

DLF Limited

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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017

(₹ in crores)

SL NO.	PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
		30.9.2017 (Unaudited)	30.6.2017 (Unaudited)	30.9.2016 (Unaudited)	30.9.2017 (Unaudited)	30.9.2016 (Unaudited)	31.3.2017 (Audited)
1	Income						
	a) Revenue from operations	1,587.71	2,047.70	2,070.67	3,635.41	3,938.13	8,221.23
	b) Other income	163.63	163.54	154.99	327.17	313.11	719.28
	Total income	1,751.34	2,211.24	2,225.66	3,962.58	4,251.24	8,940.51
2	Expenses						
	a) Cost of land, plots, constructed properties, development rights and others	507.87	863.63	733.17	1,371.50	1,629.96	3,465.78
	b) Employee benefits expense	74.74	78.25	73.44	152.99	147.67	328.32
	c) Finance costs	794.61	782.66	735.08	1,577.27	1,482.92	2,979.82
	d) Depreciation and amortisation expense	148.41	144.88	144.07	293.29	290.31	572.49
	e) Other expenses	218.23	202.70	243.63	420.93	395.23	993.84
	Total expenses	1,743.86	2,072.12	1,929.39	3,815.98	3,946.09	8,340.25
	Profit before exceptional items, tax, share of (loss) in associates and joint ventures (1-2)	7.48	139.12	296.27	146.60	305.15	600.26
3	Exceptional items (net)	-	-	6.08	-	335.19	429.26
4	Profit before tax, share of (loss) in associates and joint ventures (3+4)	7.48	139.12	302.35	146.60	640.34	1,029.52
5	Tax expense*	(15.91)	17.90	69.02	1.99	123.97	229.27
6	Profit after tax and before share of (loss)/profit in associates and joint ventures (5-6)	23.39	121.22	233.33	144.61	516.37	800.25
7	Share of (loss) in associates and joint ventures (net)	(10.82)	(12.21)	(28.73)	(23.03)	(49.92)	(92.26)
8	Net profit for the period/year (7+8)	12.57	109.01	204.60	121.58	466.45	707.99
9	Other comprehensive income/(loss)						
	a) Items that will not be reclassified to profit and loss	0.95	(0.42)	(7.88)	0.53	(8.11)	(7.31)
	b) Income tax relating to items that will not be reclassified to profit and loss	(0.35)	-	1.81	(0.35)	1.89	1.30
	c) Items that will be reclassified to profit or loss	7.04	2.72	-	9.76	-	(11.93)
	d) Income tax relating to items that will be reclassified to profit or loss	(2.33)	(1.08)	-	(3.41)	-	4.12
	Other comprehensive income/(loss)	5.31	1.22	(6.07)	6.53	(6.22)	(13.82)
10	Total comprehensive income for the period/year (9+10)	17.88	110.23	198.53	128.11	460.23	694.17
11	Net profit for the period/year attributable to:						
	Owners of the holding company	14.16	110.70	206.09	124.86	467.51	714.79
	Non-controlling interests	(1.59)	(1.69)	(1.49)	(3.28)	(1.06)	(6.80)
		12.57	109.01	204.60	121.58	466.45	707.99
12	Other comprehensive income/(loss) attributable to:						
	Owners of holding company	5.31	1.22	(6.07)	6.53	(6.22)	(13.82)
	Non-controlling interests	-	-	-	-	-	-
		5.31	1.22	(6.07)	6.53	(6.22)	(13.82)
13	Total comprehensive income attributable to:						
	Owners of the holding company	19.47	111.92	200.02	131.39	461.29	700.97
	Non-controlling interests	(1.59)	(1.69)	(1.49)	(3.28)	(1.06)	(6.80)
		17.88	110.23	198.53	128.11	460.23	694.17
14	Paid-up equity share capital (face value of ₹ 2 per share)	356.81	356.80	356.79	356.81	356.79	356.80
15	Other equity						24,216.03
16	Earnings per equity share (face value of ₹ 2 per share) (not annualised)						
	Basic (₹)	0.08	0.62	1.12	0.70	2.59	3.89
	Diluted (₹)	0.08	0.62	1.12	0.70	2.58	3.89

* Tax expense includes 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 their meeting held on November 10, 2017. The Statutory Auditors of the Company have conducted limited review of these results.
2. These consolidated financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (Ind AS – 34)- ‘Interim financial reporting’ as notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016. The said financial results represent the result of the Company, its subsidiaries, 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 venture’.
3. 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.
4. Dividend of ₹ 2 per share (100% on the face value of ₹ 2 per equity share) amounting to ₹ 356.81 crores (excluding Dividend distribution tax of ₹ 72.64 crores) declared at 52nd Annual General Meeting held on September 29, 2017 was disbursed from October 07, 2017 onwards.
5. During the quarter, as per the Employee Stock Option Scheme 2006, the Company has allotted 35,227 equity shares of face value of ₹ 2/- each to the eligible employees of the Company on account of exercise of vested stock options.
6. 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.

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Notes to the Consolidated Financial Results

7. **Statement of Assets and Liabilities:**

(₹ in crores)

	As on September 30, 2017 (Unaudited)	As on March 31, 2017 (Audited) (Restated*)
ASSETS		
Non-current assets		
Property, plant and equipment	2,272.51	2,280.81
Capital work-in-progress	102.31	140.66
Investment property	21,411.17	21,191.58
Goodwill	1,010.96	1,010.96
Other intangible assets	166.28	168.96
Investments accounted for using the equity method and other investment in joint ventures/associates	1,034.92	1,048.98
Financial assets		
Investments	24.33	23.88
Loans	536.78	447.24
Other financial assets	406.68	360.90
Deferred tax assets (net)	4,788.32	4,390.54
Non-current tax assets (net)	1,384.18	1,426.42
Other non-current assets	1,620.52	1,713.92
	34,758.96	34,204.85
Current assets		
Inventories	20,352.93	20,095.58
Financial assets		
Investments	152.72	136.41
Trade receivables	1,667.89	1,409.45
Cash and cash equivalents	1,544.20	3,412.59
Other bank balances	715.46	686.66
Loans	887.77	552.44
Other financial assets	1,935.32	2,599.06
Other current assets	964.29	889.67
	28,220.58	29,781.86
	62,979.54	63,986.71

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Notes to the Consolidated Financial Results

Statement of Assets and Liabilities:

(₹ in crores)

	As on September 30, 2017 (Unaudited)	As on March 31, 2017 (Audited) (Restated*)
EQUITY AND LIABILITIES		
Equity		
Equity share capital	356.81	356.80
Other equity	24,350.43	24,216.03
Equity attributable to owners of Holding Company	24,707.24	24,572.83
Non-controlling interests	121.22	123.89
Total equity	24,828.46	24,696.72
Non-current liabilities		
Financial liabilities		
Borrowings	23,033.77	23,255.31
Trade payables	794.19	580.92
Other financial liabilities	1,216.83	1,046.51
Provisions	65.76	66.94
Deferred tax liabilities (net)	32.43	32.45
Other non-current liabilities	550.35	530.43
	25,693.33	25,512.56
Current liabilities		
Financial liabilities		
Borrowings	2,972.12	3,408.02
Trade payables	1,244.87	1,615.72
Other financial liabilities	4,152.95	3,688.54
Other current liabilities	3,866.73	5,007.39
Provisions		
Provisions - others	13.63	20.88
Provisions - current tax liabilities (net)	207.45	36.88
	12,457.75	13,777.43
	62,979.54	63,986.71

* The figures have been restated by regrouping to make them comparable with the current period figures.

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Notes to the Consolidated Financial Results

8. The Standalone financial results of the Company for the quarter and period ended September 30, 2017 are available on the Company's Website (www.dlf.in).

Key standalone financial information is given below:

Particulars	(₹ in crores)					
	Quarter ended			Half year ended		Year ended
	Sept 30, 2017 (Unaudited)	June 30, 2017 (Unaudited)	Sept 30, 2016 (Unaudited)	Sept 30, 2017 (Unaudited)	Sept 30, 2016 (Unaudited)	Mar 31, 2017 (Audited)
Income from operations	534.22	1,080.08	945.20	1,614.30	1,852.96	4,405.30
(Loss)/profit before tax	(66.13)	276.49	157.53	210.36	249.01	880.44
Net (loss)/ profit	(60.93)	184.69	124.39	123.76	191.85	596.55
Other comprehensive income	4.71	1.62	(3.62)	6.33	(3.62)	(10.75)
Total comprehensive income	(56.22)	186.31	120.77	130.09	188.23	585.80

9. 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".

10. **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 and two of its subsidiary companies 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 there is reasonable likelihood of succeeding before the Hon'ble Supreme Court of India in matters stated in point (a) & (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.

Notes to the Consolidated Financial Results

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.

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 have been listed for hearing before SAT.

The management based on the advice of independent legal counsel believes 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.

The above litigations as mentioned in point 10 (a), (b) and (c) are subject matter of 'Emphasis of Matter' in Statutory Auditor's Limited Review Report.

Notes to the Consolidated Financial Results

11. 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 ₹ 10.56 crores for 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.

- 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 Company has paid ₹ 1000.81 crores towards installments against bid amount of ₹ 1,703 crores.

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 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 had 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.

Notes to the Consolidated Financial Results

12. During the quarter, CRISIL has placed its CRISIL A/CRISIL A2+ rating on the debt instruments and bank facilities of DLF Ltd on “Rating Watch with Developing Implications”.
13. The Company, Reco Diamond Private Limited, an affiliate of GIC Singapore (“Investor”), the promoter group companies namely Rajdhani Investment & Agencies Private Limited, Buland Consultants and Investments Private Limited, Sidhant Housing and Development Company (“Sellers”), and DLF Cyber City Developers Limited (“DCCDL”) and its subsidiaries, had on August 27, 2017, executed Share Purchase and Shareholders Agreement (SPSHA), and other transaction documents including Omnibus Agreement in relation to sale of 0.01% 15,96,99,999 Cumulative Compulsorily Convertible Preference Shares (CCPS) of DCCDL. The SPSHA was subject to customary condition precedents, including receipt of unconditional approval from the Competition Commission of India (CCI) to be obtained by the Investor, approval of the Shareholders of the Company, any other regulators, lenders, etc., as may be required.

Subsequent to this, the Shareholders of the Company have approved execution of SPSHA and other transaction documents including Omnibus Agreement amongst the above parties. CCI approved the same under Section 31(1) of the Competition Act, 2002. The detailed order of CCI in this regard is awaited. The Company and Investors are now in the process of complying other customary condition precedents, to conclude the transaction at the earliest.

14. During the Quarter, Scheme for Amalgamation/Arrangement has been filed before the National Company Law Tribunal (NCLT) for merger of DLF Hotel Holdings Limited, DLF Global Hospitality Limited, with Lodhi Property Company Limited (all are subsidiary companies of DLF Limited). The Orders for sanctioned of the scheme are awaited and hence, no effect thereto has been taken in these consolidated financial statements.

On behalf of the Board of Directors

Place: New Delhi
Date: November 10, 2017

Mohit Gujral
CEO & Whole-time Director