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DLF Universal Limited



Report

*Annual
Report*

99

DLF UNIVERSAL LIMITED

BOARD OF DIRECTORS

(As on 24 August, 1999)

MR. K. P. SINGH
Chairman & Managing Director

MR. RAJIV SINGH
Vice Chairman & Whole-time Director

MR. T.C. GOYAL
Managing Director

CH. RAGHVENDRA SINGH
Whole-time Director

MR. J.K. CHANDRA
Director - Projects
(Whole-time Director)

MR. RAJINDER SINGH SAHNI

MR. B. BHUSHAN

BRIG. (RETD.) N. P. SINGH

MS. RENUKA TALWAR

Company Secretary

MR. S.M. SHARMA

Regd. Office

DLF City, Phase - I,
Gurgaon - 122 002.(Haryana)

Head Office

DLF Centre, Sansad Marg
New Delhi - 110 001.

Auditors

M/s. Walker, Chandio & Co.
Chartered Accountants

41 / L, Connaught Circus
New Delhi - 110 001.

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DLF Universal Limited

Directors' Report

To the Members

The Directors are pleased to present the Thirty-Fourth Annual Report on the business and operations of the Company and Audited financial accounts for the 18 months period ended 31st March, 1999.

Financial Results:

	(Rs. in Lacs)
Gross Operating Profit	13174.93
Less : Interest & Finance Charges	9723.40
Profit before Depreciation & Taxation	3451.53
Less : Depreciation	240.74
Profit before Tax	3210.79
Less : Provision for Tax	668.95
Net Profit	2541.84
Balance in Profit & Loss Account B/F	4279.75
Profit available for appropriations :	6821.59
APPROPRIATION :	
Debenture Redemption Reserve	7.20
General Reserve	265.00
Dividend on Equity Shares:	
Proposed	105.24
Tax on Dividend	11.57
Surplus carried to Balance Sheet	6432.58
	6821.59

Dividend :

Your Directors recommend a dividend of 30% on Equity Shares of Rs. 10/- each. The dividend will absorb Rs. 105.24 lacs and tax on dividend Rs. 11.57 lacs.

Review of Operations

The Indian economy faced extremely difficult times in the period under review. As a result, the real estate sector witnessed tremendous over capacity, lack of demand and deteriorating values. However, despite these adverse circumstances your company continued to make good progress. The encouraging financial results are a result of substantial achievements by the company in all spheres of its activities.

The earlier projects of the Company have been successfully completed or are nearing completion. Therefore, it is expected that habitation of DLF City, earlier known as DLF Outab Enclave, will grow rapidly in the near future. The Company's earlier thrust into making DLF City the preferential corporate location was further boosted by the successful completion of DLF Plaza Tower and its occupation by prestigious corporates like ICI, British Airways, Du Pont, Smith Kline Beecham etc. The Company has almost completed another prestigious office project - DLF Gateway Tower.

The Golf Course project has also been successfully commissioned and has been widely acknowledged to be amongst the finest of its kind anywhere in the world. Other schemes of the Company in UP and Faridabad are showing encouraging progress.

The Company is confident of achieving even better results in the future. This is due to the unprecedented success of the new schemes launched by the Company in the housing sector, which

have set a new benchmark in offering value for money to our customers. This was made possible by extensive re-engineering exercises initiated some time ago. The strong and sustained demand for this product has encouraged us to further commit ourselves to offering an even better product in the future.

During the period under review, the Cement Industry faced an unprecedented and severe crisis. DLF Cement Limited (DCL) as a result suffered heavy losses despite full capacity utilization and widespread acceptance of its product in the market. Your company extended complete support for financial restructuring with the institutions and under obligations of Corporate Guarantees, your company undertook transfer of debts, which shall be recovered from DCL on back to back basis, for which your approval is being sought in the coming Annual General Meeting. The Board of Directors have authorized and closely monitored all these efforts and as a result, the restructuring efforts are bearing fruit and it is expected that the revival in the Indian Cement Industry will lead to significantly better results by DCL.

Future outlook:

The repeal of the Urban Land Ceiling & Regulation Act would release land for housing and construction activities. As such your Directors expect significant increases in the operations of the Company, barring any unforeseen circumstances.

Y2K Compliance

All computer systems including Financial Accounting and Customer Accounting are Y2K compliant and the company does not anticipate any problem or business risk on account of Y2K.

Subsidiary Companies:

Operations of all subsidiary Companies are commented upon in the respective Company's Directors' Report. As required under the Companies Act, 1956 the Annual Reports of these Companies are furnished as part of the Balance Sheet and Profit & Loss Account of the Company.

Public Deposits:

As on 31st March 1999, 30 persons whose deposits amounting to Rs. 10,83,726/- had become due for payment, did not claim their deposit on maturity. Of these 6 deposits aggregating to Rs. 2,35,000/- have since been paid or renewed. There has been no delay in payment of interest and repayment of deposits on maturity.

Directors:

Ch. Raghvendra Singh and Mr. B. Bhushan retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors in their meeting held on 25th September, 1998, has subject to the approval of Shareholders, re-appointed Mr. K.P. Singh as Chairman & Managing Director of the Company for a further period of 5 years w.e.f. 1st October, 1998.

The Board in its meeting held on 30th January, 1999, has appointed Mr. J.K. Chandra as an Additional Director on the Board w.e.f. 1st March, 1999. He holds office upto the date of Annual General Meeting. Your Company has received a notice under section 257 of the Companies Act, 1956 from a member in writing proposing his candidature for the office of Director to be elected by the members in the ensuing Annual general Meeting. The Board recommends his appointment.

The Board has also in its meeting held on 30th January, 1999 subject to your approval appointed Mr. J.K. Chandra, Whole-time Director designated as Director Projects of the Company for a period of two years w.e.f. 1st March, 1999.



Mr. Rajiv Singh was on the Board of your Company as Director. In its meeting held on 7th April, 1999, the Board of Directors subject to your approval appointed Mr. Rajiv Singh, Director as Vice Chairman and Whole-time Director of the Company for a period of 5 years w.e.f. 9th April, 1999. The Board recommends his appointment.

Auditors:

M/s. Walker, Chandiok & Co., Chartered Accountants, retire and being eligible offer for re-appointment. have expressed their willingness to serve if appointed. The observations of the auditors in their report are of an informative nature and have been adequately explained in the respective notes to the accounts, and therefore, in the opinion of Directors, do not call for any further explanation.

Particulars of Employees :

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies Particulars of Employees Rules, 1975 as amended, regarding employees is given in Annexure 'A' to the Directors' Report.

Energy, Technical, Foreign Exchange:

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988 is given in the Annexure 'B' of the Directors' Report.

Acknowledgment:

The Board of Directors gratefully acknowledge the continued cooperation and support of our shareholders & customers and would like to place on record its appreciation for the dedicated services of the employees at all levels. The Directors further express their gratitude to the bankers and financial institutions for their continued support to the Company.

for and on behalf of the Board of Directors

Place : New Delhi
Dated : 24 August, 1999

K.P.SINGH
CHAIRMAN & MANAGING DIRECTOR

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DLF Universal Limited

ANNEXURE - 'A'

Statement (forming part of Directors' Report) containing particulars of employees of the Company drawing a remuneration of not less than Rs. 6,00,000/- Per Annum (for 18 months Rs. 9.00 lacs proportionately) or not less than Rs. 50,000/- per month as on 31st March, 1999 pursuant to the provisions of Section 217(2-A) of the Companies Act, 1956.

Particulars of Present Employment							Particulars of last Employment		
S. No.	Name	Age in Years	Qualifications	Year of Experience	Date of Commence ment of employment	Designation/ Nature of Duties	Gross Remuneration	Employer	Designation
A. Employed through out 18 Months and in the receipt of remuneration aggregating not less than Rs. 9,00,000/- in aggregate during the period.									
1	Agrawal S. B	51	B.Com. F.C.A	25	18.02.1974	General Manager (Taxation and Audit)	1031610	—	—
2	Bhattacharya K. K	56	B.E. (Electrical)	34	01.10.1996	Vice President - (Technical)	1038466	DLF Industries Limited	Vice President (Technical)
3	Chandra J. K	65	B.Tech., M.Tech.	42	01.10.1996	Director (Projects) and Whole-time Director	1365682	DLF Industries Limited	Sr. Vice President (Operations)
4	Choudhary Roy Arup	43	B.Sc.Engg., M.Tech.	21	01.10.1996	Sr. General Manager (Project Management Group)	926673	DLF Industries Limited	General Manager (Quality Management)
5	Goyal T. C	54	B.Com(Hons.), F.C.A	32	15.10.1981	Managing Director	5387758	Methodex System Ltd.	Manager (Finance)
6	Kumar Atul	44	Msc., M.Tech	22	15.05.1996	General Manager (I.T)	1090873	Oracle Corporation	Head (Country Consulting Manager)
7	Kachru S Ravi	51	B.Sc. (Engg)	27	01.10.1996	Vice President - (Projects)	1093011	DLF Industries Limited	Sr. General Manager (Project)
8	Malhotra Rajiv	44	B.E. & M.E (Civil)	22	01.10.1996	Vice President (Planning)	1184773	DLF Industries Limited	General Manager (Planning)
9	Singh K. P	67	B. Sc.	38	02.06.1968	Chairman & Managing Director	12892958	Raisina Cold Storage & Ice Co. (P) Ltd	Managing Director
B. Employed for part of the Year and in the receipt of remuneration aggregating Rs.50,000/- or more per Month.									
1	Bhardwaj P. K	51	J.E. (Civil)	31	01.10.1996	General Manager (Projects)	426429	DLF Industries Limited	General Manager (Projects)
2	Mandal K. D	55	B.E. & M.E (Civil)	33	01.10.1996	Sr. General Manager (Projects)	984259	DLF Industries Limited	General Manager (Projects)
3	Sarin Deepak	50	Bsc,MBA,DIP(HM)	28	01.07.97	President & Chief Executive	252981	Aakins Hospitality Ltd. Bangkok, Thailand	Director & Vice President.
4	Swarup, K	58	M.Com. LLB, C.S	37	01.12.1997	Vice President (Legal)	1380316	Delhi Stock Exchange	Sr. General Manager (Marketing Operations, Secretarial & Legal)
Notes:									

Notes:

- Gross remuneration comprises Salary,Bonus,Allowances,Monetary Value of Perquisite as per Income Tax rules,Commission,notice pay,leave encashment,ex-gratia,Gratuity,Company's contribution to Provident and superannuation funds but exclude contribution to Gratuity Funds on the basis of actuarial valuation as separate figures are not available.
- Appointment of all employees are Non-Contractual and terminable by notice on either side except in case of Chairman & Managing Director (sno. A9).
- Serial No. 9 is relative of few Directors of the Company.

On Behalf of the Board of Directors

K. P. SINGH
CHAIRMAN &
MANAGING DIRECTOR

ANNEXURE 'B' TO THE DIRECTORS' REPORT

(Disclosure of Particulars u/s (217) (1)(e) of the Companies Act, 1956)

- | | | | |
|---|--|---|---|
| A | Disclosure of particulars with respect to conservation | - | Not applicable |
| B | Technology Absorption | - | Not applicable in view of the Real Estates business undertaken by the Company |
| C | Foreign Exchange Earnings and outgo | | |

(Rs. in lacs)

Foreign Exchange Earned	1997-99	1996-97
Foreign Exchange Used	2858.13	3603.67
	392.45	70.88

On Behalf of the Board of Directors

K. P. SINGH
CHAIRMAN &
MANAGING DIRECTOR



Auditors' Report

To the Shareholders,

We have audited the attached balance sheet of DLF Universal Limited as at 31 March 1999 and the profit and loss account of the Company for the eighteen months ended on that date and report that:-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we give in the annexure a statement on matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we report that:
 - a) We have 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 appears from our examination of the books;
 - c) The balance sheet and the profit and loss account dealt with by the report are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the significant accounting policies and notes thereon and in particular Note No. 6 in Schedule 21 regarding the method adopted for taking income from the land sales and construction of houses, flats, etc. to revenue, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 1999; and
 - ii) in the case of profit and loss account, of the profit for the eighteen months ended on that date.

For WALKER, CHANDIOK & CO
Chartered Accountants

Place : New Delhi
Dated: 24 August, 1999

VINOD CHANDIOK
Partner

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (1) of our report of even date to the Shareholders of DLF Universal Limited on the accounts for eighteen months ended 31 March 1999.

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As per the programme, major portion of the fixed assets has been physically verified by the management during the period. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its fixed assets;
- ii) There has been no revaluation of fixed assets during the period;
- iii) The stocks of the Company have been physically verified at reasonable intervals during/at the end of the period by the management;
- iv) In our opinion, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- v) The discrepancies between physical stocks and the book records, which have been properly dealt with, were not material in relation to the size of the Company's operations;
- vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles

- vii) and is on the same basis as in the preceding year;
- viii) The Company has taken unsecured loans from companies listed in the register maintained under section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loans are not prima-facie prejudicial to the interest of the Company. The Company has not taken any loans, secured or unsecured from firms or other parties listed in the register maintained under section 301/bodies corporate under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956;
- ix) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301/bodies corporate under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956;
- x) The Company has granted interest free loans and advances in the nature of loans to its subsidiary companies without stipulations as to repayments. In respect of other loans and advances in the nature of loans, the parties are repaying the amounts as per stipulations where stated and are regular in payment of interest, wherever applicable;
- xi) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of development materials, plant and machinery, equipment and other assets and for the sale of goods;
- xii) In our opinion and according to the information and explanations given to us, the transactions for the purchase of goods and materials and sale of goods, materials and services made by the Company in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period to Rs. 50,000/- (Rupees fifty thousand) or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services;
- xiii) The Company has determined unserviceable or damaged stocks of development/construction material, on physical verification of stock at end of the period and adequate provision for the same has been made in the accounts;
- xiv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public;
- xv) The Company is maintaining reasonable records in respect of realisable scrap;
- xvi) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business;
- xvii) According to the records of the Company, provident fund and employees' state insurance dues have been regularly deposited with the appropriate authorities;
- xviii) According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty outstanding for a period of more than six months as at 31 March 1999 from the date the same became payable;
- xix) During the course of our audit of the books of account carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, we have not come across any personal expenses of employees or directors, other than those payable under contractual obligations or in accordance with the prevailing business practice;
- xx) The other clauses of the order are not applicable/required to be reported.

For WALKER, CHANDIOK & CO
Chartered Accountants

Place : New Delhi
Dated: 24 August, 1999

VINOD CHANDIOK
Partner

DLF Universal Limited

Balance Sheet as at 31 March 1999

	Schedule	As at 31.03.99	(Rs. in lacs) As at 30.09.97
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	350.80	350.80
Reserves and surplus	2	8,524.47	6,099.44
		<u>8,875.27</u>	<u>6,450.24</u>
Loan Funds			
Secured loans	3	41,174.51	19,589.07
Unsecured loans	4	1,399.18	8,123.12
		<u>42,573.69</u>	<u>27,712.19</u>
		<u>51,448.96</u>	<u>34,162.43</u>
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross block	5	2,383.28	2,074.63
Less: depreciation		556.87	409.68
Net Block		<u>1,826.41</u>	<u>1,664.95</u>
Investments	6	6,512.78	5,403.23
Current Assets, Loans & Advances			
Stocks	7	68,134.76	53,355.90
Sundry debtors	8	6,382.11	2,859.90
Cash and bank balances	9	669.30	1,685.24
Other current assets	10	757.81	554.03
Loans and advances	11	28,977.10	20,669.34
		<u>104,921.08</u>	<u>79,124.41</u>
Less:			
Current Liabilities and Provisions			
Liabilities	12	59,840.68	50,921.62
Provisions	13	1,970.63	1,108.54
		<u>61,811.31</u>	<u>52,030.16</u>
Net Current Assets		<u>43,109.77</u>	<u>27,094.25</u>
		<u>51,448.96</u>	<u>34,162.43</u>
Significant accounting policies	20		
Notes to the accounts	21		

The Schedules referred to above form an integral part of the accounts.

On behalf of the Board of Directors

S. K. GUPTA
Sr. Manager
Accounts

S.M.SHARMA
Secretary

T.C.GOYAL
Managing
Director

RAJIV SINGH
Vice Chairman

K. P. SINGH
Chairman &
Managing Director

RAJINDER SINGH SAHNI

B. BHUSHAN
Directors

This is the Balance Sheet referred to in our report of even date.
For WALKER, CHANDIOK & CO.
Chartered Accountants

Place : New Delhi.
Dated : 24 August, 1999

VINOD CHANDIOK
Partner


Profit and Loss Account for the eighteen months ended 31 March 1999

	Schedule	Eighteen months ended 31.03.99	(Rs. in lacs) Year ended 30.09.97
INCOME			
Sales and other income	14	22,581.89	17,279.20
Increase/(decrease) in stocks	15	31.64	(175.06)
		<u>22,613.53</u>	<u>17,104.14</u>
EXPENDITURE			
Purchase and development expenses	16	6,436.47	8,163.49
Establishment	17	765.39	497.30
Finance charges	18	9,723.40	4,391.62
Other expenses	19	2,236.74	1,636.38
Depreciation		240.74	148.44
		<u>19,402.74</u>	<u>14,837.23</u>
Profit before tax		3,210.79	2,266.91
Provision for tax		668.95	338.80
		<u>2,541.84</u>	<u>1,928.11</u>
Profit after tax		4,279.75	2,660.91
Balance as per last balance sheet		-	(8.00)
Prior period expenses (net)		-	-
		<u>6,821.59</u>	<u>4,581.02</u>
Amount available for appropriation			
APPROPRIATION		7.20	4.80
Debenture redemption reserve		265.00	200.00
General reserve		-	-
Dividend on Equity Shares		105.24	-
Proposed		-	87.70
Interim		11.57	8.77
Tax on dividend		6,432.58	4,279.75
Balance carried to balance sheet		<u>6,821.59</u>	<u>4,581.02</u>

The Schedules referred to above form an integral part of the accounts.

On behalf of the Board of Directors

S. K. GUPTA
Sr. Manager
Accounts

S.M.SHARMA
Secretary

T.C.GOYAL
Managing
Director

RAJIV SINGH
Vice Chairman

K. P. SINGH
Chairman &
Managing Director

RAJINDER SINGH SAHNI
Directors

B. BHUSHAN

This is the Profit and Loss Account referred to in our report of even date.
For WALKER.CHANDIOK & CO.
Chartered Accountants

VINOD CHANDIOK
Partner

Place : New Delhi.
Dated : 24 August, 1999

OLP Universal Limited

Schedules forming part of the accounts for the eighteen months ended 31 March 1999

(Rs. in lacs)

	As at 31.03.99	As at 30.09.97
SCHEDULE: 1 SHARE CAPITAL		
Authorised		
45,00,000 Equity shares of Rs 10/- each	450.00	450.00
50,000 Cumulative redeemable preference shares of Rs 100/- each	50.00	50.00
	<u>500.00</u>	<u>500.00</u>
Issued		
36,18,310 Equity shares of Rs 10/- each	361.83	361.83
Subscribed and paid		
35,08,007 Equity shares of RS.10/- each fully paid	<u>350.80</u>	<u>350.80</u>
Note:		
Out of the above 11,75,570 equity shares fully paid were allotted without payment being received in cash		
SCHEDULE : 2 RESERVES AND SURPLUS		
Reserves		
Capital Reserve		
As per last balance sheet	1,218.72	233.83
Surplus on revaluation of fixed assets on conversion to stock in trade	-	984.89
	<u>1,218.72</u>	<u>1,218.72</u>
Capital Redemption Reserve		
As per last balance sheet	24.34	24.34
Debenture Redemption Reserve		
As per last balance sheet	67.07	62.27
Transfer from profit and loss account	7.20	4.80
	<u>74.27</u>	<u>67.07</u>
General Reserve		
As per last balance sheet	509.56	309.56
Transfer from profit and loss account	265.00	200.00
	<u>774.56</u>	<u>509.56</u>
Surplus		
As per profit and loss account	6,432.58	4,279.75
	<u>8,524.47</u>	<u>6,099.44</u>
SCHEDULE : 3 SECURED LOANS		
Debentures		
1,44,050 - 10% Redeemable debentures of Rs.100/-each	144.05	144.05
Interest accrued and due	12.33	0.27
	<u>156.38</u>	<u>144.32</u>
From banks		
Term loan	2,166.67	4,950.00
Overdraft limits	2,252.03	-
Other loan	9,910.52	7,375.88
	<u>14,329.22</u>	<u>12,325.88</u>
From others		
Term loan		
Industrial Credit & Investment Corporation of India Limited	12,950.00	3,000.00
Housing Development Finance Corporation Limited	13,500.00	3,500.00
Others		
Housing Development Finance Corporation Limited	192.24	339.05
Interest accrued and due	46.67	266.81
Deferred payment credits		
	<u>26,688.91</u>	<u>7,118.87</u>
	<u>41,174.51</u>	<u>19,589.07</u>
Loans due within one year	<u>7,052.15</u>	<u>4,777.35</u>