 2016 for hearing before SAT.

The Company and its legal advisors believe that it has not acted in contravention of law either during its initial public offer or otherwise. The Company has full faith in the judicial process and is confident of vindication of its stand in the near future.

9. i) As already reported, in the earlier period(s), disallowance of SEZ profits u/s 80IAB of the Income Tax Act, 1961 were made by the Income Tax Authorities during the assessments of the Company and its certain subsidiaries raising demands amounting to ₹ 9.16 crores for the Assessment Year 2013-14; ₹ 273.06 crores for the Assessment Year 2011-12; ₹ 305.79 crores for the Assessment Year 2010-11; ₹ 1,387.13 crores for the Assessment Year 2009-10 and ₹ 1,643.41 crores for the Assessment Year 2008-09 respectively.

The Company and its respective subsidiary companies had filed appeals before the appropriate appellate authorities against these demands for the said assessment years. In certain cases partial/full relief has been granted by the Appellate Authorities (CIT Appeal and Income Tax Appellate Tribunal). The Company, its respective subsidiaries and Income Tax Department have further preferred appeals before the higher authorities in those cases.

Based on the advice from independent tax experts and development on the appeals, the management is confident that additional tax so demanded will not be sustained on completion of the appellate proceedings and accordingly, pending the decision by the appellate authorities, no provision has been made in these consolidated financial results.

- ii) The petitions were filed before the Hon'ble Punjab & Haryana High Court challenging the action of the Haryana Government to acquire the land belonging to Gram Panchayat of village Wazirabad, District Gurgaon for public purpose and thereafter selling the same to the Company, seeking directions from the court for quashing of the acquisition proceedings under Section 4 & 6 dated August 8, 2003 and January 20, 2004.

The Petitioners therein also sought quashing of the award dated January 19, 2006 and the regular letter of allotment (RLA) dated February 9, 2010 issued in favour of the Company for 350.715 acres of land.

The Hon'ble Punjab & Haryana High Court, vide its final order dated September 3, 2014, while upholding the acquisition of land has however disapproved the allotment in favour of the Company. The Hon'ble High Court passed an order to keep the RLA dated February 9, 2010 issued in favour

Notes to the Consolidated Financial Results

of the Company in abeyance and further directed the Haryana State Industrial and Infrastructure Development Corporation ('HSIIDC') to initiate fresh allotment process for higher returns in respect of the land in question with an option to State to revive the RLA in case no better bid is quoted by the public at large.

The Company has filed Special Leave Petition before the Hon'ble Supreme Court of India challenging the judgment dated September 3, 2014 passed by the Hon'ble Punjab & Haryana High Court. The Hon'ble Supreme Court of India issued notice to the Respondents and directed status quo to be maintained by the parties.

Based on the advice of the independent legal counsels, the management believes that there is a reasonably strong likelihood of succeeding before the Hon'ble Supreme Court of India. Pending the final decisions on the above matter, no adjustment has been made in these consolidated financial results.

10. Exceptional items

- i) As reported earlier, DLF Utilities Limited, a subsidiary, had entered into definitive agreement to sell (including amendments thereof) its cinema exhibition business operated under the brand name of "DT Cinema" to PVR Limited, subject to the applicable statutory approvals. Subsequently, on receipt of applicable statutory and regulatory approval, satisfaction of customary precedent conditions and in terms of such agreements, sale and transfer of the said cinemas exhibition business comprising of 29 screens (out of total 36 screens) has been consummated during the quarter as a going concern on a slump sale basis. The revised consideration as per such agreements with PVR Limited is ₹ 433 crores, out of which ₹ 333 crores have been received and balance ₹ 100 crores is expected to be received upon achievement of certain subsequent milestone(s). The resultant profit before tax of ₹ 372.11 crores has been classified under exceptional item in these consolidated financial results.
 - ii) During the quarter, DLF Utilities Limited, a subsidiary company, has recognized a provision of ₹ 43 crores on account of impairment of certain assets under fixed assets/capital work in progress, based on their estimated realizable value. The amount has been classified under exceptional item in these consolidated financial results.
11. ICRA has revised its rating outlook on the long term debt instruments and bank facilities of DLF Limited and its subsidiaries from 'Negative' to 'Stable', while reaffirming the ratings at (ICRA)A.
 12. On June 8, 2016 Orders of the Hon'ble High Court of Punjab & Haryana at Chandigarh and Hon'ble High Court of Delhi at New Delhi sanctioning the Scheme of Amalgamation of DLF Inns Limited, DLF Luxury Hotels Limited, DLF Realtors Private Limited, DLF Service Apartments Limited and DLF Hospitality & Recreational Limited with DLF Hotel Holdings Limited has been filed with Registrar of Company, NCT of Delhi and Haryana and accordingly the effect of the same has been taken in the above consolidated financial results.
 13. Subsequent to the quarter ended June 30, 2016, DLF Home Developers Limited (a wholly-owned subsidiary company of DLF Limited) and Private Equity Investors (Ressimo & Clogs) have jointly decided to realign the current share holding arrangements in the JVs companies in order to maintain continuous focus on future development of various projects. At present DLF Home Developers

Notes to the Consolidated Financial Results

holds 29% to 41% Equity Shares in these Joint Ventures. As these understanding are not yet implemented, no effect of the same has been taken in these consolidated financial results.

14. In line with the provisions of Ind AS 108 – operating segments and basis the review of operations being done by the senior Management, the operations of the group fall under colonization & real estate business, which is considered to be the only reportable segment by the management.
15. Reconciliation of Net Profit after tax as previously reported under Indian GAAP and Ind AS for the quarter ended June 30, 2015.

Sl. No.	Particulars	Unaudited (refer note 16) (₹ in crores)
1	Net profit/(loss) for the period under previous Indian GAAP	121.55
2	Adjustments:	
i	Impact of net adjustment in development income (Revenue net of cost)	39.95
ii	Impact of adjustments on leasing income	14.67
iii	Mark to market of swap contract and external commercial borrowing	(11.50)
iv	Impact of adjustment on amortised cost classified under finance cost	(26.74)
v	Other miscellaneous adjustments	0.73
vi	Tax impact of above adjustments	(12.79)
3	Net profit for the period under Ind AS	125.87
4	Add: Other comprehensive income/(loss)	(0.11)
5	Total comprehensive income as per Ind AS	125.76

The nature of real estate business of the Company is such that the variation in net profit after tax as previously reported under Indian GAAP and that computed under Ind AS for the quarter ended Jun 30, 2015 (April – June 2015), which are unaudited, may not necessarily accrue evenly over the remaining quarters of the previous financial year.

16. The consolidated financial results for the quarter ended June 30, 2015 are also Ind AS compliant. The management has exercised necessary due diligence to ensure that the consolidated financial results give a true and fair view. This information has not been subjected to limited review or audit.
17. Tax expense is based on Income Computation and Disclosure Standards (ICDS) notified by the Central Government Vide Notification No. SO 892 (E) dated March 31, 2015. However, the revision of ICDS/issue of clarifications as recommended by the Expert Committee, is under consideration at Central Board of Direct Taxes (CBDT).

On behalf of the Board of Directors

Place: New Delhi
Date: August 29, 2016

Mohit Gujral
CEO & Whole-time Director

Rajeev Talwar
CEO & Whole-time Director