





DLF Mall of India, Noida

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Company Information

Board of Directors

Executive Directors

Dr. K.P. Singh
Chairman

Mr. Rajiv Singh
Vice Chairman

Mr. Mohit Gujral
CEO & Whole-time Director

Mr. Rajeev Talwar
CEO & Whole-time Director

Non-Executive Directors

Mr. K.N. Memani
Lead Independent Director

Ms. Pia Singh

Mr. G.S. Talwar

Dr. D.V. Kapur

Mr. B. Bhushan

Mr. Pramod Bhasin

Mr. Rajiv Krishan Luthra

Mr. Ved Kumar Jain

Lt. Gen. Aditya Singh (Retd.)

Mr. A.S. Minocha

Reference Information

Registered Office

Shopping Mall, 3rd Floor, Arjun Marg
Phase-I, DLF City, Gurugram - 122 002
(Haryana)

Corporate Office

DLF Gateway Tower, R Block
DLF City, Phase - III, Gurugram - 122 002
(Haryana)

Statutory Auditors

Walker Chandiok & Co LLP

Registrar & Share Transfer Agent

Karvy Computershare Private Limited

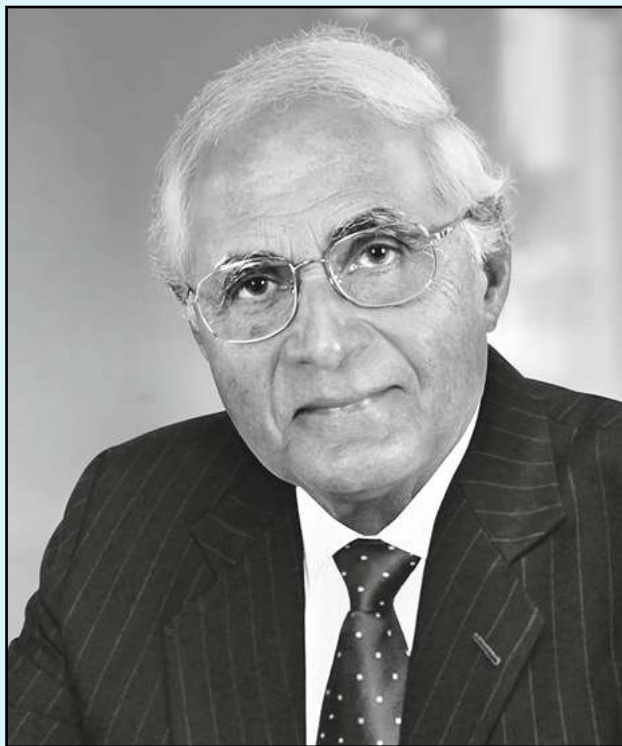
Listed at

Bombay Stock Exchange
National Stock Exchange

Company Secretary

Mr. Subhash Setia

Message from the Chairman



Dr. K.P. Singh, Chairman

Dear Shareholders,

The key to progress is change. The past year has witnessed significant structural changes in the Indian economy that have altered the business paradigm in every sector, including the real estate and construction industry.

Due to several bold initiatives of the Government, the nation is on the cusp of a new era of economic activity and opportunity in which the key to success will be the ability to respond to change and overcome the challenges that inevitably arise during the period of transition.

As I have been frequently indicating to our stakeholders and patrons, during the past few years DLF has been strategically preparing for and indeed actively pressing for reformatory legislation and visionary policies pertaining to housing, construction and real estate development.

I am glad to share with you that your Company is now better equipped than many of our peers to navigate through the critical period of adaptation and course

corrections that lie ahead. This has primarily been due to the foresight of your management team which has already put into place many of the internal structural changes and core business portfolio roadmaps that are best suited for survival and success in the changing scenario.

As you will recall, I have been persistently advocating for streamlining laws to bring about greater transparency, accountability and compliance in the real estate industry and to eliminate fly-by-night operators who have for decades been not only tarnishing the image of genuine developers but also seriously disrupting the housing market by defrauding home-buyers and end-users.

Your Company's aspirations are in step with the new landmark legislation that has been enacted - the Real Estate (Regulation & Development) Act (RERA). Ideally, this would boost consumer confidence, pave the way for accelerated demand for housing products and also facilitate the flow of investments into the realty sector, from both global and Indian investors.

Similarly, other major reforms like GST and the law regarding Benami Transactions would make it incumbent upon hitherto non-compliant players to either comply or perish.

Moreover, although the shock decision to demonetize high value currency notes has evidently led to an initial slowdown in overall economic growth for a short-term, it will hopefully lead to more transparent housing sector growth in the long run.

While the various reform measures that have been introduced are salutary and indeed long overdue, the Government must be mindful of the necessity to ease the travails of transition, especially in a competitive market economy, by acting as an enabler and facilitator even while exercising strict regulatory control.

During the process of adjustment and adaptation, it is also essential to be open to refining some of the provisions of the new regulations and, in certain cases, rectifying some of the procedures and stipulations, in response to practical difficulties and industry feedback.

The truth is that the real estate sector has perennially been plagued by a plethora of archaic rules and burdensome bureaucratic formalities that hinder healthy growth. The ground reality of different States having complex and cumbersome regulations further hampers execution of projects in time and within the envisaged budget.

In my view, although the new legislation has many positive and necessary features that have been welcomed by builders and buyers alike, RERA regrettably does not adequately address certain crucial concerns faced by developers.

From the developers' point of view, I would very briefly outline the aspects as – absence of a single window clearance mechanism; imposition of additional layers of approvals; and increased reliance on external capital to achieve high growth.

For allottees, too, there would be some grey areas including the likelihood of delays in delivery of apartments and consequent price escalation.

Legislative reforms, in my view, should be primarily aimed at bringing about a happy balance between supply and demand of real estate products. Along with ensuring transparency, the emphasis of any radical changes in policies and procedures should be on allowing market forces to create a mutually beneficial environment for developers, buyers and all stakeholders.

It is but natural that arriving at such a harmonious outcome will take awhile. It needs to be kept in mind that the real estate development sector in India has been passing through a variety of challenges compounded by continuing sluggish demand, lack of liquidity, regulatory pressure and piling up of inventory which have collectively created uncertainty about future growth.

I am confident that the Government, under the dynamic and far-sighted leadership of the Hon'ble Prime Minister, Shri Narendra Modi, will accord utmost priority to addressing the concerns and removing the shackles to enable rapid growth in real estate development, which I have always strongly believed will emerge as the next Sunrise Sector of the Indian economy.

For this to happen, the Government must act as an Enabler and Facilitator, not merely as a Regulator. The housing and construction industry, which supports over 250 ancillary industries, is the second-largest provider of jobs in the country after agriculture and is recognized as a powerful engine of growth – already contributing 7%-8% of India's GDP, with the potential to grow to over 13% by 2028.

I am confident that DLF is eminently well-equipped to not only tide over the travails of transition but also be at the forefront of revival. Our unique business model cushions the impact of market down-cycles, with each division in product-mix - comprising homes, offices and retail, including malls and commercial

complexes – functioning as a strategic business unit. Moreover, the sizable land resources your Company has accumulated over several decades would facilitate new project launches in prime locations at the appropriate time.

Shareholders will also be happy to know that the Company has successfully accomplished a major restructuring of its rental business with a game changing decision to sell Promoters' stake in DLF Cyber City Developers Limited (DCCDL) to Singapore's sovereign wealth fund GIC. The bulk of the sale proceeds would be reinvested in the Company to enable substantial reduction in pending debts without recourse to heavy external borrowings. The Company looks forward to partnering with GIC in taking the rental business to unprecedented heights.

As a responsible and ethical corporate entity, sustainable growth is high on our list of CSR programmes for the benefit of the community. The major CSR programmes implemented during the year aimed at contributing to national priorities like skill development, education, rural healthcare and community development. The Company has fully utilized 2% of its three year's average profits for this purpose. DLF's social outreach initiatives have won recognition at various National & International forums.

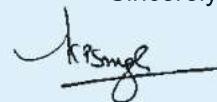
It is heartening to note that DLF's sterling products have been awarded Platinum Certification (highest certification) and IGBC's LEED India Platinum rating by the US Green Building Council and Indian Green Building Council, respectively.

I look forward to your continued support over the next few quarters as we face the challenges ahead with renewed confidence and determination to maintain our stellar role as the country's foremost creators of high quality real estate products.

I take this opportunity to thank all our shareholders, business partners and valued customers for their unstinted support and trust over the last seven decades. On behalf of my fellow-directors and the entire DLF corporate family, I renew our pledge to remain committed towards building a New India.

With best wishes,

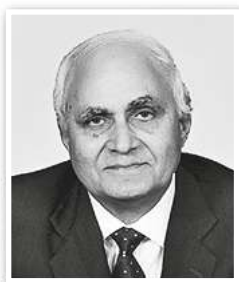
Sincerely,



New Delhi
25 August 2017

(Dr. K.P. Singh)
Chairman

Board of Directors



Dr. K.P. Singh



Mr. Rajiv Singh



Mr. Mohit Gujral



Mr. Rajeev Talwar



Ms. Pia Singh



Mr. G.S. Talwar



Mr. K.N. Memani



Dr. D.V. Kapur



Mr. B. Bhushan



Mr. Pramod Bhasin



Mr. Rajiv Krishan Luthra



Mr. Ved Kumar Jain



Lt. Gen. Aditya Singh (Retd.)



Mr. A.S. Minocha

Directors' Report

Your Directors have pleasure in presenting their 52nd Report on the business and operations of the Company together with the audited results for the financial year ended 31 March 2017.

Consolidated Financial Results

(₹ in crore)

	2016-17	2015-16
Total income from operations	8,940.51	10,597.04
Total expenses	8,340.25	9,374.11
Profit before exceptional items and tax	600.26	1,222.93
Exceptional items (net)	429.26	(196.67)
Profit before tax	1,029.52	1,026.26
Less: Tax expense	229.26	564.24
Profit after tax	800.26	462.02
Share of (loss) in associates and jointly controlled entities (net)	(92.26)	(156.92)
Net Profit	708.00	305.10

In FY'17, DLF reported consolidated income from operations of ₹ 8,941 crore, a decrease of 15.63% from ₹ 10,597 crore in FY'16. Net profit stood at ₹ 708 crore, an increase of 132.13% from ₹ 305 crore in the previous year. The EPS for FY'17 stood at ₹ 3.89 as compared to ₹ 1.86 for FY'16.

The cost of revenues including land, plots, development rights, constructed properties and others stood at ₹ 3,466 crore as against ₹ 4,558 crore in FY'16. Staff cost increased to ₹ 328 crore versus ₹ 315 crore. Depreciation, amortization and impairment charges were at ₹ 572 crore against ₹ 766 crore in FY'16. Finance cost increased to ₹ 2,980 crore from ₹ 2,680 crore in FY'16.

The exceptional items were higher mainly on account of sale of cinema business and investments in associate companies.

The Ministry of Corporate Affairs vide its notification dated 16 February 2015, notified the Indian Accounting Standards (Ind AS) applicable for certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of Companies (Accounts) Rules, 2014, as amended.

Accordingly, the standalone and consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 including transition date balance sheet as at 1 April 2015 have been presented in accordance with Ind AS. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set-out in Note 65 of the standalone financial statements and in Note 62 of consolidated financial statements.

Review of Operations

Your Company's development business primarily focuses on the development and sale of residential real estate which include plotted developments, houses, villas and apartments of varying sizes and integrated townships, with a focus on the high-end, luxury residential developments. The development business also consists of certain commercial and shopping complexes, including those that are integral to the residential developments they are attached to.

Your Company has primarily categorized its development business into two broad categories viz. Gurgaon DevCo and National DevCo. Both these geographical segments are independently responsible and accountable for all activities across the product value chain from acquisition of land, obtaining approvals, project planning and execution, to launch, sales & marketing and final delivery of the developed property to the customers.

Residential Segment

The Company clocked gross sales booking of ₹ 2,100 crore in FY'17. As of 31 March 2017, your Company has 203 msf of land resources allocated for residential development.

Lease Business

Your Company's lease business involves leasing of its developed offices and retail properties. One of the key objectives of its lease business is to achieve returns from investments in its portfolio properties within a targeted timeframe. Another key objective is to achieve high occupancy rates for the leased portfolio properties. The utilities and facility management business supports and complements the lease business.

As of 31 March 2017, DLF lease business comprised completed offices and retail properties with leasable area of approx. 31.50 msf and annuity income (run-rate) of approx. ₹ 2,900 crore. Gross leasing of 4.03 msf was achieved during the financial year at higher than targeted rentals. Net incremental leasing 0.88 msf was achieved post lease expiry and terminations of 3.15 msf.

As of 31 March, 2017, your Company has land bank of 43 msf allocated for development of leased assets.

Offices Segment

As of 31 March 2017, the occupancy rate for your Company's leased offices portfolio was approx. 93%.

Retail Segment

As of 31 March 2017, the occupancy rate for your Company's leased retail portfolio was approx. 94%. The

fast growing retail market presents significant market potential for your Company to expand its retail portfolio.

Company's Project Execution Status and Development Potential

Your Company completed approx. 14.5 msf of commercial and residential projects in FY'17. As a result, the total area under construction was approx. 19.30 msf as on 31 March 2017.

Standalone Financial Results

(₹ in crore)

	2016-17	2015-16
Total income from operations	4,405.31	4,809.06
Total expenses	3,482.61	3,572.27
Profit before exceptional items and tax	922.70	1,236.79
Exceptional items (net)	(42.25)	513.49
Profit before tax	880.45	1,750.28
Less: Tax expense	283.89	253.66
Net Profit	596.56	1,496.62

Future Outlook

Your Board of Directors approved the signing of definitive agreements between your Company and an affiliate of GIC Real Estate, Singapore for a strategic partnership to develop a rental assets portfolio of DLF Cyber City Developers Limited ("DCCDL"), a subsidiary company. The partnership enables sustainable, long-term growth of DCCDL's rental business and creates an optimum structure for its rental business to improve efficiency, with long-term capital for growth of the portfolio.

This is one of the largest private equity transactions in India in the real estate space. The transaction shall create one of the leading platform play for rental properties, with rent yielding assets of 26.9 msf. The portfolio, currently, has an under development pipeline of approx. 2.5 msf with further development potential of approx. 19 msf within the portfolio.

The transaction shall be subject to necessary corporate, shareholders and regulatory approvals.

The transaction implies an Enterprise Value of ₹ 35,617 crore for DCCDL, translating into equity value of approx. ₹ 30,200 crore.

As per arrangements, the gross proceeds to the promoter entities would be ₹ 11,900 crore approx., which includes secondary sale of equity shares [post conversion of cumulative compulsorily convertible preference shares (CCPS)] to GIC affiliate for ₹ 8,900 crore approx. and two buybacks of CCPS by DCCDL for ₹ 3,000 crore. The expected post tax consideration in the hands of the promoter entities pursuant

to the sale and two tranches of buyback is expected to be in excess of ₹ 10,000 crore (approx.). A substantial portion of the said amounts will be invested in the Company.

The Development business will also benefit due to the structural reformation of its capital structure.

During the financial year, your Company, despite adverse macro headwinds, continued to deliver on its commitments. With the stated objective of focusing on faster execution of all projects, completion of approx. 14.5 msf was achieved.

The Rental business remains on a growth trajectory, and hence, DLF has commenced construction of the next phase of Chennai IT SEZ and remains on path of timely execution of the Cyber Park project in Gurugram.

The business strategy remains focused on the following key pillars:

(a) Efficient capital structure

Your Company continues to improve the quality of debt and has successfully reduced the average cost of borrowing for the Group. Post the transaction in the Rental business, DLF believe that the development business will attain a very healthy gearing ratio and the Rental business will continue to improve its quality debt by reducing the cost and phasing-out the principal payments, which essentially remain self liquidating.

(b) Timely execution of projects

The Company has in the past years demonstrated its focus of timely execution of the various projects and continues to embark on the strategy of creating finished inventory and reap benefits at the right inflexion point in the market. This strategy is incumbent in the current scenario, post the notification of the Real Estate (Regulation and Development) Act, 2016.

(c) Growth of rental business

Given the healthy traction and expected demand momentum, your Company has initiated new development in its rental portfolio. The Company strongly believes that this segment is embarking on a high tide and the time is ripe to reap benefits by deploying capital into this business and create a marquee portfolio.

Real Estate (Regulation and Development) Act, 2016

Real Estate (Regulation and Development) Act, 2016 [RERA] promulgated by the Central Government and Rules made thereunder by the respective State Governments will bring transparency, accountability and higher standard of governance. RERA will boost consumer confidence, pave the way for accelerated demand for housing products and also facilitate the flow of investments into the realty sector, from both global and Indian investors. It provides a unified legal regime for purchase of real estate and standardize the