DLF Limited

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STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018

(₹ in crores)

SL NO.	PARTICULARS	QUARTER ENDED			YEAR ENDED
		30.6.2018 (Unaudited)	31.3.2018 (Audited)	30.6.2017 (Unaudited)	31.3.2018 (Audited)
1	**Income**				
	a) Revenue from operations	1,507.35	1,377.66	2,047.70	6,706.79
	b) Other income	150.32	468.26	163.54	956.92
	Total income	**1,657.67**	**1,845.92**	**2,211.24**	**7,663.71**
2	**Expenses**				
	a) Cost of land, plots, constructed properties, development rights and others	945.29	1,136.21	863.63	3,115.34
	b) Employee benefits expense	78.55	77.88	78.25	343.59
	c) Finance costs	497.54	516.92	782.66	2,950.71
	d) Depreciation and amortisation expense	56.40	62.28	144.88	533.53
	e) Other expenses	174.92	177.41	202.70	870.42
	Total expenses	**1,752.70**	**1,970.70**	**2,072.12**	**7,813.59**
3	**(Loss)/profit before exceptional items, tax, share of profit/(loss) in associates and joint ventures (1-2)**	**(95.03)**	**(124.78)**	**139.12**	**(149.88)**
4	Exceptional items (net) (refer note 13)	-	196.00	-	8,765.34
5	**(Loss)/profit before tax, share of profit/(loss) in associates and joint ventures (3+4)**	**(95.03)**	**71.22**	**139.12**	**8,615.46**
6	Tax expense*	(25.97)	33.44	17.90	4,323.05
7	**(Loss)/profit after tax and before share of profit/(loss) in associates and joint ventures (5-6)**	**(69.06)**	**37.78**	**121.22**	**4,292.41**
8	Share of profit/(loss) in associates and joint ventures (net)	241.50	205.48	(12.21)	184.38
9	**Profit for the period/year (7+8)**	**172.44**	**243.26**	**109.01**	**4,476.79**
10	**Other comprehensive income/(loss)**				
	a) Items that will not be reclassified to profit and loss	0.06	(6.70)	(0.42)	(3.81)
	b) Income tax relating to items that will not be reclassified to profit and loss	-	1.37	0.00	3.25
	c) Items that will be reclassified to profit or loss	19.31	2.74	2.72	19.33
	d) Income tax relating to items that will be reclassified to profit or loss	(6.75)	(0.95)	(1.08)	(6.69)
	Other comprehensive income/(loss)	**12.62**	**(3.54)**	**1.22**	**12.08**
11	**Total comprehensive income for the period/year (9+10)**	**185.06**	**239.72**	**110.23**	**4,488.87**
12	**Net profit/(loss) for the period/year attributable to:**				
	Owners of the holding company	172.77	247.73	110.70	4,463.86
	Non-controlling interests	(0.33)	(4.47)	(1.69)	12.93
		172.44	**243.26**	**109.01**	**4,476.79**
13	**Other comprehensive income/(loss) attributable to:**				
	Owners of the holding company	12.62	(3.54)	1.22	12.08
	Non-controlling interests	-	-	-	-
		12.62	**(3.54)**	**1.22**	**12.08**
14	**Total comprehensive income /(loss) attributable to:**				
	Owners of the holding company	185.39	244.19	111.92	4,475.94
	Non-controlling interests	(0.33)	(4.47)	(1.69)	12.93
		185.06	**239.72**	**110.23**	**4,488.87**
15	Paid-up equity share capital (face value of ₹ 2 per share)	356.82	356.81	356.80	356.81
16	Other equity (including share warrants pending allotment)				34,953.63
17	**Earnings per equity share (face value of₹ 2 per share) (not annualised)**				
	Basic (₹)	0.97	1.39	0.62	25.02
	Diluted (₹)	0.79	1.13	0.62	23.62

* Tax expense includes current tax, deferred tax and minimum alternate 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 10, 2018 and have been subjected to "Limited Review' by the Statutory Auditors of the Company.

2. Figures for the quarter ended March 31, 2018 represents the balancing figures between the audited figures for the full financial year and the published year to date reviewed figures upto the third quarter of the financial year ended March 31, 2018

3. These consolidated financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards as notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The said financial results represent the results of DLF Limited ("the Company"), its subsidiaries (together refer to as "the Group"), partnership firms, joint operations and its share in results of joint venture and associates which have been prepared in accordance with Ind AS-110 – 'Consolidated Financial Statement' and Ind AS – 28 – 'Investment in Associates and Joint Ventures'.

4. During the quarter, as per the Employee Stock Option Scheme 2006, the Company has allotted 17,990 equity shares of face value of ₹ 2/- each to the eligible employees of the Company on account of exercise of vested stock options.

5. In line with the provisions of Ind AS 108 – Operating Segments, the operations of the Group fall primarily under colonization and real estate business, which is considered to be the only reportable segment.

6. Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has impacted the Group's accounting for recognition of revenue from real estate projects.

   The Group along with its partnership firms, joint ventures and associates have applied the modified retrospective approach to contracts that were not completed as of April 1, 2018 and has given impact of Ind AS 115 application by debit to retained earnings as at the said date by ₹ 5,382.82 crores (net of tax) pertaining to recognition of revenue based on satisfaction of performance obligation at a point in time. Accordingly, the figures for the comparative previous periods have not been restated and hence the current period figures are not comparable with previous period figures. Due to the application of Ind AS 115 for the period ended June 30, 2018, revenue from operations is higher by ₹ 188.88 crores and net profit after tax is higher by ₹ 111.34 crores, than what it would have been if replaced standards were applicable. Similarly, the basic EPS for the current period is higher by ₹ 0.63 per share and diluted EPS for the period is higher by ₹. 0.51 per share.

7. Subsequent to the quarter end, ICRA has upgraded the long term rating of DLF Limited and its subsidiaries to "ICRA A+ with Positive Outlook" from "ICRA A with Stable Outlook", while Short Term Rating of A1 for DLF Limited has been reaffirmed.

Notes to the Consolidated Financial Results

8. The Standalone financial results of the Company for the quarter ended June 30, 2018 are available on the Company's Website (www.dlf.in).

Key standalone financial information is given below:

(₹ in crores)

Particulars	Quarter ended			Year ended
	June 30, 2018 (Unaudited)	March 31, 2018 (Audited)	June 30, 2017 (Unaudited)	Mar 31, 2018 (Audited)
Income from operations	449.23	1,360.44	1,080.08	3,803.79
(Loss)/profit before exceptional items and tax	(46.52)	448.15	276.49	545.45
Net (loss)/profit	(22.04)	300.21	184.69	365.20
Other comprehensive income/(loss)	12.56	(1.59)	1.62	10.04
Total comprehensive income/(loss)	(9.48)	298.62	186.31	375.24

9. 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.

Notes to the Consolidated Financial Results

The Company had 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 had deposited ₹ 630 crores with the Hon'ble Supreme Court of India.

The appeals are awaiting final hearing for arguments before Hon'ble Supreme Court of India.

(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 in the above case. The Subsidiary Company has filed an appeal before COMPAT against the said Order dated May 14, 2015 and appeals were dismissed by COMPAT. The Subsidiary Company against the order passed by COMPAT has filed an appeal before the Hon'ble Supreme Court.

The appeals have been tagged with the main appeal (mentioned in Para-a(i) above) and to be listed in due course before Hon'ble Supreme Court of India.

b) During the year ended March 31, 2011, the Company, one of its subsidiary and a joint venture company received judgments from the Hon'ble High Court of Punjab and Haryana cancelling the sale deeds of land/removal of construction relating to two IT SEZ/ IT Park Projects in Gurgaon admeasuring 49.05 acres. 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 had admitted the matters and stayed the operation of the impugned judgments till further orders in both the cases.

Management believes that there is reasonable likelihood of succeeding before the Hon'ble Supreme Court of India in matters stated in point (a) and (b) above based on the advice of the independent legal counsels. 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 sale of Compulsory Convertible Preference Shares ('CCPS') in DLF Cyber City Developers Limited, group 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.

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 was listed before SAT and on April 15, 2015, SEBI had undertaken not to enforce the orders dated February 26, 2015 during pendency of the appeal.

The appeals were listed for hearing before SAT on April 25, 2018 The SAT vide its order passed on April 25, 2018 held that in view of SAT's majority decision dated March 13, 2015, the Adjudication Officer's decision dated February 26, 2015 cannot be sustained.

Accordingly, the Hon'ble SAT disposed of the appeals, along with Intervention Application. According to the judgement, the said appeals, shall stand automatically revived once Hon'ble Supreme Court disposes of the Civil Appeals filed by SEBI against the SAT's judgment dated March 13, 2015.

The above litigations as mentioned in point 9 (a), (b) and (c) are subject matter of 'Emphasis of Matter' in Statutory Auditor's Limited Review Report.

Notes to the Consolidated Financial Results

10. 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 ₹ 1.09 Crores for the Assessment Year 2015-16; ₹ 10.56 crores for the Assessment Year 2014-15; ₹ 77.50 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.

11. Effective December 26, 2017, pursuant to "Share Purchase and Shareholders Agreement", DLF Cyber City Developers Limited (DCCDL) has been accounted for under 'Equity Method' as per the requirements of Ind AS 111, which was earlier consolidated on line by line basis as per Ind AS 110. Accordingly, 'Share of profit of joint ventures and associates' for the current quarter is not comparable with quarter ended June 30, 2017. The results for the current quarter include 'Share of profit in joint ventures and associates' of ₹ 242.30 crores relating to DCCDL.

12. During the quarter, group has floated a new wholly owned subsidiary, Genisys Property Builders & Developers Private Limited, with initial capital of ₹ 0.05 crores.

13. The figures for the corresponding previous period/year have been regrouped/reclassified, wherever necessary.

On behalf of the Board of Directors

Place: New Delhi	**Mohit Gujral**	**Rajeev Talwar**
Date: August 10, 2018	CEO & Whole-time Director	CEO & Whole-time Director