

DLF Limited

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**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2017**

(₹ in crores)

SL NO.	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		31.12.2017 (Unaudited)	30.09.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.03.2017 (Audited)
1	<b>Income</b>						
	a) Revenue from operations	502.94	467.91	960.69	1,988.59	2,367.42	3,702.95
	b) Other income	326.11	66.31	174.68	454.76	620.91	702.35
	<b>Total income</b>	<b>829.05</b>	<b>534.22</b>	<b>1,135.37</b>	<b>2,443.35</b>	<b>2,988.33</b>	<b>4,405.30</b>
2	<b>Expenses</b>						
	a) Cost of land, plots, development rights, constructed properties and others	277.58	184.11	382.36	861.02	1,089.00	1,645.49
	b) Employee benefits expense	50.89	21.96	24.18	99.67	70.20	107.74
	c) Finance costs	303.97	260.34	314.21	830.20	935.80	1,236.08
	d) Depreciation and amortisation expense	50.31	24.41	24.54	98.45	75.97	98.96
	e) Other expenses	138.70	109.53	133.18	336.05	269.20	394.34
	<b>Total expenses</b>	<b>821.45</b>	<b>600.35</b>	<b>878.47</b>	<b>2,225.39</b>	<b>2,440.17</b>	<b>3,482.61</b>
3	<b>(Loss)/Profit before exceptional items and tax (1-2)</b>	<b>7.60</b>	<b>(66.13)</b>	<b>256.90</b>	<b>217.96</b>	<b>548.16</b>	<b>922.69</b>
4	Exceptional items (net) (refer note 14)	(120.66)	-	-	(120.66)	(42.25)	(42.25)
5	<b>(Loss)/Profit before tax</b>	<b>(113.06)</b>	<b>(66.13)</b>	<b>256.90</b>	<b>97.30</b>	<b>505.91</b>	<b>880.44</b>
6	Tax expenses *	(54.29)	(5.20)	86.00	32.31	143.16	283.89
7	<b>Net (loss)/profit for the period /year (5-6)</b>	<b>(58.77)</b>	<b>(60.93)</b>	<b>170.90</b>	<b>64.99</b>	<b>362.75</b>	<b>596.55</b>
8	<b>Other comprehensive income/(loss)</b>						
	a) Items that will not be reclassified to profit and loss	1.27	(0.07)	-	1.20	-	(3.92)
	b) Income tax relating to items that will not be reclassified to profit and loss	(0.44)	0.02	-	(0.42)	-	0.97
	c) Items that will be reclassified to profit or loss	6.83	7.28	-	16.59	(5.54)	(11.92)
	d) Income tax relating to items that will be reclassified to profit or loss	(2.36)	(2.52)	-	(5.74)	1.92	4.12
	<b>Other comprehensive income/(loss)</b>	<b>5.30</b>	<b>4.71</b>	<b>-</b>	<b>11.63</b>	<b>(3.62)</b>	<b>(10.75)</b>
9	<b>Total comprehensive income/(loss) for the period / year (7+8)</b>	<b>(53.47)</b>	<b>(56.22)</b>	<b>170.90</b>	<b>76.62</b>	<b>359.13</b>	<b>585.80</b>
10	Paid-up equity share capital (face value of ₹ 2 per share)	356.81	356.81	356.80	356.81	356.80	356.80
11	Other equity	-	-	-	-	-	14,346.58
12	<b>Earnings per equity share (face value of ₹ 2 per share) (not annualised)</b>						
	Basic (₹)	(0.33)	(0.34)	0.96	0.36	2.03	3.34
	Diluted (₹)**	(0.33)	(0.34)	0.96	0.36	2.03	3.34

\* Tax expense includes deferred tax and minimum alternate 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 their meeting held on February 13, 2018. The Statutory Auditors of the Company have conducted limited review of these results.
2. These standalone 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.
3. In line with the provisions of Ind AS 108 – Operating Segments, the operations of the Company fall primarily under colonization & real estate business, which is considered to be the only reportable segment by the management.
4. 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.
5. During the quarter, as per the Employee Stock Option Scheme 2006, the Company has allotted 10,228 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 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”.
7. During the Quarter, the Company has made further investments in its following subsidiaries.
  - a. Invested ₹ 1,500.00 crores in DLF Home Developers Limited on account of call money paid for acquisition of 2,65,78,070 equity shares of ₹ 10/- each.
  - b. Invested ₹ 400.34 crores in DLF Utilities Limited for acquisition of 9,74,05,700 number of equity shares of ₹ 10/- each.
8. During the quarter, vide approval of shareholders in their meeting held on December 27, 2017, Mr. Ashok Kumar Tyagi and Mr. Devender Singh has been appointed as Whole-time Director of the Company.
9. During the quarter, Mr. Saurabh Chawla has been appointed as Group CFO of the Company vide a approval of Board of Directors in their meeting held on December 29, 2017.

## Notes to the Standalone Financial Results

### 10. 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 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 crores 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.

- 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 matter and stayed the operation of the impugned judgments till further orders.

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 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 sale of Compulsory Convertible Preference Shares (‘CCPS’) in DLF Cyber City Developers Limited, a 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 of India 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.

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 had undertaken not to enforce the order dated February 26, 2015 during pendency of the appeal. The appeals have been listed for hearing before SAT.

## Notes to the Standalone Financial Results

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.

11. 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 assessments of the Company raising demands amounting to ₹ 10.56 crores for the assessment year 2014-15; ₹ 68.34 crores for the assessment year 2013-14; ₹ 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 the assessment year 2008-09 respectively.

During the quarter, further disallowance of SEZ profits u/s 80IAB of the Income Tax Act 1961, were made by the Income Tax Authority during the assessment of the Company raising demand amounting to ₹ 1.09 Crores for the Assessment Year 2015-16.

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 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.

## 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.

12. (i) During the quarter, ICRA has assigned a short term rating of [ICRA]A1 to Commercial Paper programme of DLF Ltd.
- (ii) On January 18, 2018 CRISIL has upgraded its ratings on the debt instruments and bank facilities of DLF Ltd. to 'CRISIL A+/CRISIL A1' from 'CRISIL A/CRISIL A2+/Watch Developing', while removing the ratings from 'Rating Watch with Developing Implications'
13. The Company entered into a Share Purchase and Shareholders Agreement (“SPSHA”) with Reco Diamond Private Limited (“Investor”), an affiliate of GIC Singapore, DLF Cyber City Developers Limited (“DCCDL”) and certain promoter group entities wherein the promoters group entities sold certain portion of their stake in DCCDL to the Investor at a purchase consideration of ₹ 8,956 crore. Subsequent to fulfilment of all conditions precedent specified in the SPSHA, the sale and purchase of the securities and other closing actions as contemplated under the SPSHA were completed on December 26, 2017 and consequently, the Investor holds 33.34% equity stake in DCCDL.

Further, due to terms and conditions of SPSHA, between the Company and Investor, requiring unanimity of agreement in respect of significant matters related to the financial and operating policies of DCCDL and its subsidiaries (“DCCDL Group”), the Company considers that the Group does not solely control DCCDL Group and therefore investment in DCCDL Group has been accounted for as joint venture in accordance with Ind-AS 28 ‘Investment in Associated and Joint Ventures’ and Ind-AS 111 ‘Joint Arrangements’. Accordingly, the Company has recorded its share of profit in DCCDL Group (being a joint venture) for the period from December 26, 2017 to December 31, 2017.

In accordance with Ind-AS 110 ‘Consolidated Financial Statements’, the Group has fair valued its remaining equity stake (66.66%) in DCCDL Group and recorded a gain of ₹ 9,927.13 crores arising due to deemed disposal on account of loss of control of DCCDL Group. This has been included as an 'exceptional item' in the consolidated financial results of the Company for the period ended December 31, 2017. Consequently, deferred tax liability amounting to ₹ 4,060 crores has been created at the consolidated level in respect of investment in DCCDL as a joint venture. The aforementioned gain has arisen due to compliance with applicable Indian Accounting Standards pursuant to loss of control. This is not an operating income and is non-recurring in nature.

14. The exceptional item includes impairment provision for Investment properties amounting to ₹ 120.66 crores due to revision business plan.

## Notes to the Standalone Financial Results

15. During the quarter, vide a approval of shareholders in the Extra Ordinary General Meeting held on December 27, 2017, the Company has issued, on a preferential basis, to the promoters and promoter group entities:

- (a) 379,746,836 fully paid-up 0.01% Compulsorily Convertible Unsecured Debentures (CCDs) of ₹ 217.25 each at par, aggregating to ₹ 8,250.00 crores, convertible into equal number of equity shares of ₹ 2/- each within a period of 18 months at the option of holder.
- (b) 138,089,758 partly paid (25% paid) share warrants of ₹ 217.25 each, aggregating to ₹ 750.10 crores, exercisable into equal number of equity shares of ₹ 2/- each within a period of 18 months from the date of allotment. In case, the warrant holders do not exercise the warrants within a period of eighteen months, the warrants shall lapse and the amount paid by warrant holder(s) shall be forfeited by Company.

The Company has received Rs.9,000 crore by way of aforementioned preferential issue, against which ₹ 3,453 crore has been utilized towards repayment of loans and investment in subsidiary companies. The balance amount of ₹ 5,547 crore is invested in Fixed Deposit/ Mutual funds for further utilization.

**On behalf of the Board of Directors**

**Place:** New Delhi  
**Date:** February 13, 2018

**Mohit Gujral**  
CEO & Whole-time Director