

# Independent Auditor's Report

## To the Members of DLF Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of DLF Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Emphasis of Matters

1. We draw attention to Note no 50 to the standalone financial statements of the Company which describes the uncertainty relating to outcome of following lawsuits filed against the Company:
  - a) In a complaint filed against the Company relating to imposing unfair conditions on buyers, the Competition Commission of India has imposed a penalty of ₹ 63,000 lakhs on the Company which was upheld by Competition Appellate Tribunal. The Company has filed an appeal which is currently pending with Hon'ble Supreme Court of India and has deposited ₹ 63,000 lakhs as per direction of the Hon'ble Supreme Court of India.
  - b) In a writ filed with Hon'ble High Court of Punjab and Haryana, the Company and one of its subsidiary and

a joint venture Company have received judgments cancelling the sale deeds of land /removal of structure relating to two IT SEZ/ IT Park Projects in Gurgaon. The Company and the subsidiary companies filed Special Leave petitions (SLPs) challenging the orders which is currently pending with Hon'ble Supreme Court of India. The Hon'ble Supreme Court has admitted the matters and stayed the operation of the impugned judgments till further orders in both the cases.

- c) Securities and Exchange Board of India (SEBI) in a complaint filed against the Company, imposed certain restrictions on the Company. The Company had received a favorable order against the appeal in said case from Securities Appellate Tribunal (SAT). SEBI, subsequently, has filed a statutory appeal which is currently pending before Hon'ble Supreme Court. SEBI has also imposed penalties upon the Company, some of its directors, officers, its three subsidiaries and their directors which has been disposed of by SAT with a direction that these appeals will stand automatically revived upon disposal of civil appeal filed by SEBI against aforementioned SAT judgement.

Based on the advice of the external legal counsels, no adjustment has been considered in these standalone Ind AS financial statements by the management in respect of above matters.

2. We draw attention to Note no 62 to the standalone financial statements which describes the uncertainties and the management's assessment of the financial impact due to lockdown and other restrictions and conditions related to Covid-19 pandemic situation, for which a definitive assessment of the impact in subsequent period is highly dependent on future economic developments and circumstances as they evolve. Our report is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities section of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

| Key audit matters  | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Revenue recognition for real estate projects</b> (as described in note 27 of the standalone Ind AS financial statements)</p> <p>The Company applies Ind AS 115 for recognition of revenue from real estate projects, which is being recognised at a point in time upon the Company satisfying its performance obligation and the customer obtaining control of the underlying asset.</p> <p>Considering application of Ind AS 115 involves significant judgment in identifying performance obligations and determining when 'control' of the asset underlying the performance obligation is transferred to the customer, the same has been considered as key audit matter.</p>   | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Read the Company's revenue recognition accounting policies and assessed compliance of the policies with Ind AS 115.</li> <li>• Obtained and understood revenue recognition process including identification of performance obligations and determination of transfer of control of the asset underlying the performance obligation to the customer.</li> <li>• Read the legal opinion obtained by the Company to determine the point in time at which the control is transferred in accordance with the underlying agreements.</li> <li>• Tested, revenue related transactions with the underlying customer contracts, sale deed and handover documents, evidencing the transfer of control of the asset to the customer based on which revenue is recognised.</li> <li>• Assessed the revenue-related disclosures included in Note 27 to the financial statements.</li> </ul>  |
| <p><b>Claims, litigations and contingencies</b> (as described in note 50 to the standalone Ind AS financial statements)</p> <p>The Company is having various ongoing litigations, court and other legal proceedings before tax and regularity authorities and courts, including indemnifications and commitments given to a joint venture company which could have significant financial impact if the potential exposure were to materialize.</p> <p>Management estimates the possible outflow of economic resources based on legal counsel opinion and available information on the legal status of the proceedings.</p> <p>Considering the determination by the management of whether, and how much, to provide and / or disclose for such contingencies involves significant judgement and estimation, the same has been considered as key audit matter.</p>   | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understood management's process relating to the identification and impact analysis of claims, litigations, contingencies (including commitment &amp; indemnifications given to Joint Venture Company);</li> <li>• Analyzed responses obtained from the legal advisors.</li> <li>• Obtained confirmation letters from legal counsels;</li> <li>• Read the minutes of meetings of the Audit Committee and the Board of Directors of the Company related to noting of status of material litigations;</li> <li>• Assessed management's assumptions and estimates related to disclosures of contingent liabilities in the financial statements.</li> </ul>  |
| <p><b>Assessing the carrying value of Inventory and advances paid for land procurement</b> (as described in note 12 to the standalone Ind AS financial statements)</p> <p>The Company's inventory comprises of ongoing and completed real estate projects, unlaunched projects and development rights. As at March 31, 2020, the carrying values of inventories amounts to ₹ 1,068,781.45 lakhs.</p> <p>The inventories are carried at the lower of the cost and net realizable value ('NRV'). The determination of the NRV involves estimates based on prevailing market conditions, current prices, and expected date of commencement and completion of the project, the estimated future selling price, cost to complete projects and selling costs.</p> <p>Considering significance of the amount of carrying value of inventories in the financial statements and the involvement of significant estimation and judgement in such assessment of NRV, the same has been considered as key audit matter.</p> <p>Further, the Company has made various advances and deposits to the seller/ intermediary towards purchase of land during the course of obtaining clear and marketable title, free from all encumbrances and transfer of legal title to the Company, whereupon it is transferred to land stock under inventories.</p> <p>With respect to land advance given, the net recoverable value is based on the management's estimates and internal documentation, which include, among other things, the likelihood when the land acquisition would be completed, the expected date of plan approvals for commencement of project, estimation of sale prices and construction costs and Company's business plans in respect of such planned developments.</p> <p>In view of the Covid-19 pandemic, the Company has reassessed its future business plans and key assumptions as at March 31, 2020 while assessing the adequacy of carrying value of inventories and land advances.</p> | <p>Our audit procedures/testing included, among others:</p> <ul style="list-style-type: none"> <li>• Read and evaluated the accounting policies and disclosures made in the financial statements with respect to inventories;</li> <li>• Understood and reviewed the management's process and methodology of using key assumptions for determination of NRV of the inventories including considerations given to impact of Covid-19;</li> <li>• Tested the NRV of the inventories to its carrying value in books on sample basis.</li> <li>• Where the Company involved specialists to perform valuations, we also performed the following procedures: <ul style="list-style-type: none"> <li>o Obtained and read the valuation report used by the management for determining the NRV;</li> <li>o Considered the independence, competence and objectivity of the specialist involved in determination of valuation.</li> <li>o Involved experts to review the assumptions used by the management specialists.</li> </ul> </li> </ul> <p>For land advance, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained status update from the management and verified the underlying documents for related developments.</li> <li>• Compared the acquisition cost of the underlying land with current market price in similar locations.</li> <li>• Evaluated the management assessment w.r.t. recoverability of those advances and changes if any, in the business plans relating to such advances including considerations given to the impact of Covid-19.</li> </ul> |

| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <b>Assessing impairment of Investments in subsidiary, joint venture and associate entities (as described in note 6A to the standalone Ind AS financial statements)</b>   |   |
| <p>The Company has significant investments in its subsidiaries, joint ventures and associates. As at March 31, 2020, the carrying values of Company's investment in its subsidiaries, joint ventures and associate entities amounts to ₹ 1,445,589.72 lakhs.</p> <p>Management reviews regularly whether there are any indicators of impairment of the investments by reference to the requirements under Ind AS 36 "Impairment of Assets".</p> <p>In view of the Covid-19 pandemic, the Company has reassessed its future business plans and key assumptions as at March 31, 2020 while assessing the adequacy of carrying value of investments.</p> <p>For investments where impairment indicators exist, significant judgments are required to determine the key assumptions used in the valuation model and methodology, such as revenue growth, discount rates etc.</p> <p>Considering, the impairment assessment involves significant assumptions and judgement, the same has been considered as key audit matter.</p> | <p>Our procedures in assessing the management's judgement for the impairment assessment included, among others, the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's valuation methodology applied in determining the recoverable amount of the investments including considerations given to impact of Covid-19;</li> <li>Obtained and read the valuation report used by the management for determining the fair value ('recoverable amount') of its investments;</li> <li>Considered the independence, competence and objectivity of the management specialist involved in determination of valuation;</li> <li>Tested the fair value of the investment as mentioned in the valuation report to the carrying value in books;</li> <li>Made inquiries with management to understand key drivers of the cash flow forecasts, discount rates, etc.</li> <li>Involved experts to review the assumptions used by the management specialists. We reviewed the disclosures made in the financial statements regarding such investments.</li> </ul> |
| <b>Assessment of recoverability of deferred tax asset (as described in note 9 to the standalone Ind AS financial statements)</b>   |   |
| <p>As at March 31, 2020, the Company has recognized deferred tax assets of ₹ 247,387.61 lakhs on deductible temporary differences and unused tax losses.</p> <p>Recognition of deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized involves significant management judgement and estimation given that it is based on assumptions such as the likely timing and level of future taxable profits which are affected by expected future market and economic conditions.</p> <p>In view of the Covid-19 pandemic, the Company has reassessed its future projections for recoverability of deferred tax assets as at March 31, 2020 while assessing the adequacy of taxable income of future years.</p> <p>Considering, this involves significant judgement and estimates, the same has been considered as key audit matter.</p>                    | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the process and tested the controls over recording of deferred tax and review of deferred tax at each reporting date;</li> <li>Tested the computation of the amounts recognized as deferred tax assets;</li> <li>Evaluated management's assumptions, including considerations given to impact of Covid-19, used to determine the probability that deferred tax assets recognized in the balance sheet will be recovered through taxable income in future years, by comparing them against profit trends and future business plans;</li> <li>Assessed the disclosures on deferred tax included in Note 9 to the financial statements.</li> </ul>   |
| <b>Related party transactions (as described in note 45 to the standalone Ind AS financial statements)</b>  |   |
| <p>The Company has undertaken transactions with its related parties in the ordinary course of business at arm's length. These include making new or additional investments in its subsidiaries; lending loans to related parties; sales and purchases to and from related parties, etc. as disclosed in note 45 to the standalone Ind AS financial statements.</p> <p>We identified the accuracy and completeness of the related party transactions and its disclosure as set out in respective notes to the financial statements as a key audit matter due to the significance of transactions with related parties and regulatory compliances thereon, during the year ended March 31, 2020.</p>   | <p>Our procedures / testing included the following:</p> <ul style="list-style-type: none"> <li>Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions;</li> <li>Read minutes of shareholder meetings, board meetings and minutes of meetings of those charged with governance in connection with Company's assessment of related party transactions being in the ordinary course of business at arm's length;</li> <li>Tested, related party transactions with the underlying contracts, confirmation letters and other supporting documents;</li> <li>Agreed the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.</li> </ul>   |

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Message from Chairman, Directors' Report, Management Discussion & Analysis report, and Corporate governance report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

We did not audit the financial statements and other financial information as regards Company's share of profit of partnership firm (post tax) amounting to ₹ 873.53 lakhs for the year ended 31 March 2020 included in the accompanying standalone Ind AS financial statements of the Company whose financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us by the management and our opinion in so far as it relates to Company's share of loss included in respect of the partnership firm investments, is based solely on the report of such other auditor.

The accompanying standalone Ind AS financial statements include unaudited financial statements and other unaudited financial information as regards Company's share in loss of partnership firm (post tax) ₹ 283.18 lakhs for the year ended 31 March 2020. These unaudited financial statements and other unaudited financial information has been furnished to us by the management. Our opinion, in so far as it relates to Company's share of loss included in respect of the partnership firm investments, is based solely on the on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Company.

Our opinion above on the standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the partnership firm, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) The matter described in 'Emphasis of Matters' paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 50 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per **Manoj Kumar Gupta**  
Partner

Membership No.: 083906  
UDIN: 20083906AAAAAM2385

Gurugram  
4 June 2020

**Annexure 1 referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of our report of even date**Re: **DLF Limited** (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets comprising of property, plant and equipment and investment properties.
- (b) All fixed assets comprising of property, plant and equipment and investment properties have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment and investment properties are held in the name of the Company, except:
- five immovable properties having gross block of ₹ 1,338.18 lakhs and net block of ₹ 1,338.18 lakhs, title deed for which is in the name of one of the group company and the Company is in process of getting them registered in their name. The Company has constructed building on such land having net block of ₹ 12,891.37 lakhs.
  - one immovable properties which includes land aggregating ₹ 148.75 lakhs as at March 31, 2020 for which title deed is not in the name of the company and the company is in the process of getting the same registered in their name.
- ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory represented by development rights. Inventories represented by development rights have been confirmed as at March 31, 2020 on the basis of custodian certificates obtained by the management. No material discrepancies were noticed on such physical verification/ confirmations.
- (iii) (a) The Company has granted unsecured loans to companies, firms, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, in relation to construction industry, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to duty of excise are not applicable to the Company.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax and cess on account of any dispute, are as follows:

| Nature of Statute                           | Nature of dues  | Amount<br>(₹ in lakhs) | Amount<br>paid under<br>protest<br>(₹ in lakhs) | Period to which<br>the amount<br>relates | Forum where dispute<br>is pending       |
|---|---|------------------------|---|--|---|
| Income Tax Act, 1961                        | Tax demands on account of various disallowances during tax assessment                                   | 303,942.11             | 7,115.45  | 2006-07 and 2009-10 to 2016-17           | Income Tax Appellate Tribunal           |
| Income Tax Act, 1961                        | Tax demands on account of various disallowances during tax assessment                                   | 84,243.90              | -   | 1992-93, 1995-96 to 2001-02 to 2008-09   | Hon'ble High Court of Delhi             |
| Income Tax Act, 1961                        | Tax demands on account of various disallowances during tax assessment                                   | 114.39                 | -   | 2000-01                                  | Hon'ble Supreme Court                   |
| Odisha Entry Tax, Act 1999                  | Entry tax demand on purchase of goods in the state of Odisha  | 0.76                   | -   | 2014-15 to 2015-16                       | Additional Commissioner (Appeals)       |
| West Bengal Entry Tax Act, 2012             | Entry tax demand on purchase of goods in the state of West Bengal                                       | 5.14                   | -   | 2012-13                                  | Hon'ble High Court of Kolkata           |
| Uttar Pradesh Entry Tax Act 2012            | Demand of VAT on account of taxable turnover  | 11.00                  | -   | 2016-17                                  | Additional Commissioner (Appeals) Noida |
| West Bengal VAT Act, 2003                   | Demand of VAT on account of taxable turnover  | 16.15                  | -   | 2017-18                                  | Commissioner (Appeals)                  |
| Odisha Value Added Tax Act, 1999            | Demand of VAT on leased transaction   | 263.69                 | -   | 2009-10 to 2013-14                       | Hon'ble High Court of Odisha            |
| Odisha Value Added Tax Act, 1999            | Demand of VAT on leased transaction   | 101.09                 | 22.56   | 2014-15 to 2015-16                       | VAT Appellate Tribunal, Odisha          |
| Uttar Pradesh Value Added Tax Act, 2008     | Demand of VAT on account of taxable turnover  | 94.57                  | 7.60  | 2011-12, 2013-2014 and 2016-17           | Additional Commissioner (Appeals) Noida |
| Haryana General Sales Tax Act, 1973         | Disallowance of refund  | 145.01                 | 145.01  | 1997-98 to 1999-2000                     | Hon'ble High Court, Punjab & Haryana    |
| The Finance Act, 2004 and Service tax rules | Demand of service tax on transfer of development rights   | 4,991.45               | 850.00  | 2012-13 to 2015-16                       | Supreme Court of India                  |
| The Finance Act, 2004 and Service tax rules | Service tax liability in respect of registration charges recovered by the assessee from their customers | 1,697.00               | -   | 2015-16                                  | Commissioner CGST, Gurugram             |
| Custom Act, 1962                            | Classification & Assessment of Goods - Deformed Steel Bars  | 714.86                 | 19.40   | 2008                                     | Custom Tribunal, Kandla                 |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or dues to debenture holders. The Company did not have any outstanding loans or borrowings due to government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised during the year for allotment of equity shares against share warrants issued in earlier years, non-convertible debentures and term loans for the purposes for which they were raised. According to the information and explanations given by the management, the Company has not raised any money during the year, by way of initial public offer/ further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or

no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions

of Section 42 of the Companies Act, 2013 in respect of conversion of compulsorily convertible debentures into equity shares and allotment of equity shares against share warrants, issued in earlier years. According to the information and explanations given by the management, we report that the amounts raised during the year in respect of allotment of equity shares against share warrants and amounts raised in previous year through Qualified Institutions Placement, have been used for the purposes for which the funds were raised.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/ E300005

per **Manoj Kumar Gupta**  
Partner  
Gurugram  
4 June 2020

per **Manoj Kumar Gupta**  
Partner  
Membership No.: 083906  
UDIN: 20083906AAAAAM2385



## ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF DLF LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DLF Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/ E300005

per **Manoj Kumar Gupta**  
Partner

Gurugram  
4 June 2020

Membership No.: 083906  
UDIN: 20083906AAAAAM2385