

DLF Limited

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(₹ in crores)

SL NO.	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	a) Revenue from operations	924.34	1,071.54	502.94	2,352.15	1,988.59	3,055.90
	b) Other income	119.60	108.40	326.11	320.96	454.76	747.89
	Total income	1,043.94	1,179.94	829.05	2,673.11	2,443.35	3,803.79
2	Expenses						
	a) Cost of land, plots, development rights, constructed properties and others	422.42	499.80	277.58	1,097.43	861.02	1,487.43
	b) Employee benefits expense	48.82	44.18	50.89	135.65	99.67	143.88
	c) Finance costs	177.63	181.63	303.97	545.61	830.20	1,023.49
	d) Depreciation and amortisation expense	30.60	30.86	50.31	92.78	98.45	131.82
	e) Other expenses	74.69	74.94	138.70	209.85	336.05	351.06
	Total expenses	754.16	831.41	821.45	2,081.32	2,225.39	3,137.68
3	Profit before exceptional items and tax (1-2)	289.78	348.53	7.60	591.79	217.96	666.11
4	Exceptional items (net)	-	-	(120.66)	-	(120.66)	(120.66)
5	Profit/(loss) before tax	289.78	348.53	(113.06)	591.79	97.30	545.45
6	Tax expenses *	85.56	96.44	(54.29)	157.52	32.31	180.25
7	Net profit/(loss) for the period /year (5-6)	204.22	252.09	(58.77)	434.27	64.99	365.20
8	Other comprehensive income/(loss)						
	a) Items that will not be reclassified to profit and loss in subsequent period	-	0.11	1.27	0.11	1.20	(3.30)
	b) Income tax relating to items that will not be reclassified to profit and loss	-	(0.04)	(0.44)	(0.04)	(0.42)	0.70
	c) Items that will be reclassified to profit or loss in subsequent period	13.23	6.48	6.83	39.02	16.59	19.33
	d) Income tax relating to items that will be reclassified to profit or loss	(4.63)	(2.26)	(2.36)	(13.64)	(5.74)	(6.69)
	Other comprehensive income/(loss)	8.60	4.29	5.30	25.45	11.63	10.04
9	Total comprehensive income/(loss) for the period / year (7+8)	212.82	256.38	(53.47)	459.72	76.62	375.24
10	Paid-up equity share capital (face value of ₹ 2 per share)	356.90	356.87	356.81	356.90	356.81	356.81
11	Other equity (Including warrants)						23,077.97
12	Earnings per equity share (face value of ₹ 2 per share) (not annualised)						
	Basic (₹)	1.14	1.41	(0.33)	2.43	0.36	2.05
	Diluted (₹)	0.93	1.15	(0.33)	1.98	0.36	1.93

* Tax expense includes current tax , 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 its meeting held on February 05, 2019 and have been subjected to 'Limited Review' by the Statutory Auditors of the Company.
2. These standalone 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.
3. During the quarter, as per the Employee Stock Option Scheme 2006, the Company has allotted 1,48,413 equity shares of face value of ₹ 2/- each to the eligible employees of the Company on account of exercise of vested stock options.
4. 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 by the management to be the only reportable segment.
5. During the previous year, the Company has received ₹ 9,000 crore by way of allotment of share warrants and compulsorily convertible debentures on preferential basis against which ₹ 9,000 crores (₹ 8,562 crore upto September 30, 2018) has been utilized towards repayment of loans and investment in subsidiary companies.
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 Company's accounting for recognition of revenue from real estate projects.

The Company has 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 ₹ 3,964.00 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 quarter and nine months ended December 31, 2018, revenue from operations is higher by ₹ 720.44 crores and ₹ 1,124.46 crores respectively and net profit after tax for the quarter and nine months ended December 31, 2018 is higher by ₹ 274.85 crores and ₹ 579.70 crores respectively, than what it would have been if replaced standards were applicable. Similarly, the basic EPS for the quarter and nine months ended December 31, 2018 is higher by ₹ 1.54 per share and ₹ 3.25 per share respectively and diluted EPS for the quarter and nine months ended December 31, 2018 is higher by ₹ 1.25 per share and ₹ 2.64 per share respectively.

Notes to the Standalone Financial Results

7. 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.

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 group 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 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 was 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 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.

Notes to the Standalone Financial Results

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 7 (a), (b) and (c) are subject matter of 'Emphasis of Matter' in Statutory Auditor's Limited Review Report.

8. 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 tax assessments of the Company raising demands amounting to ₹ 1,068.40 crores in respect of Assessment Years from 2008-09 to 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.

9. During the quarter, Group CFO of the Company Mr. Saurabh Chawla has tendered his resignation and Mr. Ashok Kumar Tyagi, Whole-time Director, who was the Group CFO till December 2017, has resumed additional responsibility and functions of the Group CFO w.e.f February 1, 2019.
10. Subsequent to the quarter ended December 31, 2018, CRISIL has reaffirmed its ratings on the long term and short term bank facilities/ debt instruments of DLF Limited at 'CRISIL A+/Stable and CRISIL A1' respectively.
11. The figures for the corresponding previous period have been regrouped/reclassified, wherever considered necessary.

On behalf of the Board of Directors

Place: New Delhi
Date: February 05, 2019

Mohit Gujral
CEO & Whole-time Director

Rajeev Talwar
CEO & Whole-time Director