

DLF Limited

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

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

(₹ in crores)

SL NO.	PARTICULARS	QUARTER ENDED	
		30.06.2016 (Reviewed)	30.06.2015 (Unaudited) (refer note 12)
1	Income from operations		
	Sales and other receipts	676.17	484.54
2	Expenses		
	a) Cost of land, plots, development rights, constructed properties and others	383.34	227.99
	b) Employee benefits expense	24.11	18.40
	c) Depreciation, amortisation and impairment	25.59	13.59
	d) Other expenses	68.27	77.89
	Total Expenses	501.31	337.87
3	Profit from operations before other income, finance costs and exceptional items (1-2)	174.86	146.67
4	Other income	231.59	171.26
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	406.45	317.93
6	Finance costs	314.97	345.67
7	Profit/(loss) from ordinary activities after finance costs but before exceptional item and tax (5-6)	91.48	(27.74)
8	Exceptional item	-	(47.54)
9	Profit/(loss) from ordinary activities before tax (7+8)	91.48	(75.28)
10	Tax expense *	24.02	(32.95)
11	Net Profit/(loss) for the period (9-10)	67.46	(42.33)
12	Other comprehensive income (net of tax)	-	-
13	Total comprehensive income (11+12)	67.46	(42.33)
14	Paid up equity share capital (face value ₹ 2 each)	356.78	356.46
i)	Basic EPS (₹) (of ₹ 2 per share) (not annualised)	0.38	(0.24)
ii)	Diluted EPS (₹) (of ₹ 2 per share) (not annualised)	0.38	(0.24)

* Tax expense includes deferred tax

Notes to the Standalone Financial Results

1. The above quarterly standalone 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 standalone 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 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 end March 31, 2017.
4. 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 Company fall under colonization & real estate business, which is considered to be the only reportable segment by the management.
5. In terms of the accounting policy for revenue recognition, estimates of projects costs and revenues 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.
6. 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.
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".

(This space has been intentionally left blank)

Notes to the Standalone Financial Results

8. **Key Pending matters:**

- a) 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 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 Competition 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 crores 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.

- b) During the year ended March 31, 2011, the Company received judgments from the Hon’ble High Court of Punjab and Haryana cancelling the sale deed of land relating to IT SEZ Project in Gurgaon. The Company filed Special Leave petitions (SLP) challenging the orders in the Hon’ble Supreme Court of India.

The Hon’ble Supreme Court of India has admitted the matter and stayed the operation of the impugned judgments till further orders.

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 standalone financial results.

Notes to the Standalone 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 has filed an appeal against the said order before Securities Appellate Tribunal (SAT) 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 order dated February 26, 2015, the adjudicating officer of SEBI imposed penalties upon Company, some of its directors and officer under Section 15HA and under Section 15HB of the SEBI Act, 1992.

Notes to the Standalone Financial Results

The Company, its directors and officer 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 in its order dated April 15, 2015, SEBI has undertaken not to enforce the order 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. a) 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 in the assessment of the Company raising demands amounting to ₹ 73.09 crores for the assessment year 2011-12; ₹ 72.85 crores for the assessment year 2010-11; ₹ 355.24 crores for the assessment year 2009-10 and ₹ 487.23 crores for assessment year 2008-09 respectively.

The Company 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. The Company and Income Tax Department have further preferred appeals before the higher authorities in those cases.

Based on the advice from independent tax experts and the 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 standalone financial results.

- b) 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 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.

Notes to the Standalone Financial Results

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 standalone financial results.

10. 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.
11. 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 12) (₹ in crores)
1	Net profit/(loss) for the period under previous Indian GAAP	(101.88)
2	Adjustments:	
i	Impact of net adjustment in development income (Revenue net of cost)	94.47
ii	Mark to market of swap contract and external commercial borrowing	(11.50)
Iii	Impact of adjustment on amortised cost classified under finance cost	1.83
iv	Other miscellaneous adjustments	6.27
v	Tax impact of above adjustments	(31.52)
3	Net profit for the period under Ind AS	(42.33)

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.

12. The 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 financial results give a true and fair view. This information has not been subjected to limited review or audit.
13. 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