



THE LEELA
PALACES HOTELS RESORTS



HLV Limited

(Formerly known as Hotel Leelaventure Limited)

www.hvltd.com

**Annual Report
2019-20**

Mission Statement

To not just satisfy our guests, but delight them.

To show the warmth and grace unique to Indian hospitality.

To set a new global standard of service in which wishes are not simply granted, but anticipated.



Lobby Lounge at The Leela Mumbai



Lobby at The Leela Mumbai

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to present you, the 39th Annual Report and Financial Statements for the year ended 31st March, 2020 of HLV Limited (formerly known as Hotel Leelaventure Limited).

It is our aim to continue to be recognized as a leading luxury hotel in India. Our philosophy is deeply rooted in the tradition and ethos of legendary warm Indian hospitality. Our service culture and our values both focus on delivering experience that makes guests feel like unique individuals. It is the seamless coordination, teamwork and dedication among us that help us in maintaining our high standards.

As a Member, you are aware, that in order to pay the debts of the Company, the Company completed the transactions with BSREP III India Ballet Pte. Ltd. ("**Brookfield**") for sale of the Company's hotel undertakings in Delhi, Bengaluru, Chennai and Udaipur as well as the Company's business of hotel management operations and sale of the 100% shareholdings of the Company in Leela Palaces and Resorts Limited (LPRL), which owned property and held licenses for the development of a hotel in Agra. It was a composite transaction for sale of the aforementioned hotels and related assets, as well as the trade marks, brand, other associated brands and intellectual property rights. The proceeds received out of this transaction had been used to repay the lenders of the Company by way of a one-time settlement. Consequent to the transaction, now the Company operates only one hotel "The Leela, Mumbai".

Also as per the understanding with Brookfield, the Company changed its name from "Hotel Leelaventure Limited" to "HLV Limited".

The Company started feeling the ripple effects of the global COVID-19 turmoil towards the end of February 2020, which worsened at the beginning of March. Occupancy at the hotel declined rapidly. Such a steep decline in such a short period of time has never been witnessed by the Company.

Given the national lockdown announcement by the Government of India and the guidelines / directives issued by the Central and State Governments and other regulatory authority(ies) for the hospitality and other sectors, the Company had to suspend its operations.

In these difficult times caused by the COVID outbreak around us the Company may face significant challenges for some time, but I am confident that we will adapt and continue to deliver our Brand Promise of outstanding service. We have had an extraordinary background and an excellent legacy that will continue to position us as one of the finest hotels in India.

I wish to convey my sincere thanks to our valued shareholders and seek their continued support and trust in us. I also acknowledge the support of the Board, Management and associates of "The Leela, Mumbai" and the management of Brookfield for their commitment and commendable efforts and look forward to their continued wholehearted support who stood by the Company during the difficult times the Company had to endure.

A handwritten signature in black ink, appearing to read 'Vivek Nair', written in a cursive style.

Vivek Nair
Chairman & Managing Director
HLV Limited
(Formerly Hotel Leelaventure Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|-------------------|---------------------------------|
| Mr. Vivek Nair | Chairman & Managing Director |
| Mr. Dinesh Nair | Co-Chairman & Managing Director |
| Mrs. Madhu Nair | Director |
| Mr. Vinay Kapadia | Director |
| Mr. Vijay Sharma | Director |
| Ms. Saija Nair | Director |

REGISTERED & CORPORATE OFFICE

The Leela
Sahar
Mumbai – 400 059
Tel. +91-22-6691 1182/83
Fax +91-22-6691 1458
E-mail: investor.service@hlvtd.com
Website: www.hlvtd.com

REGISTRAR & TRANSFER AGENTS

KFin Technologies Private Limited
Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Tel: + 91 40 6716 2222
Fax: + 91 40 2342 0814
Toll Free No. 1800-3454-001
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

CORPORATE IDENTITY NUMBER (CIN) OF THE COMPANY

L55101MH1981PLC024097

39TH ANNUAL GENERAL MEETING

Date : Monday, 21st September, 2020

Time : 11.00 a.m.

CHIEF FINANCIAL OFFICER

Mr. Umesh Dombé

COMPANY SECRETARY

Ms. Savitri Yadav

STATUTORY AUDITORS

N. S. Shetty & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

Cyril Amarchand Mangaldas

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For any assistance pertaining to • Room Reservations • Conferences • Weddings • Holiday Packages and Weekend Offers at
The Leela Palaces, Hotels and Resorts, please feel free to contact The Leela Reservations Worldwide :

India Toll Free: 1 800 1031 444 | USA Toll Free: 855 670 3444 | UK Toll Free: 08 000 26 1111

Hong Kong Toll Free: 800 906 444 | Singapore Toll Free: 1 800 223 4444 | Other Countries: (91) 124 4425 444

Mail us at: reservations@theleela.com | Website: www.theleela.com

DIRECTORS' REPORT

Dear Members

Your Directors present the 39th Annual Report on the business and operations of your Company, together with the audited accounts for the year ended 31st March, 2020.

1. Financial Performance

The financial performance of the Company during the year under review is summarized below:

₹ lakhs

| Particulars | Financial Year 2019-20 | Financial Year 2018-19 |
|---|---------------------------|---------------------------|
| Continuing Operations: | | |
| Total income | 15,191.23 | 15,852.79 |
| Less: Expenses other than finance costs and depreciation / amortisation | 18,226.88 | 15,669.14 |
| Less: Finance costs | 90.92 | 39.66 |
| Less: Depreciation and amortisation expenses | 1,193.12 | 957.52 |
| Profit/(loss) before exceptional items and Tax | (4,319.68) | (813.52) |
| Exceptional items - Profit/(loss) (net) | 2,309.37 | (2,966.11) |
| Profit/(loss) before Tax | (2,010.31) | (3,779.63) |
| Tax expense | - | - |
| Profit/(loss) after Tax from continued operations (A) | (2,010.31) | (3,779.63) |
| Discontinued operations: | | |
| Profit/(loss) from discontinued operations | 21,369.41 | (8,109.85) |
| Tax expense from discontinued operations | - | - |
| Profit/(loss) after Tax from discontinued operations (B) | 21,369.41 | (8,109.85) |
| Profit after Tax (A + B) | 19,359.10 | (11,889.48) |
| Other comprehensive income / (loss), net of tax | (182.33) | 22.09 |
| Total comprehensive income for the year | 19,176.77 | (11,867.39) |
| EPS for continued operations | (0.32) | (0.60) |
| EPS for discontinued operations | 3.39 | (1.29) |
| EPS for continued and discontinued operations | 3.07 | (1.89) |

2. Reserves

In view of operational losses, your Company is not able to transfer any amount to the Reserves for the year under review.

3. Dividend

The Directors do not recommend any dividend for the financial year ended 31st March, 2020 in view of operational losses.

4. Share Capital

There was no change in the share capital of the Company during the year. The issued and paid up share capital of the Company stands at ₹126,11,03,532 (Rupees one hundred twenty six crores eleven lakhs three thousand five hundred thirty two) divided into 63,05,51,766 (sixty three crores five lakhs fifty one thousand seven hundred sixty six) Equity Shares of face value of ₹ 2 (Rupees two) each.

5. Fixed Deposits

During the year under review, the Company has not accepted any deposits from the public or from the shareholders.

6. Subsidiary Company, its performance and financial position

During the financial year under review your Company has disposed off its sole wholly owned Subsidiary (WOS), viz. Leela Palaces and Resorts Limited under a composite transaction of sale of the Company's hotel undertakings in Delhi, Bengaluru, Chennai and Udaipur as well as the Company's business of hotel management operations and 100% shareholdings of the Company in Leela Palaces and Resorts Limited (WOS) to M/s. BSREP III India Ballet Pte. Ltd. ("Brookfield"). The WOS got transferred to Brookfield on 16th October, 2019.

The WOS neither carried out any operations during the year nor has there been any material change in the nature of its business till the date of disposal. As on 31st March, 2020 the Company did not have any subsidiary. In view of the same, Form AOC-I (pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) containing the salient features of the financial statement of the WOS is not attached to this report.

During the year under review, your Company has not incorporated or acquired any company.

The Audited Consolidated Financial Statements incorporating the profit and loss account of the said WOS upto the date of disposal, prepared in accordance with Accounting Standards (Ind AS) as applicable to your Company forms part of this Annual Report.

7. Secured Non-Convertible Debentures

During the year under review, the Company has not issued/ allotted any Non-Convertible Debentures.

In the financial year 2008-09, the Company had issued and allotted 12.50% Secured Redeemable Non-Convertible Debentures (NCD) of the face value ₹ 10,00,000 (Rupees ten lakhs) each on private placement basis aggregating to ₹ 90,00,00,000 (Rupees ninety crores) to LIC of India.

The Company had paid two installments towards redemption of principal amounting to ₹ 2,250 lakhs. However, the Company could not pay the third, fourth and fifth installments towards redemption of principal amount of ₹ 2,250 lakhs each on NCDs which was due on 30th September, 2016, 30th September, 2017 and 30th September, 2018 respectively. The Company also defaulted in payment of interest on the aforesaid NCDs since March, 2017.

During the year under review, the Company has redeemed the debentures in full by way of a one-time settlement with the sole debenture holder LIC of India.

8. Significant Events during the year

A. Sale of Business Undertakings to M/s. Brookfield

As the Members are aware, the Company concluded the transactions with BSREP III India Ballet Pte. Ltd. ("Brookfield") for sale of the Company's hotel undertakings in Delhi, Bengaluru, Chennai and Udaipur as well as the Company's business of hotel management operations and sale of 100% shareholdings of the Company in Leela Palaces and Resorts Limited (LPRL), which owned property and held licenses for the development of a hotel in Agra. It was a composite transaction for sale of the aforementioned hotels and related assets, as well as the trade marks, brand and other associated brands and intellectual property rights.

The consideration of ₹ 395,000 lakhs received from the transaction has been used to repay the lenders of the Company by way of a one-time settlement.

Consequent to the above transactions, the Company has only one hotel, which is "The Leela, Mumbai".

B. Litigations against the Company

(i) Litigation on the transaction with Brookfield for sale of Undertakings

ITC Limited and its subsidiary Russel Credit Limited, shareholders of the Company holding 8.72% of the equity share capital, have on 22nd April 2019 filed against the Company, a petition under Section 241 of the Companies Act, 2013 for oppression and mismanagement along with 2 applications for urgent hearing and for waiver of the requirement of minimum threshold of 10% shareholding in relation to the transaction with BSREP III India Ballet Pte. Ltd. or its affiliates ("Brookfield") for sale of hotel undertakings before the NCLT in May 2019 which is to be reheard in future as the Bench hearing the case is reconstituted and will be taken up in due course after the COVID Pandemic or as directed by the judiciary.

Two minority shareholders i.e. ITC Limited and Life Insurance Corporation of India (LIC) have filed complaint with the Securities Exchange Board of India (SEBI) against the aforesaid transaction with Brookfield, alleging violation of the provisions related to related party transactions and oppression and mismanagement by the majority shareholders against minority shareholders. Later LIC withdrew from contesting this case. On 23rd July, 2019, SEBI passed its detailed, reasoned and speaking order in the matter of "Complaints Filed by Minority Shareholder of Hotel Leela Venture Limited".

Aggrieved by the aforesaid Impugned Order, ITC filed an appeal before the Hon'ble Securities Appellate Tribunal ("SAT") challenging the findings in the Impugned Order.

On 14th August, 2019, ITC sought interim relief in the nature of a direction from the Hon'ble SAT that till the Appeal is finally heard, the Promoters of the Company and JM Financial Asset Reconstruction Company Limited should be restrained from voting in respect of the proposed sale of the Undertakings, failing which the captioned Appeal would be rendered infructuous. The Hon'ble SAT did not find it proper to grant a stay with respect to the Postal Ballot Notice and / or the voting process. The final judgment of the Hon'ble SAT was pronounced on 26th September, 2019, wherein the appeal of ITC has been rejected. Subsequently, ITC has filed a statutory appeal in the Supreme Court of India and reply has been filed by all the respondents. The matter will be listed in due course after COVID Pandemic.

(ii) Litigations with Airports Authority of India

In the ongoing disputes (regarding the exorbitant demand of rentals, Royalty and Minimum Guaranteed Amount) with Airport Authority of India (AAI) regarding the Mumbai Hotel land admeasuring 18,000 sq.m and the adjacent land of 11,000 sq.m, the Company initiated Arbitration Applications in the High Court of Bombay in 2017. AAI initiated Eviction Proceedings against this which is still continuing before the Eviction Officer at Mumbai. There are several litigations in this regard pending in the Bombay High Court, Supreme Court and the Local Court in Mumbai. The cases in the Bombay High Court and the Supreme Court are yet to be admitted. Due to COVID Pandemic all these cases will be listed in due course and heard in future.

In the meanwhile, the Company has initiated Settlement talks with AAI since December 2019 which is progressing before the Settlement Advisory Committee (SAC) duly constituted by the Board of AAI. The Company is awaiting the outcome of the same in the near future.

(iii) Litigations on the Company's land in Hyderabad

The Company had entered into an MOU on 9th April, 2014, with PBSAMP Projects Private Limited (PBSAMP) for sale of land owned by the Company in Hyderabad admeasuring 3 acres and 28 guntas for a consideration of ₹ 85 crores. As per the MOU, the Company had agreed to settle all pending litigations on the land and obtain permission under the Urban Land Ceiling Act (ULC) for change in land usage from hotel to residential and for permission to alienate the land within 180 days from the date of MOU. As per the MOU, PBSAMP had advanced ₹ 15.5 crores to the Company and the Company settled two claims out of this amount. However, the Company could not settle remaining claims and could not get permission from the State Government under the Urban Land Ceiling Act (ULC) for change in land usage and to alienate the land. At present, there are five suits pending in the City Civil Court against the Company, wherein the Plaintiffs claim to be the owners of certain portion of the aforesaid land.

PBSAMP terminated the MOU on completion of 180 days from the date of MOU and demanded refund of ₹ 15.5 crores together with interest @ 21% per annum. Since the Company could not make payment, they initiated legal proceedings against the Company and secured an arbitral award in their favour. As per the arbitral award dated 8th September, 2019 an amount of ₹ 35 Crores inclusive of interest needs to be paid to the Claimant within 90 days of the award. The Company has filed an appeal under section 34 of the Arbitration and Conciliation Act, 1996 against the said impugned award before City Civil Court at Hyderabad.

The judge heard the matter briefly on 31st January, 2020 and had kept the matter for arguments and disposal in the first week of March 2020. However due to COVID Pandemic it has been adjourned and will be listed in due course.

In the meantime, the Company is exploring the option of selling the land "as is where is basis" wherein the purchaser shall take care of all the disputes related to the land either by way of settlement or litigation.

C. Change of the Company's name from Hotel Leelaventure Limited to HLV Limited

As a part of the Brookfield Transaction, it was agreed that the word "Leela" would not be a part of the Company's name and hence, the Board of Directors in their meeting held on 22nd October, 2019, decided to change the name of the Company. As the Company is also well known by its short name, "HLVL", it was decided to change the name as "HLV Limited", subject to requisite approvals, as the new name so that the short name can continue to be "HLVL".

The shareholders of the Company approved the new name by way of postal ballot the result of which was declared on 18th December, 2019. Subsequently, the name change was effected by the Registrar of Companies, Mumbai with effect from 27th December, 2019 in terms of fresh certificate of incorporation. The Stock Exchanges also took on record the change of name of the Company with effect from 8th January, 2020.

9. Material Changes and Commitments affecting Financial Position of the Company having occurred since the end of the financial year and till the date of this report

Due to COVID -19 pandemic and nationwide lockdown in the country, the Company had suspended operations. The lockdown and the extended closure of the hotel during this period have a significant impact on the company's revenue and profitability.

There are no other material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March, 2020 and the date of the Directors' report i.e. 29th July, 2020.

10. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future. However, attention of the Members is drawn to the legal proceedings pending against the Company as mentioned at Para No. 8(B) of this Board Report.

11. Directors and Key Managerial Personnel (KMP)

As on the date of this Report, the Company has Six (6) Directors consisting of Three (3) Independent Directors, Two (2) Executive Directors and One (1) Non-executive Director.

(a) Disqualification of Directors

In terms of the provisions of section 164(2)(b) of the Companies Act 2013, any person who is or has been a Director of a Company, which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall not be eligible to be re-appointed as a Director of that company or appointed in other company for a period of 5 years from the date of default. Moreover, pursuant to section 167(1)(a) a director incurring the disqualification under section 164(2) has to vacate his office of director in all other companies, other than the company which is in default under that sub-section.

The Company had defaulted in payment of installments towards redemption of principal amounts due on Secured Redeemable Non-Convertible Debentures and also defaulted in payment of interest on the Debentures issued to LIC of India as mentioned at para 7 above. Accordingly, the disqualification under the aforesaid provision got triggered on 30th September, 2017. As mentioned in para 7, the Company has made a one-time settlement with the debenture holder in October, 2019 and subsequently filed requisite applications with the Registrar of Companies, Mumbai for removal of disqualification of the directors.

Since, the Company's application is still pending before the Registrar of Companies, Mumbai, all directors of the Company, except Mrs. Madhu Nair, are disqualified under section 164(2)(b) of the Companies Act, 2013.

(b) Appointment of Director

Mrs. Madhu Nair was appointed as an Additional Director at the Board meeting of the Company held on 10th February, 2020. Mrs. Nair holds office upto the conclusion of the ensuing Annual General Meeting. The Company has received notice in writing under section 160 of the Companies Act, 2013 from a shareholder signifying his intention to propose Mrs. Nair's name as a candidate to the office of Director.

(c) Directors Retiring by Rotation

There are no directors who are liable to retire by rotation at the ensuing Annual General Meeting.

(d) Declaration by Independent Directors

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. There has been no change in the circumstances affecting their status as independent directors of the Company. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

In the opinion of the Board the Independent Directors possess integrity, expertise and experience including the proficiency.

(e) Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has complied with the requirement of having at least one Independent Woman Director on the Board of the Company. Ms. Saija Nair is the Women Independent Director of the Company.

(f) Whole-time Directors

Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman & Managing Director, are the Whole-time Directors of the Company.

(g) Key Management Personnel (KMP)

Mr. Vivek Nair, Chairman & Managing Director, Mr. Umesh Dombe, Chief Financial Officer and Ms. Saviti Yadav, Company Secretary, are the Key Managerial Personnel of the Company in accordance with the provisions of Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the financial year 2019-20, the following changes have taken place among the KMPs:

Mr. Alen Ferns, Company Secretary, resigned from the services of the Company with effect from 2nd March, 2020 and Ms. Saviti Yadav has been appointed as the Company Secretary of the Company with effect from 11th March, 2020.

Mr. Rajan Shah resigned as the Chief Financial Officer of the Company with effect from 22nd October, 2019 and Mr. Umesh Dombe was appointed as the Chief Financial Officer of the Company with effect from 23rd October, 2019.

Mr. Rajiv Kaul, President and a Key Managerial Personnel, has resigned from the services of the Company, with effect from 16th October, 2019.

12. Meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board / Committee meetings to be held in the forthcoming financial year are circulated to the Directors in advance to enable them to plan their time schedule for effective participation in the meetings.

The Board of Directors met 8 times i.e. on 27th May, 2019, 10th August, 2019, 13th August, 2019, 30th September, 2019, 22nd October, 2019, 12th November, 2019, 10th February, 2020 and 20th March, 2020. The intervening gap between two Meetings was within the period prescribed under the Companies Act, 2013 and Regulations 17 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. Detailed information on the meetings of the Board is included in the Report on Corporate Governance, which forms part of this Annual Report.

13. Audit Committee

The Audit Committee met six times during the year under review. The Audit Committee is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on the date of this Report, the Committee comprises of 4 Directors, i.e. three Independent Directors and the Chairman & Managing Director as a member.

The details with respect to the composition, roles, terms of reference, etc. of the Audit Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

There are no recommendations of the Audit Committee which have not been accepted by the Board.

14. Nomination and Remuneration Committee

The Nomination and Remuneration Committee met three times during the year under review.

As on the date of this Report, the Committee comprises of 4 Directors, i.e. three Independent Directors and the Chairman & Managing Director as a member.

The details with respect to the composition, roles, terms of reference, etc. of the Nomination and Remuneration Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

15. Nomination and Remuneration Policy

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued there under and the Listing Regulations.

The said Policy of the Company, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive Directors, Non-Executive Directors, Independent Directors, Key Managerial Personnel and persons in the Senior Management of the Company, including criteria for determining qualifications, remuneration, positive attributes, independence of a Director and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013 and the Listing Regulations.

The salient features of the Policy are set out in the Corporate Governance Report which forms part of this Annual Report. The Policy is also available on the website of the Company web-link: https://www.hvltd.com/assets/investors_relations/Policy%20on%20Remuneration%20Policy%20-%20Criteria.pdf

16. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance and of the Independent Directors individually as well as the Committees of the Board. The performance evaluation of all the Directors was also carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

17. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee met once during the year under review. As on the date of this Report, the Committee comprises of 4 Directors, i.e. three Independent Directors and the Chairman & Managing Director as a member.

The details with respect to the composition, roles, terms of reference, etc. of the Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

18. Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013, the Directors, based on the information and representations received from the operating management, hereby state and confirm that:

- (a) in the preparation of the annual accounts for the financial year ending 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

19. Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Annual Report.

20. Corporate Governance

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

A Certificate from Mr. Prashant S. Mehta, Practicing Company Secretary, regarding compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Report on Corporate Governance.

21. Whistle Blower Policy / Vigil Mechanism

The Company has implemented a Whistle Blower Policy in terms of Section 177(9) & (10) of the Companies, 2013 and the Listing Regulation, pursuant to which whistle blowers can raise concerns relating to Reportable Matters (as defined in the policy) such as fraud, bribery, corruption, illegality, health and safety, environmental issues and wastage / misappropriation of Company's funds / assets, violation of the Company's code of conduct, etc. Further, the mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of the whistleblower who avails such mechanism. The vigil mechanism also provides direct access to the Members of the Audit Committee, including the Chairman of the Audit Committee. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The Whistle Blower Policy is available

on the website of the Company https://www.hlvtd.com/assets/investors_relations/Whistle%20Blower%20Policy.pdf

22. Risk Management

The Board has approved a Risk Management Policy, wherein all material risks faced by the Company are identified and assessed. This framework seeks to create transparency, minimize adverse impact on business objective and enhance your Company's competitive advantage. For each of the risks identified in the policy, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.

23. Contracts or Arrangements with Related Parties

Your Company undertakes various transactions with Related Parties in the ordinary course of business. All Related Party Transactions entered into during the year were in the ordinary course of business and on arm's length basis. No material Related Party transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered into during the financial year 2019-20 by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2, is not applicable.

There were no materially significant related party transactions with the promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The Policy on materiality of Related Party transactions and also in dealing with such transactions as approved by the Board is available on the website of the Company at https://www.hlvtd.com/investor_relation.html. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

Your Directors draw attention of the members to Note No. 34.10 to the standalone financial statements, which give the related party disclosures.

24. Internal Financial Control Systems and their adequacy

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. The Company has laid down standards, processes and structures which enable implementation of internal financial control across the organization and ensure that the same are adequate and operating effectively.

Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed. During the year the internal financial controls as laid down are adequate and were operating effectively.

The Company has appointed M/s. Baker Tilly DHC Private Limited, Chartered Accountants, as Internal Auditors who review the internal control systems of the Company and report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

25. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March, 2020 is annexed as Annexure I to this Report and is also available on the website of the Company at https://www.hlvtd.com/investor_relation.html.

26. Loans, Guarantees or Investments

The Company has not granted any loan or given guarantee or made any investments during the year under review.

27. Corporate Social Responsibility (CSR)

In terms of Section 135 of Companies Act, 2013, certain companies have to carry out CSR activities as prescribed. Since the Company does not fall within the criteria of turnover and/or profit, due to continuous losses in the preceding financial years the Company is not required to form a CSR Committee nor required to contribute to the CSR activities as mandated under the provisions of section 135 of the Companies Act, 2013.

However, the Company continues to undertake CSR activities for the benefit of the local communities nearby its hotel, the details of which are disclosed separately in this Annual Report.

28. Disclosure under Section 22 of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman employee in the Company. The Company's policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year one complaint pertaining to sexual harassment was received and the same has been resolved.

29. Auditors

(a) Statutory Auditors and Auditors' Report

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members, at the 36th Annual General Meeting of the Company held on 18th September, 2017, had appointed M/s. N. S. Shetty & Co., Chartered Accountants, as the Company's Statutory Auditors for a period of five years, from the conclusion of the 36th Annual General Meeting till the conclusion of the 41st Annual General Meeting of the Company.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors to

their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and the rules made there under. The Statutory Auditors were present at the last Annual General Meeting.

During the period under review, even though there are no audit qualifications or adverse remarks, there are audit observations on the financial statements. The explanation for the same has been provided in Note No. 34.2 and 34.12 of the standalone Financial Statements. The said notes are self-explanatory and do not call for any further comments.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Prashant S. Mehta, Practicing Company Secretary, as its Secretarial Auditor to conduct the secretarial audit of the Company for the FY 2019-20. The report of Secretarial Auditor for the FY 2019-20 is annexed to this report as Annexure II.

The Secretarial Auditor has made certain observations in his report. Paras 11 of the Board Report explains the status and the same may also be treated as the response to the Secretarial Audit observations.

Compliance with Secretarial Standards

The Secretarial Audit Report confirms that the Company has complied with applicable Secretarial Standards.

(c) Reporting of Frauds by Auditors

During the year under review, no frauds have been reported by the Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board Report.

30. Employee Remuneration

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report as Annexure III.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered Office of the Company during working hours. In terms of Section 136 of the Act, the Reports and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid particulars of employees. A copy of this statement may be obtained by the Members by writing to the Company Secretary.

31. Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo and Other Disclosures

The disclosures to be made under sub-section (3) (m) of

Section 134 of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by your Company are furnished below:

(a) Conservation of Energy

Energy Conservation, sustainability and efforts to make the hotel more "Green" have been the main drive throughout the year. Major efforts / steps taken towards this are:

- Energy-efficient lighting like LED and energy efficient electrical equipments are installed extensively.
- High efficiency HVAC systems used/retrofitted extensively have reduced electrical consumption.
- Computerized Power Monitoring is implemented to monitor and control power consumption.
- Main chiller plants and steam boilers have been tuned for best efficiency, to conserve energy.
- Hotel is equipped with solar geysers for generating hot water and the rooms are equipped with energy-saving devices during non-occupancy.
- STP treated water and Rain Water Harvesting has been implemented.
- The Company has 3 windmills with a capacity of 4.5 MW power, in the State of Maharashtra. Windmills continue to produce renewable energy for use in its own hotel.

(b) Technology Absorption

In the opinion of the Board, the required particulars pertaining to technology absorption under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are not applicable, as hotel is a service industry and the Company does not have any significant manufacturing operations.

(c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings of the Company (including that of discontinued operations) during the year stood at ₹ 17,929.95 lakhs (previous year ₹ 31,652.54 lakhs) and foreign exchange outgo (including that of discontinued operations) during the year stood at ₹ 1,621.71 lakhs (previous year ₹ 3,642.44 lakhs).

32. Transfer of unclaimed dividend and Equity Shares to IEPF

Pursuant to applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years. Further, according to the aforesaid Rules, shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

As per the above provisions, all unclaimed dividend upto the financial year ended 31st March, 2011 has been transferred by the Company to the said Fund. The Company does not have any unclaimed dividend, which needs to be transferred to the said Fund. The Company has also transferred the shares in respect of which dividend remained unclaimed for seven consecutive years or more upto the financial year ended 31st March, 2011 to the IEPF Demat Account. Since there is no unclaimed dividend lying with the Company, there would be no further transfer of shares to the IEPF Authority.

The shares transferred to the IEPF Authority can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

33. Other Disclosures /Reporting

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to these items during the year under review:

- (a) Details relating to deposits covered under Chapter V of the Act.
- (b) Issue of equity shares with differential rights as to dividend, voting or otherwise.

- (c) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- (d) Receipt of remuneration or commission from any of the subsidiaries by the Executive Directors of the Company.

34. Acknowledgements

The Board wishes to place on record its appreciation for the assistance and support received from the lenders, government, regulatory authorities, customers, business associates and vendors.

Your Directors take this opportunity to express their sincere thanks to all the shareholders and stakeholders for the faith and confidence reposed in the Company and the management.

Your Directors attach immense importance to the contribution of the employees and sincerely thank them for sharing the Company's vision and philosophy and for the dedication and commitment.

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, 29th July, 2020

Annexure I

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|---|--|
| CIN | L55101MH1981PLC024097 |
| Registration Date | 20th March, 1981 |
| Name of the Company | HLV Limited (formerly Hotel Leelaventure Limited) |
| Category / Sub-Category of the Company | Public Company / Limited by Shares |
| Address of the Registered office and contact details | The Leela, Sahar, Mumbai - 400 059 Tel. +91-22-6691 1182/83 Fax +91-22-6691 1458 E-mail: investor.service@hlvltd.com Website: www.hlvltd.com |
| Whether listed company Yes / No | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | KFin Technologies Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500032 Telephone +91-40-6716 2222 Fax +91-40-2342 0814 E-mail at einward.ris@kfintech.com Website: www.kfintech.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|---|-----------------------------------|------------------------------------|
| 1 | Accommodation and Food Services Activities - Hotel Room revenue | 561 | 51.63% |
| 2 | Food and Beverage Services Activities - Food and Beverage | 551 | 36.32% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the Company | CIN/GIN | Holding / Subsidiary / associate | % of shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1 | Leela Palaces and Resorts Limited (upto 16 th October, 2019) The Leela Palace, Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023 | U70101DL2005PLC134480 | Subsidiary | 100% | 2(87) (ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year 01/04/2019 | | | | No. of Shares held at the end of the year 31/03/2020 | | | | % Change during the year | |
|--------------------------|---|---------------------|--------------|---------------------|---|---------------------|--------------|---------------------|--------------------------|--------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | | |
| A. | Promoters / Promoter group | | | | | | | | | |
| 1 | Indian | | | | | | | | | |
| (a) | Individuals/ HUF | 12,45,200 | 0 | 12,45,200 | 0.20 | 12,45,200 | 0 | 12,45,200 | 0.20 | 0 |
| (b) | Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Bodies Corporate | 29,60,49,519 | 0 | 29,60,49,519 | 46.95 | 29,60,49,519 | 0 | 29,60,49,519 | 46.95 | 0 |
| (e) | Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (f) | Any Others-Trust | 7,92,355 | 0 | 7,92,355 | 0.13 | 7,92,355 | 0 | 7,92,355 | 0.13 | 0 |
| | Sub-total (A)(1): | 29,80,87,074 | 0 | 29,80,87,074 | 47.27 | 29,80,87,074 | 0 | 29,80,87,074 | 47.27 | 0 |
| 2. | Foreign | | | | | | | | | |
| (a) | NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (b) | Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (c) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (d) | Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sub-total (A)(2): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total shareholding of Promoter (A) = (A)(1) + (A)(2) | 29,80,87,074 | 0 | 29,80,87,074 | 47.27 | 29,80,87,074 | 0 | 29,80,87,074 | 47.27 | 0 |
| B | Public shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 250 | 0 | 250 | 0.00 | 250 | 0 | 250 | 0.00 | 0.00 |
| (b) | Banks / FI | 5,28,644 | 5,000 | 5,33,644 | 0.08 | 5,22,150 | 5,000 | 5,27,150 | 0.08 | 0.00 |
| (c) | Central Government / State Government (s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0 |
| (e) | Insurance Companies | 1,55,00,550 | 0 | 1,55,00,550 | 2.46 | 1,37,68,713 | 0 | 1,37,68,713 | 2.18 | -0.27 |
| (f) | FIs | 13,56,498 | 0 | 13,56,498 | 0.22 | 3,05,899 | 0 | 3,05,899 | 0.05 | -0.17 |
| (g) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Qualified Foreign Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub-Total (B)(1) | 1,73,85,942 | 5,000 | 1,73,90,942 | 2.76 | 1,45,97,012 | 5,000 | 1,46,02,012 | 2.32 | -0.44 |

| Category of Shareholders | No. of Shares held at the beginning of the year 01/04/2019 | | | | No. of Shares held at the end of the year 31/03/2020 | | | | % Change during the year |
|--|---|------------------|---------------------|-------------------|---|------------------|---------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| 2 Non-institutions | | | | | | | | | |
| (a) Bodies Corporate | | | | | | | | | |
| (i) Indian | 23,46,07,480 | 22,875 | 23,46,30,355 | 37.21 | 23,14,30,468 | 22,875 | 23,14,53,343 | 36.71 | -0.50 |
| (ii) Overseas | 0 | 0 | 0 | 0 | | | | | |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | 6,02,15,258 | 15,67,235 | 6,17,82,493 | 9.80 | 5,99,33,846 | 13,53,081 | 6,12,86,927 | 9.72 | -0.08 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 88,28,937 | 0 | 88,28,937 | 1.40 | 1,57,50,070 | 0 | 1,57,50,070 | 2.50 | 1.10 |
| (c) Others (specify) | | | | | | | | | |
| i) NBFC Registered with RBI | 24,843 | 0 | 24,843 | 0.00 | 10,500 | 0 | 10,500 | 0.00 | 0.00 |
| ii) Clearing members | 6,39,259 | 0 | 6,39,259 | 0.10 | 2,33,507 | 0 | 2,33,507 | 0.04 | -0.06 |
| iii) NRI- holdings | 31,85,117 | 35,28,620 | 67,13,737 | 1.06 | 34,35,202 | 32,39,255 | 66,74,457 | 1.06 | 0 |
| iv) Trust | 11,500 | 0 | 11,500 | 0.00 | 11,500 | 0 | 11,500 | 0.00 | 0.00 |
| v) IEPF | 24,42,626 | 0 | 24,42,626 | 0.39 | 24,42,376 | 0 | 24,42,376 | 0.39 | 0 |
| Sub-Total (B)(2) | 30,99,55,020 | 51,18,730 | 31,50,73,750 | 49.97 | 31,32,47,469 | 46,15,211 | 31,78,62,680 | 50.41 | 0.44 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 32,73,40,962 | 51,23,730 | 33,24,64,692 | 52.73 | 32,78,44,481 | 46,20,211 | 33,24,64,692 | 52.73 | 0.00 |
| C Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A + B + C) | 62,54,28,036 | 51,23,730 | 63,05,51,766 | 100.00 | 62,59,31,555 | 46,20,211 | 63,05,51,766 | 100.00 | 0.00 |

(ii) **Shareholding of Promoters / Promoters' Group**

| Sl. No. | Shareholder's name | Shareholding at the beginning of the year 01/04/2019 | | | Shareholding held at the end of the year 31/03/2020 | | | % change in shareholding during the year |
|---------|---|---|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Leela Lace Holdings Private Limited | 18,86,49,985 | 29.92 | 82.56 | 0 | 0 | 0 | -29.92 |
| 2 | Leela Lace Software Solutions Private Limited | 4,75,42,359 | 7.54 | 80.08 | 0 | 0 | 0 | -7.54 |
| 3 | Leela Fashions Private Limited | 42,50,000 | 0.67 | 16.47 | 0 | 0 | 0 | -0.67 |
| 4 | Rockfort Estate Developers Private Limited | 5,56,07,175 | 8.82 | 60.70 | 5,56,07,175 | 8.82 | 0 | 0 |
| 5 | Universal Hotels and Resorts Private Limited | 0 | 0 | 0 | 24,04,42,344 | 38.13 | 100 | 38.13 |
| 6 | Krishnan Nair Leela Family Trust (through Trustees Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Leela Nair Beneficiary) | 7,92,355 | 0.13 | 0.00 | 7,92,355 | 0.13 | 0.00 | 0 |

| Sl. No. | Shareholder's name | Shareholding at the beginning of the year 01/04/2019 | | | Shareholding held at the end of the year 31/03/2020 | | | % change in shareholding during the year |
|---------|--------------------------|---|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 7 | Mr. Dinesh Nair | 3,74,050 | 0.06 | 0.00 | 3,74,050 | 0.06 | 0.00 | 0 |
| 8 | Mr. Vivek Nair | 4,77,460 | 0.08 | 0.00 | 4,77,460 | 0.08 | 0.00 | 0 |
| 9 | Ms. Amruda Nair | 3,00,000 | 0.05 | 0.00 | 3,00,000 | 0.05 | 0.00 | 0 |
| 10 | Mrs. P V Leela Amma Nair | 75,000 | 0.01 | 0.00 | 75,000 | 0.01 | 0.00 | 0 |
| 11 | Mrs. Lakshmi Nair | 18,330 | 0.00 | 0.00 | 18,330 | 0.00 | 0.00 | 0 |
| 12 | Mrs. Madhu Nair | 360 | 0.00 | 0.00 | 360 | 0.00 | 0.00 | 0 |
| | | 29,80,87,074 | 47.27 | 76.58 | 29,80,87,074 | 47.27 | 80.66 | 0 |

(iii) Change in Promoters Shareholding (please specify, if there is no change)

| Sl. No. | Name of shareholder | Shareholding at the beginning (01/04/2019) | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (31/03/2020) | |
|---------|--|---|----------------------------------|---------------------|-------------------------------------|------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | Leela Lace Holdings Private Limited | 18,86,49,985 | 29.92 | 20/03/2020 | -9,69,25,650 | Interse transfer | 9,17,24,335 | 14.55 |
| | | | | 20/03/2020 | -9,17,24,335 | Interse transfer | 0 | 0 |
| 2 | Leela Lace Software Solutions Private Limited | 4,75,42,359 | 7.54 | 27/09/2019 | -94,68,625 | Interse transfer | 3,80,73,734 | 6.04 |
| | | | | 13/12/2019 | -1,00,00,000 | Interse transfer | 2,80,73,734 | 4.45 |
| | | | | 20/03/2020 | -2,80,73,734 | Interse transfer | 0 | 0 |
| 3 | Leela Fashions Private Limited | 42,50,000 | 0.67 | 20/03/2020 | -42,50,000 | N.A. | 0 | 0 |
| 4 | Rockfort Estate Developers Private Limited | 5,56,07,175 | 8.82 | N.A. | 0 | N.A. | 5,56,07,175 | 8.82 |
| 5 | Universal Hotels and Resorts Private Limited | 0 | 0 | 27/09/2019 | 94,68,625 | Interse transfer | 94,68,625 | 1.50 |
| | | | | 13/12/2019 | 1,00,00,000 | Interse transfer | 1,94,68,625 | 3.09 |
| | | | | 20/03/2020 | 22,09,73,719 | Interse transfer | 24,04,42,344 | 38.13 |
| 6 | Krishnan Nair Leela Family Trust (Through Trustees Mr.Vivek Nair And Mr.Dinesh Nair) | 7,92,355 | 0.13 | N.A. | 0 | N.A. | 7,92,355 | 0.13 |
| 7 | Mr. Vivek Nair | 4,77,460 | 0.08 | N.A. | 0 | N.A. | 4,77,460 | 0.08 |
| 8 | Mr. Dinesh Nair | 3,74,050 | 0.06 | N.A. | 0 | N.A. | 3,74,050 | 0.06 |
| 9 | Ms. Amruda Nair | 3,00,000 | 0.05 | N.A. | 0 | N.A. | 3,00,000 | 0.05 |
| 10 | Mrs. P V Leela Amma Nair | 75,000 | 0.01 | N.A. | 0 | N.A. | 75,000 | 0.01 |
| 11 | Mrs. Lakshmi Nair | 18,330 | 0.00 | N.A. | 0 | N.A. | 18,330 | 0.00 |
| 12 | Mrs. Madhu Nair | 360 | 0.00 | N.A. | 0 | N.A. | 360 | 0.00 |

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR and ADR)

| Sr. No. | Name of shareholder | Shareholding at the beginning of the year (01/04/2019) | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding at the end of the year (31/03/2020) | |
|---------|---|--|----------------------------------|---------------------|-------------------------------------|-----------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | JM Financial Asset Reconstruction Co. Limited | 16,39,43,459 | 26.00 | N.A | 0 | N.A. | 16,39,43,459 | 26.00 |
| 2 | ITC Limited | 4,99,53,055 | 7.92 | N.A | 0 | N.A. | 4,99,53,055 | 7.92 |
| 3 | Life Insurance Corporation of India | 1,31,28,963 | 2.08 | N.A | 0 | N.A. | 1,31,28,963 | 2.08 |
| 4 | Russell Credit Limited | 48,39,907 | 0.77 | N.A | 0 | N.A. | 48,39,907 | 0.77 |
| 5 | Innovations Investment Management India Private Limited | 44,19,361 | 0.70 | N.A | 0 | N.A. | 44,19,361 | 0.70 |
| 6 | Polaris Banyan Holding Private Limited | 13,44,222 | 0.21 | 21/02/2020 | -13,44,222 | Market Sale | 0 | 0 |
| | | | | 31/03/2020 | 0 | | 0 | 0 |
| 7 | LIC of India Future Plus Growth Fund | 12,09,097 | 0.19 | 05/04/2019 | -3,00,000 | Market Sale | 9,09,097 | 0.14 |
| | | | | 12/04/2019 | -2,50,000 | Market Sale | 6,59,097 | 0.10 |
| | | | | 19/04/2019 | -6,59,097 | Market Sale | 0 | 0 |
| 8 | Bishwanath Prasad Agrawal | 10,00,000 | 0.16 | 20/12/2019 | -2,55,701 | Market Sale | 7,44,299 | 0.12 |
| | | | | 27/12/2019 | -3,01,287 | Market Sale | 4,43,012 | 0.07 |
| | | | | 03/01/2020 | -1,90,688 | Market Sale | 2,52,324 | 0.04 |
| | | | | 10/01/2020 | -1,71,300 | Market Sale | 81,024 | 0.01 |
| | | | | 17/01/2020 | -81,024 | Market Sale | 0 | 0.00 |
| | | | | 31/03/2020 | 0 | | 0 | 0 |
| 9 | Paramjeet Singh | 0 | 0 | 13/03/2020 | 2,68,034 | Market Purchase | 2,68,034 | 0.04 |
| | | | | 20/03/2020 | 4,81,450 | Market Purchase | 7,49,484 | 0.12 |
| | | | | 27/03/2020 | 2,01,100 | Market Purchase | 9,50,584 | 0.15 |
| | | | | 31/03/2020 | | | 9,50,584 | 0.15 |
| 10 | Sultania Trade Private Limited | 0 | 0 | 28/02/2020 | 9,24,482 | Market Purchase | 9,24,482 | 0.15 |
| | | | | 31/03/2020 | | | 9,24,482 | 0.15 |
| 11 | Chetna Pankaj Gopani | 7,55,000 | 0.12 | 06/09/2019 | 17,968 | Market Purchase | 7,72,968 | 0.12 |
| | | | | 20/09/2019 | 10,000 | Market Purchase | 7,82,968 | 0.12 |
| | | | | 30/09/2019 | 20,500 | Market Purchase | 8,03,468 | 0.13 |
| | | | | 03/01/2020 | 10,000 | Market Purchase | 8,13,468 | 0.13 |
| | | | | 31/03/2020 | | | 8,13,468 | 0.13 |
| 12 | Dr. Rajeev Choudhary | 7,05,000 | 0.11 | 21/06/2019 | 20,000 | Market Purchase | 7,25,000 | 0.11 |
| | | | | 31/03/2020 | | | 7,25,000 | 0.11 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of the Directors and Key Managerial Personnel | Shareholding at the beginning of the year (01/04/2019) | | Cumulative shareholding at the end of the year (31/03/2020) | |
|---------|---|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Mr. Vivek Nair | 4,77,460 | 0.08 | 4,77,460 | 0.08 |
| 2 | Mr. Dinesh Nair | 3,74,050 | 0.06 | 3,74,050 | 0.06 |
| 3 | Mr. Vinay Kapadia | 0 | 0.00 | 0 | 0.00 |
| 4 | Mr. Vijay Sharma | 0 | 0.00 | 0 | 0.00 |
| 5 | Ms. Saija Nair | 0 | 0.00 | 0 | 0.00 |
| 6 | Mrs. Madhu Nair | N.A. | N.A. | 360 | 0.00 |
| 7 | Mr. Rajan Shah (upto 22 nd October, 2019) | 0 | 0 | N.A. | N.A. |
| 8 | Mr. Umesh Dombé (w. e. f. 23 rd October, 2019) | N.A. | N.A. | 0 | 0.00 |
| 9 | Mr. Alen Ferns (upto 2 nd March, 2020) | 0 | 0.00 | N.A. | N.A. |
| 10 | Ms. Savitri Yadav (w. e. f. 11 th March, 2020) | N.A. | N.A. | 0 | 0.00 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ Lakhs

| | Secured Loans excluding deposits | Unsecured loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 3,55,295.21 | 5,742.66 | 0 | 3,61,037.87 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued | 5,514.6 | 0 | 0 | 5,514.6 |
| Total (i + ii + iii) | 3,60,809.81 | 5,742.66 | 0 | 3,66,552.47 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 431.03 | 1,493.69 | 0 | 1,924.72 |
| Reduction | -3,60,809.81 | -4,360.35 | 0 | -3,65,170.16 |
| Net Change | -3,60,378.78 | -2,866.66 | 0 | -3,63,245.44 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 431.03 | 2,876.00 | 0 | 3,307.03 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued | 0 | 0 | 0 | 0 |
| Total (i + ii + iii) | 431.03 | 2,876.00 | 0 | 3,307.03 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ Lakhs

| Sl. No. | Particulars of Remuneration | Name of D/WTD/Manager * | | Total Amount |
|---------|---|-------------------------|----------------------|--------------|
| | | Mr. Vivek Nair CMD | Mr. Dinesh Nair CCMD | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0 | 0 | 0 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 |
| | - as % of profit | 0 | 0 | 0 |
| | - Others, please specify | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | Total (A) | 0 | 0 | 0 |
| | Ceiling as per the Act | N.A. | N.A. | N.A. |

* The Executive Directors did not draw any remuneration during the Financial Year 2019-20.

B. Remuneration to other directors

₹ Lakhs

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|---|------------------|----------------|---------------------|
| | | Mr. Vinay H. Kapadia | Mr. Vijay Sharma | Ms. Saija Nair | |
| 1 | Independent Directors | | | | |
| | Fee for attending board/committee meetings | 5.70 | 5.70 | 4.50 | 15.90 |
| | Commission | 0 | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 | 0 |
| | Total (1) | 5.70 | 5.70 | 4.50 | 15.90 |
| 2 | Other Non-Executive Directors | Mrs. Madhu Nair (w.e.f.10/02/2020) | | | Total Amount |
| | Fee for attending board/committee meetings | 0.60 | | | 0.60 |
| | Commission | 0 | | | 0 |
| | Others, please specify | 0 | | | 0 |
| | Total (2) | 0.60 | | | 0.60 |
| | Total (B) = (1+2) | | | | 16.50 |
| | Total Managerial Remuneration | | | | 16.50 |
| | Overall Ceiling as per the Act | Not Applicable, as the Company has incurred loss. | | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager / WTD

₹ Lakhs

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total Amount |
|---------|---|---|---|---|--|--------------|
| | | CFO Mr. Rajan Shah (upto 22/10/2019) | CFO Mr. Umesh Dombé (w. e. f. 23/10/2019) | Company Secretary Mr. Alen Ferns (upto 02/03/2020) | Company Secretary Ms. Savitri Yadav (w. e. f. 11/03/2020) | |
| 1 | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 47.70 | 17.05 | 16.87 | 0.62 | 82.24 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.40 | 0.25 | 0 | 0 | 0.65 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0 | 0 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 | 0 | 0 |
| | - as % of profit | 0 | 0 | 0 | 0 | 0 |
| | - Others, please specify | 0 | 0 | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 | 0 | 0 |
| | Total | 48.10 | 17.30 | 16.87 | 0.62 | 82.89 |

VII. PENALTIES /PUNISHMENT /COMPOUNDING OF OFFENCES:

The Company paid fine of ₹ 7,78,800/- each to BSE Limited and National Stock Exchange of India Limited for non-compliance with Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 pertaining to composition of Board of Directors for a period from 1st October, 2019 to 9th February, 2020.

There were no other penalties or punishments on the Company during the year. Also, there was no necessity for the Company to compound any offence.

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

Form No. MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
HLV Limited
(Formerly known as Hotel Leelaventure Limited)
Mumbai.
CIN: L55101MH1981PLC024097

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by HLV Limited (Formerly known as Hotel Leelaventure Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended from time to time;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the audit period)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period) and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- (vi) I have relied on the representation and information provided by the management and its officers for systems and mechanism framed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws as specifically applicable to the Company:
- (a) Income Tax Act, 1961 and other Indirect Tax laws;
 - (b) Environment Protection Act, 1986;
 - (c) Water (Prevention and control of pollution) Act, 1974;
 - (d) Air (Prevention and control of pollution) Act, 1981;
 - (e) Motor Vehicles Act, 1988
 - (f) Factories Act, 1948;
 - (g) All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, bonus, provident fund, ESIC, compensation etc;
 - (h) Maharashtra State Profession Tax Act, 1975 & Rules made thereunder;

- (i) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013;
- (j) GST Act & Rules made thereunder;
- (k) Hazardous Chemical Rules;
- (l) Hazardous Waste Management Rules, 2016;
- (m) Indian Contract Act, 1872
- (n) Bombay Shops & Establishment Act, 1948;
- (o) Food, Safety and Standards Act, 2006 and Rules, 2011 with allied rules and regulations;
- (p) Prevention of Food Adulteration Act, 1954;
- (q) The Legal Metrology Act, 2009;
- (r) The Legal Metrology (Packaged Commodities) Rules, 2011;
- (s) Employees Compensation (Amendment) Act, 2009;
- (t) Luxury Tax Act;
- (u) Entertainment Tax;
- (v) All other laws applicable to the Hospitality and Hotel industry and in particular Food & Beverages, the list of which was provided by the Company.

I have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with:
 - (a) BSE Limited
 - (b) National Stock Exchange of India Limited.

To the best of my knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. During the year under review there were changes in the Key Managerial Personnel and the required compliance was carried out with the provisions of the Act. However, I report the following:

1. The Company has been in default in payment of principal amount since September, 2016 and interest since March, 2017 to LIC of India, the debenture holder. However, the Company has made the payment to LIC as a one-time settlement on 16th October, 2019. Although the payment has been made, the disqualification under Section 164(2)

(b) of the Companies Act, 2013 still continues, for all the Directors except Mrs. Madhu Nair, during the year under review.

2. The Company has not complied with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, which require one third of directors to retire by rotation at every Annual General Meeting. The Company was not in compliance with this requirement at the last Annual General Meeting held on 19th September, 2019. The Company has appointed Mrs. Madhu Nair as a Non-executive Additional Director on 10th February, 2020 to comply with this requirement.
3. The Company's Independent Director was not appointed as Director on the Board of Directors of the unlisted material subsidiary i.e. Leela Palaces and Resorts Limited after 17th September, 2018 as required under Regulation 24 of the SEBI (LODR) Regulations, 2015. However, during the year under review, the Company's undertakings/ shareholding in wholly owned subsidiary has been sold to BSREP III India Ballet Pte. Ltd. or its affiliates ("Brookfield") as approved by the shareholders by postal ballot on 16th September, 2019. Hence, the requirement of the compliances under this regulation is redundant.
4. The Company has received notices from BSE dated 3rd February, 2020 and 3rd July, 2020 and from NSE dated 3rd February, 2020 and 2nd July, 2020 regarding non-compliance of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 pertaining to composition of Board of Directors and the Company has paid the fine amount of ₹ 7,78,800/- including GST each to BSE Limited and National Stock Exchange of India Limited separately.

Adequate notices of Board and Committee Meetings have been given to all the Directors. Agenda and detailed notes were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while dissenting members' views are captured and recorded as part of the minutes.

Based on review of compliance mechanism established by the Company and on the basis of Compliance Certificates issued by the Company Secretary, I am of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The members may note that during the period under review:

1. The Company had conducted a Postal ballot for sale of the Company's following undertakings / shareholding in wholly owned subsidiary to BSREP III India Ballet Pte. Ltd. or its affiliates ("Brookfield") as special resolutions as under:

- I. Approval for sale of the Company's Delhi Hotel Undertaking;
- II. Approval for sale of the Company's Bengaluru Hotel Undertaking;
- III. Approval for sale of the Company's Chennai Hotel Undertaking;
- IV. Approval for sale of the Company's Udaipur Hotel Undertaking;
- V. Approval for sale of the Company's Hotel Operations Undertaking; and
- VI. Approval for sale of the Company's shareholding in Leela Palaces and Resorts Limited.

The Special Resolutions were passed by the shareholders of the Company on 24th April, 2019. The Results of the Postal Ballot was declared on 26th April, 2019 subject to restrictions imposed by SEBI that none of the transactions proposed in the Postal ballot notice dated 18th March, 2019 are acted upon till further directions from SEBI. Thereafter SEBI issued order dated 23rd July, 2019 and clarificatory order dated 30th July, 2019 and permitted the Company to complete the transaction. Accordingly, the Company completed the sale transaction with Brookfield on 16th October, 2019.

2. ITC Limited, shareholder of the Company, filed a petition under Section 241 of the Companies Act, 2013 for oppression and mismanagement and the matter is pending before NCLT. Since the Bench, which heard the case earlier has been reconstituted, the matter would be taken up by the reconstituted Bench in due course after the COVID Pandemic or as directed by the judiciary.
3. Two minority shareholders i.e. ITC Limited and LIC had filed a complaint with Securities Exchange Board of India (SEBI) against the transaction with Brookfield for sale of hotel undertakings, alleging violation of the provisions related to related party transactions and oppression and mismanagement by the majority shareholders against minority shareholders. Later LIC withdrew from contesting this case. On 23rd July, 2019, SEBI passed its detailed, reasoned and speaking order in the matter of "Complaints Filed by Minority Shareholder of Hotel Leela Venture Limited".

Aggrieved by the aforesaid Impugned Order, ITC filed an appeal before the Hon'ble Securities Appellate Tribunal ("SAT") challenging the findings in the Impugned Order. On 14th August, 2019, ITC sought interim relief in the nature of a direction from the Hon'ble SAT that till the Appeal is finally heard, the Promoters of HLVL and JMFARC should be restrained from voting in respect of the proposed sale of the Undertakings, failing which the captioned Appeal would be rendered infructuous. The Hon'ble SAT did not find it proper to grant a stay with respect to the Postal Ballot Notice and / or the voting process. The final judgment of

the Hon'ble SAT was pronounced on 26th September 2019, wherein the appeal of ITC has been rejected. Subsequently, ITC has filed a statutory appeal in the Supreme Court of India. Reply has been filed by all the respondents. The matter will be listed after COVID Pandemic in due course.

4. In the ongoing disputes (regarding the exorbitant demand of rentals, Royalty and Minimum Guaranteed Amount) with Airport Authority of India (AAI) regarding the Mumbai Hotel land admeasuring 18,000 sq. m. and the adjacent land of 11,000 sq. m., HLV initiated Arbitration Applications in the High Court of Bombay in 2017. AAI initiated Eviction Proceedings against this which is still continuing before the Eviction Officer at Mumbai. There are several litigations in this regard pending in the Bombay High Court, Supreme Court and the Local Court in Mumbai. The cases in the Bombay High Court and the Supreme Court are yet to be admitted. Due to COVID Pandemic all these cases will be listed in due course and heard in future.

In the meanwhile, HLV has initiated Settlement talks with AAI since December 2019 which is progressing before the Settlement Advisory Committee (SAC) duly constituted by the Board of AAI.

5. The Company had entered into an MOU on 9th April, 2014, with PBSAMP Projects Private Limited (PBSAMP) for sale of land owned by the Company in Hyderabad for a consideration of ₹ 85 crores. As per the MOU, the Company had agreed to settle all pending litigations on the land and obtain permission under the Urban Land Ceiling Act (ULC) for change in land usage from hotel to residential and for permission to alienate the land within 180 days from the date of MOU. As per the MOU, PBSAMP had advanced ₹15.5 crores to the Company and the Company settled two claims out of this amount. However, the Company could not settle remaining claims and could not get permission from the State Government under the Urban Land Ceiling Act (ULC) for change in land usage and to alienate the land. At present, there are five suits pending in the City Civil Court against the Company, wherein the Plaintiffs claim to be the owners of certain portion of the aforesaid land.

PBSAMP terminated the MOU on completion of 180 days from the date of MOU and demanded refund of ₹15.5 crores together with interest @ 21% per annum. Since the Company could not make payment, they initiated legal proceedings against the Company and secured an arbitral award in their favour. As per the arbitral award dated 8th September, 2019 an amount of ₹ 35 Crores inclusive of interest needs to be paid to the Claimant within 90 days of the award. The Company has filed an appeal under section 34 of the Arbitration and Conciliation Act, 1996 against the said impugned award before City Civil Court at Hyderabad.

The judge heard the matter briefly on 31st January, 2020 and had kept the matter for arguments and disposal in

the first week of March 2020. However, due to COVID Pandemic it has been adjourned and will be listed in due course.

6. Resignation of Mr. Rajan Shah, Chief Financial Officer w. e f. 22nd October, 2019 and appointment of Mr. Umesh Dombé as Chief Financial Officer w. e. f. 23st October, 2019.
7. Change of Name of the Company from Hotel Leelaventure Limited to HLV Limited with effect from 27th December, 2019.
8. Appointment of Mrs. Madhu Nair as a Non-executive Additional Director w. e. f. 10th February, 2020.
9. Resignation of Mr. Alen Ferns, Company Secretary and Compliance Officer, w. e. f. 2nd March, 2020 and

appointment of Ms. Savitri Yadav as Company Secretary and Compliance Officer, w. e. f. 11th March, 2020.

For P Mehta & Associates
Practicing Company Secretaries

Prashant S. Mehta

(Proprietor)

ACS No. 5814

C.P. No. 17341

UDIN: A005814B000519591

Date: 29th July, 2020

Place: Mumbai

ANNEXURE TO SECRETARIAL AUDIT REPORT

To

The Members

HLV Limited

(Formerly known as Hotel Leelaventure Limited)

Mumbai.

CIN: L55101MH1981PLC024097.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company. I have relied on the statutory report provided by the Statutory Auditors as well as Internal Auditors of the company for the financial year ending 31st March, 2020.
4. I have obtained the management representation wherever required about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future liability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P Mehta & Associates
Practicing Company Secretaries

Prashant S. Mehta
(Proprietor)
ACS No. 5814
C.P. No. 17341

Date: 29th July, 2020

Place: Mumbai

Annexure III

DETAILS OF RATIO OF REMUNERATION OF DIRECTORS AND RELATED DISCLOSURES

The ratio of the remuneration of each Director to the median employees' remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sr. No. | Requirements | Disclosure | | | | |
|---|--|---|--|----|---|----|
| (i) | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year | <table border="1"> <tr> <td>Mr. Vivek Nair Chairman & Managing Director (CMD)</td> <td>NA</td> </tr> <tr> <td>Mr. Dinesh Nair Co-Chairman & Managing Director (CCMD)</td> <td>NA</td> </tr> </table> | Mr. Vivek Nair Chairman & Managing Director (CMD) | NA | Mr. Dinesh Nair Co-Chairman & Managing Director (CCMD) | NA |
| Mr. Vivek Nair Chairman & Managing Director (CMD) | NA | | | | | |
| Mr. Dinesh Nair Co-Chairman & Managing Director (CCMD) | NA | | | | | |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | <p>The Executive Directors did not draw any salary during the financial year 2019-20.</p> <p>Mr. Rajan Shah, Chief Financial Officer, resigned with effect from 22nd October, 2019. Mr. Umesh Dombé was appointed as the Chief Financial Officer with effect from 23rd October, 2020. He did not receive any further increment during the financial year 2019-20.</p> <p>Mr. Alen Ferns, Company Secretary, resigned with effect from 2nd March, 2020. He received 15 % rise in his remuneration during the year.</p> <p>Ms. Savitri Yadav was appointed as Company Secretary with effect from 11th March, 2020. She did not receive any further increment during the financial year 2019-20.</p> | | | | |
| (iii) | The percentage increase in the median remuneration of employees | No increment was given to the employees in general during the FY 2019-20. | | | | |
| (iv) | The number of permanent employees on the rolls of Company | There were 579 permanent employees as on 31 st March, 2020. | | | | |
| (v) | Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | No increment was given to the employees in general during the FY 2019-20. | | | | |
| (vi) | Affirmation that the remuneration is as per the remuneration policy of the Company. | Yes, it is confirmed. | | | | |

1. Overview of Industry

The global economy in Calendar Year ('CY') 2019 has seen one of the slowest growth rates since the 2008 financial crisis. The International Monetary Fund ('IMF') estimates that the global GDP ('Gross Domestic Product') may have registered 2.9% growth in CY 2019, significantly lower than 3.6% in CY 2018, and that there will be a negative growth of 3% in CY 2020.

The Indian economy registered a growth of 4.2% in Financial Year ('FY') 2019-20, much lower than the 6.1% in FY 2018-19 (Source: IMF).

The biggest calamity was the outbreak of coronavirus (COVID - 19) in the beginning of CY 2020, which grew from a local problem in China to a global pandemic in a matter of weeks in early CY 2020.

Following the Covid-19 outbreak, India implemented one of the strictest nationwide lockdowns in the world early on, in order to keep the infection numbers under control.

The Indian hospitality industry is undoubtedly one of the biggest casualties of the COVID-19 outbreak as demand has declined to an all-time low. Global travel advisories, suspension of Visas, the imposition of Section 144 (prohibition against mass gatherings), India like most other countries is on lockdown, the ramifications of which are unprecedented.

With new confirmed cases being reported daily, the penetration of the COVID-19 virus in India has caused mass hysteria, the reverberations of which are expected to continue well into the second quarter of the CY 2020. The current situation is extremely grim, as international flights have been ordered to remain shut, limited domestic flights are allowed with restrictions and all other demand segments such as MICE, business, social and sporting events have been cancelled or deferred indefinitely for the foreseeable future.

As per one of the Industry Reports the second quarter of the year also to be the worst hit like the first quarter. Hotels will be unable to drive rates and may even seek to attract business at deep discounts. The overall occupancy in the branded hotels segment in 2020 is estimated to decline by 16.7 – 20.5 percentage points over 2019, while ADRs are estimated to decline by 7% to 8% for the year. As a result, RevPAR will witness a significant decline of 31% to 36.2%.

2. Future Outlook

On account of the lockdown in the Country, the Company has also closed its operations since March 2020. With the easing of the lockdown, the Company is planning to re-open the Hotel when circumstances permit. The Company is looking at ways to adapt to changing consumer preferences, safety guidelines and social distancing norms to reboot the Hotel in a post lockdown world. The Company is focusing on enhanced technology, sanitisation and security efforts to fight the virus spread. Social distancing will continue and hotel is preparing to gear up for the day to day operations.

The Company has cut down majorly on all its costs to sustain the operations and to optimize the use of its financial resources. However, with the slowdown of Hotel developments, capital assistance is needed to help Hotel sustain until demand returns. The Company would need working capital infusion to restart operations for which the Company seeks support from Banks / financial institutions.

We are expecting less occupancy by bodies corporate, occupancy at about half capacity versus earlier. Recovery will happen gradually, albeit at its own pace. And travel will take its own course in a post lockdown to come to normalcy.

3. Operations

As the Members are aware, during the financial year 2019-20 the Company concluded the transactions with BSREP III India Ballet Pte. Ltd. ("Brookfield") for sale of the Company's hotel undertakings in Delhi, Bengaluru, Chennai and Udaipur as well as the Company's business of hotel management operations, and sale of the 100% shareholdings of the Company in Leela Palaces and Resorts Limited (LPRL), which owned property and held licenses for the development of a hotel in Agra. It was a composite transaction for sale of the aforementioned hotels and related assets, as well as the trade marks, brand and other associated brands and intellectual property rights.

The consideration of ₹ 395,000 lakhs received from the transaction has been used to repay the lenders of the Company by way of a one-time settlement.

Consequent to the above transactions, the Company operates only one hotel "The Leela, Mumbai" with 391 guest rooms.

4. Awards and Accolades

The Leela Mumbai has received the following awards and accolades during the financial year 2019-20:

- *India Wine Awards 2019* - Le Cirque Signature recognized as a top wine destination in India, October 2019
- *India International Hospitality Expo Awards 2019* - Tejrao Mankar, Chief Engineer, conferred with the title of 'Best Chief Engineer of the Year', August 2019
- *India International Hospitality Expo Awards 2019* - Sadashiv Bangera, Head Human Resources, recognized with a Special Jury Award, August 2019
- *Indian Hospitality Awards 2019* - by BW Hotelier - Abhisek Basu, Executive Assistant Manager-Food & Beverage, awarded with the title of 'F&B Manager of the Year' of the West Zone, July 2019
- *Indian Hospitality Awards 2019* - by BW Hotelier - Shradha Bhat, PR & Marcom Manager, presented with the title of 'PR Manager of the Year' of the West Zone, July 2019
- *Wine Spectator Award of Excellence 2019* – Le Cirque Signature honoured for having one of the most outstanding restaurant wine lists in the world, July 2019

5. A. Sales & Marketing alliances

As part of the transaction with Brookfield as explained above, all agreements for sales and marketing alliances also have been assigned in favour of Brookfield. However, the Company continues to enjoy the following marketing arrangement through Brookfield for which the Company pays a fee to Brookfield based on the marketing expenses:

(i) Global Hotel Alliance

Global Hotel Alliance is today the world's largest alliance of independent luxury hotel brands. Based on the airline alliance model, the alliance currently has more than 30 member brands, all with their own unique character, encompassing over 550 upscale and luxury hotels, spread across 75 countries. GHA uses a shared technology platform to operate an award winning, multi-brand loyalty program, DISCOVERY. Currently the total DISCOVERY membership base has crossed 14 million worldwide members. DISCOVERY is about making your stay and travel unforgettable. Discovery program believes that rewarding members with authentic, memorable experiences is much more valuable than collecting points. With this in mind, DISCOVERY instead rewards travelers with Local Experiences. Designed by our local experts, these specially curated experiences offer members the access to a large selection of exclusive activities which are not easily available to the general public.

(ii) Preferred Hotels & Resorts

The Preferred Hotels & Resorts (PHR) represents over 850 independent and distinctive hotels, resorts & residences across 85 countries. Through its five global collections – Legend, LVX, Lifestyle, Connect, and Preferred Residences – Preferred Hotels & Resorts connects discerning travelers to the singular luxury hospitality experience that meets their needs and life and style preferences for each occasion. Preferred Hotels & Resorts brings strategic advantage through its Global Sales team comprising of 80 sales associates covering Corporate, Group & Leisure segments in 30 global offices.

5. B. Sales, Marketing and PR Representations

The Company continues to avail the services of Sales representation companies across key geographies in the world through Brookfield. These companies are assigned the responsibility to engage with the major tour operators and retail agencies in their respective source markets. These are: Mason Rose in UK, Kartagener Associates Inc. in North America; CA-Hotel Consulting in France and other French speaking markets of Belgium and Switzerland; and H&W Enterprise, sro in Russia & CIS.

6. Opportunities, Threats, Risks and Concerns

The hotel business is dependent on global and domestic economic conditions. Further, your Company has the risk of heavy dependence on only one Hotel at Mumbai. There is also the risk

of dependence mainly on higher luxury segment. However, the Company's hotel enjoys premium over many other competitors due to its location and service reputation.

7. Risk Management-Leveraging our experience

Risk management is an integral part of the Company's business process. With the help of experts in this field, risks are carefully mapped and a risk management framework is evolved. Pertinent policies and methods are being reviewed and modified to mitigate such risks.

The Company has taken several measures to protect the safety and security of its customers. In addition to the physical security measures, the Company has also taken sufficient insurance cover to meet the financial obligations which may arise from any untoward incidents.

To counter the risk of competition, your Company focuses on providing exceptional services consistently.

8. Efficient Internal Control systems

The Company has a well-structured internal audit function. Under the guidance and supervision of an independent Audit Committee, independent and reputed firm of Chartered Accountants conduct regular audits and review adherence to control systems and procedures.

The effectiveness of internal controls is reviewed through the internal audit process. The focus of these reviews is as follows:

- Identification of weaknesses and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementation of internal audit recommendations.

9. Human resources and industrial relations

A focused attention on attracting the best talent available in the market, which could help the Company to drive a culture oriented towards high performance and excellence.

The Company has implemented an effective customer feedback system which is yielding good results. This platform helps the team to align all its efforts in delivering relevant high quality services to the guests whilst seeking to constantly improve on standards. Industrial relations throughout the year were cordial.

As on 31st March, 2020, the total manpower was 935 (including contract labour and fixed term contractors).

10. Corporate Social Responsibility and Environmental Initiatives

Your Company recognizes the need to minimise the adverse impact of its operations, on the environment. The Company maintains large gardens in and around its hotel. The Company has

made substantial investments for improving energy efficiencies and fresh and waste water management.

11. Health and Safety Management System

Health and Safety Management System in the Company aims to reduce, eliminate or control workplace hazards and associated risks of illness or injuries to the employees, customers and contractors who might be affected by the Company's activities.

Your Company is committed to ensure healthy and safe working environment for all concerned and to improve the Health and Safety parameters. Under a well-designed program, the Company:

- complies with the requirements of all relevant statutory, regulatory and other provisions.
- Provides and maintains safe & healthy work place through operational procedures, safe systems and methods of work.
- Provides sufficient information, instruction, training and supervision to enable all employees to identify, minimize and manage hazards and to contribute positively to safety at work.
- Organizes audits and mock drills on site to ensure that operations are in compliance with health and safety management requirements and for emergency preparedness.
- ensures that appropriate resources are available to fully implement health and safety policy and continuously review the policy's relevance with respect to legal and business development.
- seeks continuous occupational health and safety improvements through the establishment of safety management objectives, targets and programs.

12. Expansion / upgradation Plans

In order to resolve the Company's debt problem, the Company has entered into a binding agreement with BSREP III INDIA BALLET PTE. LTD. ("Brookfield") on 18th March, 2019 to sell its hotel business undertakings, hotel operations business, 100% shareholding in its subsidiary company and all intellectual property owned by the Company used in and held for use in the hotel owned and managed by it. As part of the transaction, the Company and the Promoters of the Company have agreed to certain exclusivity, non-compete and non-solicit restrictions. Hence, the Company is not planning for any expansion in the near future.

13. Analysis / highlights of operating performance, financial results and Balance Sheet

The financial statements for the year ended on 31st March, 2020 has been prepared in accordance with the Indian Accounting

Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 as amended from time to time.

The financial statement of your Company forms part of this annual report and the analysis / highlights are given below:

The revenue from operations was ₹ 14,567.52 lakhs in FY 2019-20 against ₹ 15,434.43 lakhs in FY 2018-19.

Food & Beverages decreased by 8.29%.

Room Revenue decreased by 3.91% mainly due to decrease in occupancy.

Other income was ₹ 651.04 lakhs in FY 2019-20 as compared to ₹ 418.36 lakhs in FY 2018-19.

Total revenue was ₹ 15,218.60 lakhs in FY 2019-20 against ₹ 15,852.79 lakhs FY 2018-19.

Operating Expenses:

Food & Beverages consumption decreased by 8.48% as compared to last year.

Employee Benefit expenses, including contract employee cost increased by 2.25% as compared to last year.

Finance costs and interest liability:

Finance cost was ₹ 90.92 Lakhs as compared to ₹ 39.66 Lakhs in the previous year.

Depreciation and Amortization:

Depreciation and amortization expenses for the year was ₹ 1,193.12 lakhs as against ₹ 957.52 lakhs in previous year.

Other expenses:

Other expenses for the year amounted to ₹ 10,867.50 lakhs as against ₹ 8,295.99 lakhs in the previous year, an increase by 30.99% due to provision against receivables and legal expenses.

Profit/ (Loss) after Tax:

The Company incurred an operational (loss) of ₹ (2,019.53) lakhs during the FY 2019-20 as against a (loss) of ₹ (3,779.63) lakhs during the previous year from continued operations. However, the Company made a profit of ₹ 21,369.41 lakhs on account of profit on sale of assets to Brookfield during the year.

Property, Plant and Equipment (PPE):

The net Property, Plant, Equipment, capital work in progress, intangible assets, investment property and assets held for sale as on 31st March, 2020 was ₹ 26,637.91 lakhs as against ₹ 26,983.91 lakhs as on the last day of the previous year.

Secured and Unsecured Loans:

The details of the Company's debts (in ₹ lakhs) are as follows:

| Particulars | 31.3.2020 | 31.3.2019 |
|--------------------------------------|-----------------|-------------|
| Secured Loans: | | |
| Long term debt | 359.56 | 71,052.24 |
| Current Maturities of Long Term Debt | 71.47 | 2,84,242.97 |
| Interest accrued on borrowings | - | 5,514.60 |
| Unsecured Loans | 2,876.01 | 5,742.66 |
| Total | 3,307.04 | 3,66,552.47 |

Share Capital:

As on 31st March, 2020, the paid up Equity share capital of the Company stood at ₹ 12,611.04 lakhs divided into 63,05,51,766 equity shares of the face value ₹ 2 each, same as in the previous year.

Transfer to Reserves

In absence of distributable profits / earnings, it is not proposed to transfer any amount to reserves for the financial year 2019-20.

Net worth:

The details of Company's net worth (in ₹ lakhs) are as follows:

| Particulars | 31-Mar-20 | 31-Mar-19 |
|---|------------------|------------|
| Share Capital | 12,611.04 | 12,611.04 |
| Reserves & Surplus | 33,125.46 | 13,957.91 |
| TOTAL | 45,736.50 | 26,568.95 |
| Less: | | |
| Revaluation Reserve | 12,272.61 | 32,574.38 |
| Intangible Assets / Intangible Assets under development | 26.04 | 61.82 |
| Net worth | 33,437.85 | (6,067.25) |

Financial Ratios and Return on Net-worth:

The Company has reported a net operating loss for the current financial year and previous financial year. Therefore, the net-profit margin is negative.

Due to profit on sale of business undertaking during the current financial year, the return on net-worth is 53.54%, which was negative during the previous financial year.

14. Cautionary Statement

Statements made in the Management's Discussion and Analysis Report describing the Company's objectives, projections, estimates, predictions and expectations may be 'forward-looking statements', within the meaning of applicable securities laws and regulations. As "forward-looking statements" are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or events or for any loss any investor may incur based on the "forward-looking statements".

CORPORATE SOCIAL RESPONSIBILITY

The Leela Palaces, Hotels and Resorts have continued to build on its tradition of CSR programs designed to protect the environment and benefit underprivileged communities, especially children.

Our CSR approach is inspired by a duty to our stakeholders to be a socially responsible partner with the highest integrity and ethics. We believe that our commitment towards socially sustainable practices generates real value for our shareholders, clients, employees, and society at large. We apply high environmental and social standards to our business to support a sustainable future. We seek to keep improving the environmental performance through the efficient use of resources and by applying world-class green practices across the board from hotel design and construction to procurement and operational policies.

Renewing brand's commitment towards protecting our environment, The World Environment Day was commemorated by planting myriad tree saplings at The Leela properties as well as adjoining areas to promote greening and benefit surrounding communities.

On the social sustainability front, The Leela continued its involvement with nurturing underprivileged communities, conducting donation drives for children as part of charitable giving, continuing skill-based training for the youth, and providing on-going support to local artisans while promoting traditional craftsmanship.

The Company further strengthened partnerships with local NGOs for charitable donations, including, daily meals, clothing, shoes and books to underprivileged children and in old aged homes.

REPORT ON CORPORATE GOVERNANCE

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

1. Company's Philosophy

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical, accountable and transparent governance practices. Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. The Company has also implemented several best Corporate Governance practices as prevalent globally. The Company has committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standards of corporate values and ethics. The Company considers Corporate Governance as a continuous journey to provide a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a

customer centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed. The Code of Conduct for Board Members and Senior Management adopted by the Board of Directors in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has further enhanced the standards of Corporate Governance in the Company.

2. Board of Directors

2.1 Size and Composition of the Board

As on 31st March, 2020 the Company's Board of Directors consists of Six Directors out of which two are Executive Directors, three are Independent, Non-Executive Directors and one is Non-Executive Non-Independent Director. Out of the two Executive Directors one is the Chairman & Managing Director (CMD) and the other is a Co-Chairman & Managing Director (CCMD). The Company also has a Woman Independent Director.

The composition of the Board and category of directors as on 31st March, 2020 is as follows:

| Category | Name of Directors | Designation | No. of Shares held | Name of outside listed entities where the person is a director and the category of directorship |
|-----------------------|------------------------------|--|--------------------|---|
| Promoter Directors | Mr. Vivek Nair | Chairman & Managing Director | 477,460 | NIL |
| | Mr. Dinesh Nair | Co-Chairman & Managing Director | 374,050 | NIL |
| | Mrs. Madhu Nair ¹ | Non-Executive Non-Independent Director | 360 | NIL |
| Independent Directors | Mr. Vinay H. Kapadia | Director | NIL | NIL |
| | Mr. Vijay Sharma | Director | NIL | NIL |
| | Ms. Saija Nair | Director | NIL | NIL |

¹ Joined the Board with effect from 10th February, 2020

Skills / expertise / competence of the Board of Directors

The Company's Board of Directors has identified the following skills / expertise / competencies to function and discharge their responsibilities effectively:

- Industry knowledge;
- Accounts and Finance;
- Corporate Governance;
- Legal and Compliance;
- Strategic expertise;
- Marketing; and
- General Management.

The Directors possess experience and knowledge in diverse fields, such as hoteliering, marketing, business development, banking, finance, legal, administration, corporate governance, etc. They collectively also display integrity, interpersonal skills, interest in the organisation, its business and the people and take active participation at deliberations in the meeting.

None of the Executive Directors of the Company are Independent Directors of more than three listed companies. None of the Independent Directors of the Company are Independent Directors of more than seven listed companies. None of the Directors of the Board serves as a member of more than ten Committees, nor is Chairman of more than five committees of Board across all public companies, in which he/she is a Director.

Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2020, have been made by the Directors.

In the opinion of the Board, all Independent Directors of the Company are persons of integrity and possess relevant experience and do not hold more than 2% shareholding/ voting power in the Company. They are not related to any of the promoters, Directors, holding, subsidiary or associate companies and are independent of the management.

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

All the Independent Directors have been appointed for a period of five years and are not liable to retire by rotation and formal appointment letters containing the terms and conditions of their appointment have been issued to them and the said letters have been uploaded on the website of the Company, viz. www.hlvtd.com.

None of the Director is related to any other Director except Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair, who are promoter group Directors.

2.2 Board Meetings and Attendance

During the financial year 2019-20 the Board of Directors met 8 times i.e. on 27th May, 2019, 10th August, 2019, 13th August, 2019, 30th September, 2019, 22nd October, 2019, 12th November, 2019, 10th February, 2020 and 20th March, 2020 and the gap between two Board meetings did not exceed four calendar months. Meetings were scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes were circulated well in advance to all the Board members to enable them to take informed decisions.

Attendance of each Director at the Board Meetings, at the last Annual General Meeting (AGM) and the number of other public limited Companies and Committees where they are Directors / Members are tabulated below:

| Name | Category | Position | Attendance at Board Meetings* | | Attendance at AGM held on 19 th September, 2019 | No. of Directorships in public companies as on 31 st March, 2020 (including the Company) ^{***} | No. of Committee positions held in listed companies (including the Company) ^{**} | | No of Shares and convertible instruments held by Directors |
|------------------------------|--|---------------------------------|---|--|--|--|---|----------------------|--|
| | | | No. of Board Meetings held during the tenure of the Director in 2019-20 | No. of Board Meetings attended during the financial year 2019-20 | | | Chairman of Committees | Member of Committees | |
| Mr. Vivek Nair | Executive Directors | Chairman & Managing Director | 8 | 4 | Yes | 1 | 0 | 2 | 477,460 |
| Mr. Dinesh Nair | | Co-Chairman & Managing Director | 8 | 6 | Yes | 1 | 0 | 0 | 374,050 |
| Mrs. Madhu Nair ¹ | Non-Executive Non-Independent Director | Director | 2 | 2 | N.A. | 3 | 0 | 0 | 360 |
| Mr. Vinay H. Kapadia | Non-Executive Independent Directors (NEID) | Director | 8 | 8 | Yes | 2 | 2 | 0 | 0 |
| Mr. Vijay Sharma | | Director | 8 | 8 | Yes | 1 | 0 | 2 | 0 |
| Ms. Saija Nair | | Director | 8 | 6 | Yes | 1 | 0 | 2 | 0 |

¹ Joined the Board with effect from 10th February, 2020

* No. of Board Meetings indicated is with reference to date of join/ cessation of the Director.

** "Committees" considered for this purpose are those specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, i.e. Audit Committee and Stakeholders' Relationship Committee.

*** None of the Directors of the Company are on the Board of any other listed companies.

2.3 Separate meeting of the Independent Directors

During the year, a separate meeting of the Independent Directors of the Company was held on 10th February, 2020, which was attended by all the Independent Directors.

2.4 Familiarization Program for Independent Directors

The Board has adopted a Familiarization Program for Independent Directors of the Company. The Program aims to provide insights into the Company to enable the Independent Directors to understand the industry and also the business model and business operations of the Company to enable them to contribute significantly to the Company.

This Familiarization Program has been uploaded on the Company's website and the web link for the same is https://www.hvlttd.com/assets/investors_relations/Policy%20on%20Familiarization%20Program%20for%20Independent%20Directors.pdf

2.5 Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), 19(4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level. The Board intends to establish and follow "best practices" in Board governance in order to fulfill its fiduciary obligation to the Company.

The Company has in place a structured questionnaire, which has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The Directors expressed their satisfaction with the evaluation process.

3. Audit Committee

The Audit Committee of the Board is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013

and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the scope and terms of reference.

The powers and role of the Audit Committee are also in consonance with Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

As on 31st March, 2020, the Committee had four Directors comprising of three Independent Directors and one Executive Director. The members have experience in banking, finance, accounting and legal matters. The Co-Chairman & Managing Director and Chief Financial Officer are permanent invitees for the meetings. The Statutory Auditors and Internal Auditors also attend the meetings as permanent invitees. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 19th September, 2019. During the year under review, the Committee met six times i.e. on 27th May, 2019, 10th August, 2019, 13th August, 2019, 22nd October, 2019, 12th November, 2019 and 10th February, 2020. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

3.1 Audit Committee meetings and attendance of the members

The particulars of members of the Committee and the details of meetings attended by its members during the financial year 2019-20 are as follows:

| Name of the Director | Designation | Category of Directorship | No. of Meetings during the year | |
|----------------------|-------------|--------------------------|---------------------------------|----------|
| | | | Held | Attended |
| Mr. Vinay H. Kapadia | Chairman | NEID | 6 | 6 |
| Mr. Vivek Nair | Member | WTD (CMD) | 6 | 4 |
| Mr. Vijay Sharma | Member | NEID | 6 | 6 |
| Ms. Saija Nair | Member | NEID | 6 | 5 |

3.2 Role and terms of reference of the Audit Committee

The role and terms of reference of the Audit Committee inter-alia include the following:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act,2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report.
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
 - (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
 - (8) Approval or any subsequent modification of transactions of the Company with related parties.
 - (9) Scrutiny of inter-corporate loans and investments.
 - (10) Valuation of undertakings or assets of the Company, wherever it is necessary.
 - (11) Evaluation of internal financial controls and risk management systems.
 - (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - (14) Discussion with internal auditors of any significant findings and follow up thereon.
 - (15) Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - (18) To review the functioning of the whistle blower mechanism.
 - (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
 - (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 - (21) Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- The audit committee also reviews the following information:
- (1) Management discussion and analysis of financial condition and results of operations.
 - (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management.
 - (3) Management letters/letters of internal control weaknesses issued by the statutory auditors.
 - (4) Internal audit reports relating to internal control weaknesses.
 - (5) The appointment, removal and terms of remuneration of the chief internal auditor.
 - (6) Statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (1);
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation32(7).
- The Audit Committee also looks into the matters that are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section177 of the Companies Act, 2013.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Nomination and

Remuneration Committee consisted of 3 Independent Directors and the Company's Chairman as a member.

The Nomination & Remuneration Committee's role and terms of reference are in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met three times i.e. 22nd October, 2019, 10th February, 2020 and 20th March, 2020.

4.1 Nomination and Remuneration Committee Meetings and Attendance

The particulars of members of the Committee and the details of meetings attended by its members during the financial year 2019-20 are as follows:

| Name of the Director | Designation | Category of Directorship | No. of Meetings during the year | |
|----------------------|-------------|--------------------------|---------------------------------|----------|
| | | | Held | Attended |
| Mr. Vivek Nair | Member | WTD (CMD) | 3 | 1 |
| Mr. Vinay H. Kapadia | Member | NEID | 3 | 3 |
| Mr. Vijay Sharma | Chairman | NEID | 3 | 3 |
| Ms. Saija Nair | Member | NEID | 3 | 2 |

4.2 Role and terms of reference of the Nomination and Remuneration Committee

The role and terms of reference of the Committee inter-alia include the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) Devising a policy on diversity of board of directors;
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (6) Recommend to the board, all remuneration, in whatever form, payable to senior management.

4.3 Remuneration Policy for Directors

In terms of the provisions of Section 178 (3) of the Act and

Regulation 19(4) read with Part D of Schedule II of the Listing Regulations, the Board, upon the recommendation of Nomination and Remuneration committee, has approved the remuneration policy for Directors. The said policy has broadly laid down the following criteria for determining the remuneration of Executive and Non-Executive Directors:

The Company has uploaded the Remuneration Policy/Criteria on its website and the same can be accessed from the following weblink: https://www.hvltd.com/assets/investors_relations/Policy%20on%20Remuneration%20Policy%20-%20Criteria.pdf

4.4 Remuneration of Executive Directors

The remuneration of the Executive Directors is recommended by the Nomination & Remuneration Committee (N&RC) to the Board for approval after considering the relevant factors such as functions, role and responsibilities, comparison with the remuneration paid by peer companies, industry benchmarking, regulatory guidelines as applicable, etc. The Board considers the recommendations of N&RC and approves the remuneration, subject to shareholders' and regulatory approvals.

The remuneration packages of the Executive Directors comprise of salaries and allowances, contribution to provident funds, etc. During the financial year 2019-20, the Company did not pay managerial remuneration to its Executive Directors.

The remuneration payable, if any, to the Executive Directors would be within the ceiling approved by the shareholders and the Ministry of Corporate Affairs (MCA). The Company is not paying any bonus, pension, performance linked incentives, etc. to the Executive Directors. The Company also has not issued any stock options to the Executive Directors.

Remuneration of Non-Executive Directors (NEDs)

The NEDs are paid remuneration by way of sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and other regulatory guidelines, as amended from time to time. Any change in sitting fees shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The NEDs are entitled to reimbursement of expenses for participation in the meetings of the Board and Committee thereof. The NEDs are paid sitting fees of Rs. 30,000 for attending each meeting of the Board or Committees thereof.

The details of sitting fees paid during the financial year 2019-20 are given below:

| Name of the Non-Executive Directors | Sitting Fees Paid (Rupees) |
|-------------------------------------|----------------------------|
| Mr. Vinay H. Kapadia | 570,000 |
| Mr. Vijay Sharma | 570,000 |
| Ms. Saija Nair | 450,000 |
| Mrs. Madhu Nair ¹ | 60,000 |

¹ Joined the Board with effect from 10th February, 2020

Notes:

- a. The Company did not pay any amount to Directors by way of commission.
- b. The Company has not issued any stock options to its Directors.

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Resolutions, 2015, including the scope, role and terms of reference. The Company Secretary acts as the Secretary to the Committee.

As on 31st March 2020, the Committee comprises of three Independent, Non-Executive Directors and one Executive Director. The Chairman of the Committee is an Independent, Non-Executive Director. During the year under review, the Committee met once i.e. on 27th May, 2019.

5.1 Stakeholders' Relationship Committee Meetings and Attendance

The particulars of members and the details of meetings attended by its members during the financial year 2019-20 are given below:

| Name of the Director | Designation | Category of Directorship | No. of Meetings during they ear | |
|----------------------|-------------|--------------------------|---------------------------------|----------|
| | | | Held | Attended |
| Mr. Vinay H. Kapadia | Chairman | NEID | 1 | 0 |
| Mr. Vivek Nair | Member | WTD | 1 | 1 |
| Mr. Vijay Sharma | Member | NEID | 1 | 1 |
| Ms. Saija Nair | Member | NEID | 1 | 1 |

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Registrar & Share Transfer Agents (RTA), to ensure that the complaints / grievances of the shareholders / investors are attended to without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings.

During the year, the Registrar had approved 15 share transfers comprising 1,46,660 shares and processed 91 requests for dematerialization of 5,14,120 shares and 2 requests for 101 shares. There were no valid requests pending for share transfers at the end of the year.

5.2 Role and terms of reference of Stakeholders' Relationship Committee

The role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

5.3 Number of complaints received and redressed during the year 2019-20

| Opening Balance | Received during the year 2019-20 | Resolved during the year 2019-20 | Closing Balance |
|-----------------|----------------------------------|----------------------------------|-----------------|
| 0 | 5 | 5 | 0 |

The above complaints were related to non-receipt of Annual Report, sale of Undertakings to Brookfield and non-receipt of shares transferred to unclaimed share suspense account. None of the Complaints were pending for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

6. General Body Meetings and Postal Ballot

6.1 Location, date and time of the Annual General Meetings (AGM) and Postal Ballot for the last 3 years are as follows:

(a) General Body Meetings

| Financial Year | General Meeting | Date / Time | Location | Special Resolutions passed |
|----------------|----------------------|-----------------------------|---|--|
| 2018-19 | 38 th AGM | 19.09.2019 at 11.00 a.m. | Rang Sharda Auditorium, K. C. Marg, Bandra Reclamation, Bandra West, Mumbai - 400 050 | NIL |
| 2017-18 | 37 th AGM | 20.08.2018 at 11.00 a.m. | St. Andrews Auditorium, St. Dominic Road, Bandra West, Opposite Arya Vidya Mandir School, Behind Holy Family Hospital, Mumbai – 400 050 | NIL |
| 2016-17 | 36 th AGM | 18.09.2017 at 10.30 a.m. | Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai – 400 056 | Resolution No. 4: Approval for increase in subscribed capital of the Company caused by the exercise of option attached to the loan raised to convert such loan into shares |

All the resolutions as set out in the notices were passed unanimously / by requisite majority by the Members of the Company.

6.2 Postal Ballot

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014, members were provided with the facility to cast their vote electronically through e-voting services provided by KFin Technologies Private Limited, on all resolutions set forth in the Postal Ballot Notice. Members were also given an option to vote by physical Ballot.

During the financial year 2019-20 the Company conducted three postal ballot exercises. The particulars of resolutions passed through Postal Ballot during the financial year are as follows:

Postal Ballot No. 1

| Sr. No. | Brief particulars of the Resolution | Total No. of valid votes | Votes in favour of the resolution | | Votes against the resolution | |
|---------|--|--------------------------|-----------------------------------|------------|------------------------------|------------|
| | | | No. of Shares | % of votes | No. of Shares | % of votes |
| 1 | Approval for sale of the Company's Delhi Hotel Undertaking | 53,39,07,288 | 46,23,79,346 | 86.6029 | 7,15,27,942 | 13.3971 |
| 2 | Approval for sale of the Company's Bengaluru Hotel Undertaking | 53,39,07,288 | 46,23,78,545 | 86.6028 | 7,15,28,743 | 13.3972 |
| 3 | Approval for sale of the Company's Chennai Hotel Undertaking | 53,39,07,288 | 46,23,78,045 | 86.6027 | 7,15,29,243 | 13.3973 |
| 4 | Approval for sale of the Company's Udaipur Hotel Undertaking | 53,39,07,343 | 46,23,79,295 | 86.6029 | 7,15,28,048 | 13.3971 |
| 5 | Approval for sale of the Company's Hotel Operations Undertaking | 53,39,07,483 | 46,23,77,903 | 86.6026 | 7,15,29,580 | 13.3974 |
| 6 | Approval for sale of the Company's shareholding in Leela Palaces and Resorts Limited, a wholly owned subsidiary of the Company | 53,39,06,802 | 46,23,77,405 | 86.6026 | 7,15,29,397 | 13.3974 |

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 18th March, 2019. The physical Ballots were returnable by 24th April, 2019. The E-Voting portal was open for voting from 26th March, 2019 to 24th April, 2019. The resolutions were passed on 24th April, 2019.

Mr. Prashant S. Mehta, Practicing Company Secretary, was the scrutinizer for the above postal ballot. The Results of the Postal Ballot was declared on 26th April, 2019, subject to restrictions imposed by SEBI that none of the transactions proposed in the Postal ballot notice dated 18th March, 2019 were acted upon till further directions from SEBI.

Postal Ballot No. 2

| Sr. No. | Brief particulars of the Resolution | Total No. of valid votes | Votes in favour of the resolution | | Votes against the resolution | |
|---------|--|--------------------------|-----------------------------------|------------|------------------------------|------------|
| | | | No. of Shares | % of votes | No. of Shares | % of votes |
| 1 | Approval for sale of the Company's Delhi Hotel Undertaking | 51,95,88,301 | 46,31,00,796 | 89.1284 | 5,64,87,505 | 10.8716 |
| 2 | Approval for sale of the Company's Bengaluru Hotel Undertaking | 51,95,88,301 | 46,31,08,808 | 89.1300 | 5,64,79,493 | 10.8700 |
| 3 | Approval for sale of the Company's Chennai Hotel Undertaking | 51,95,88,276 | 46,31,09,299 | 89.1301 | 5,64,78,977 | 10.8699 |
| 4 | Approval for sale of the Company's Udaipur Hotel Undertaking | 51,95,88,301 | 46,31,00,763 | 89.1284 | 5,64,87,538 | 10.8716 |
| 5 | Approval for sale of the Company's Hotel Operations Undertaking | 51,95,88,276 | 46,31,00,476 | 89.1284 | 5,64,87,800 | 10.8716 |
| 6 | Approval for sale of the Company's shareholding in Leela Palaces and Resorts Limited, a wholly owned subsidiary of the Company | 51,95,88,301 | 46,30,99,786 | 89.1282 | 5,64,88,515 | 10.8718 |

The second postal ballot was conducted at the direction of SEBI to include additional disclosures in respect of the resolutions approved by the shareholders as mentioned in Postal Ballot No. 1 above.

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 9th August, 2019. The physical Ballots were returnable by 16th September, 2019. The E-Voting portal was open for voting from 18th August, 2019 and ended on 16th September, 2019. The resolutions were passed on 16th September, 2019.

Mr. Prashant S. Mehta, Practicing Company Secretary, was the scrutinizer for the above postal ballot. The Results of the Postal Ballot was declared on 26th September, 2019.

Postal Ballot No. 3

| Brief particulars of the Resolution | Total No. of valid votes | Votes in favour of the resolution | | Votes against the resolution | |
|---|--------------------------|-----------------------------------|------------|------------------------------|------------|
| | | No. of Shares | % of votes | No. of Shares | % of votes |
| Change of Name of the Company from "Hotel Leelaventure Limited" to "HLV Limited" and consequential alteration to Memorandum of Association and Articles of Association of the Company | 53,05,57,267 | 47,55,50,489 | 89.6323 | 5,50,06,778 | 10.3677 |

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 8th November, 2019. The physical Ballots were returnable by 17th December, 2019. The E-Voting portal was open for voting from 18th November, 2019 and ended on 17th December, 2019. The resolutions were passed on 17th December, 2019.

Mr. Prashant S. Mehta, Practicing Company Secretary, was the scrutinizer for the above postal ballot. The Results of the Postal Ballot was declared on 18th December, 2019.

7. Disclosures

7.1 Disclosures on materially significant related party transactions

During the financial year 2019-20, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the management, subsidiaries and relatives. Suitable disclosures as required by the Accounting Standards (AS-18) have been made in the notes to the Financial Statements.

The Policy on materiality of related party transactions and also in dealing with related party transactions as approved by the Board is available on the website of the Company at https://www.hvltd.com/assets/investors_relations/Policy-on-Related-Party-Transactions.pdf

7.2 Disclosure on Non-compliances by the Company related to Capital Markets

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets, except for delay in appointment of a Director to meet the requirement of 6 Directors in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for which the Company paid a fine of ₹ 7,78,800/- each to BSE Limited and National Stock Exchange of India Limited. The Company has complied with the said requirement with effect from 10th February, 2020. The reason for delay in complying with the said requirement was due to default made by the Company towards repayment of principal and interest on debentures issued by the Company and consequent disqualification of the directors under Section 164(2) (b) of the Companies Act, 2013. The Company made a one-time settlement with the debenture holder on 16th October, 2019 and thereafter the Company was in search of a suitable person for appointment as a Director.

7.3 Whistle Blower Policy/Vigil Mechanism

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has implemented the Whistle Blower Policy pursuant to which whistle blowers can raise concerns relating to Reportable Matters (as defined in the policy) such as fraud, bribery, corruption, illegality, health & safety, environmental issues and wastage/misappropriation of Company's funds/assets, etc. Further, the mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of whistle blower who avail such mechanism. The Vigil mechanism also provides direct access to the Members of the Audit Committee, including the chairman of the Audit Committee. The functioning of the Vigil mechanism is reviewed periodically by the Audit Committee.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The above policy has been uploaded on the website of the Company, viz. www.hvltd.com.

7.4 CMD / CFO Certification

The CMD and the CFO have issued the certificate as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

7.5 Code of Conduct

The Company has in place a detailed Code of Conduct for Board Members and Senior Management adopted by the Board of Directors in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Code of Conduct is available on the website of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. A declaration by the Chairman & Managing Director affirming compliance to the Code of Conduct is appended to this Report.

7.6 Code of Conduct for Prevention of Insider Trading

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it prohibits the purchase or sale of Company's shares by the Directors and the designated employees during the period when the Trading Window is closed and while in possession of unpublished price sensitive information in relation to the Company. The Company has also formulated "Policy for Inquiry" in case of leak of UPSI, which forms part of the Insider Trading Code.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The Company has also formulated a Policy for Determination of "Legitimate Purposes" which forms part of 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI).

The above documents are displayed on the Company's website viz. www.hvltd.com.

8. Certificate of Compliance with Corporate Governance and disqualification of Directors

A certificate from Mr. Prashant S. Mehta, practicing Company Secretary regarding compliance with the conditions of Corporate Governance forms part of this Annual Report.

A certificate from Mr. Prashant S. Mehta, practicing Company Secretary regarding disqualification of directors on the Board of the Company forms part of this Report.

9. Subsidiary Company

The Company does not have any subsidiary as on 31st March, 2020. However, The Board of Directors of the Company has

adopted the policy and procedures with regard to determination of Material Subsidiaries. The details of the Policy are available on the website of the Company at https://www.hlvtd.com/assets/investors_relations/Policy%20for%20Determining%20Material%20Subsidiaries.pdf

10. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and the Company's web-site. Information, latest updates and announcements made by the Company can be accessed at Company's website: https://www.hlvtd.com/investor_relation.html. It also includes inter-alia the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Annual Reports
- Quarterly Corporate Governance Report
- Investor Presentations
- Postal Ballot Results

The financial Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State of Maharashtra where the Registered Office of the Company is situated. The Company regularly publishes its financial results in Free Press Journal and Navashakti.

11. General Shareholder Information

11.1 Company Information

| | | |
|------|--|--|
| i) | CIN | L55101MH1981PLC024097 |
| ii) | Registration Date | 20 th March, 1981 |
| iii) | Address of the Registered office and contact details | HLV Limited The Leela, Mumbai, Sahar, Mumbai – 400 059 Tel. +91-22-6691 1182/83 Fax +91-22-6691 1458 E-mail: investor.service@hlvtd.com Website: www.hlvtd.com |
| iv) | The Company's hotel | The Leela Mumbai, Sahar, Mumbai – 400059 |

11.2 39th Annual General Meeting

| Day / Date | Time | Venue |
|----------------------------------|------------|---|
| 21 st September, 2020 | 11.00 A.M. | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM. |

11.3 Financial Calendar for the Year

| | |
|---|---|
| Financial Year | 1 st April to 31 st March |
| Dividend Payment | The Company has not proposed any dividend for the financial year ended 31 st March, 2020. |
| Book Closure Dates | Friday, 18 th September, 2020 to Monday, 21 st September, 2020 (both days inclusive). |
| Unaudited Financial reporting for the quarter ending (tentative) | |
| 30 th June, 2020 | September, 2020 |
| 30 th September, 2020 | November, 2020 |
| 31 st December, 2020 | February, 2021 |
| 31 st March, 2021 | May, 2021 |
| Annual General Meeting for the year ending 31 st March, 2021 | August / September, 2021 |

11.4 E-Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 and Regulation 44 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015, members have been provided the facility to exercise their right to vote on electronic voting system from any place other than the venue of the meeting (remote e-voting) and the facility of e-voting at the General Meeting by electronic means, through e-Voting Services provided by National Securities Depository Services (India) Limited.

11.5 Stock Exchanges

| | |
|-----------------------------------|--|
| Listing on Stock Exchanges | Equity Shares: |
| | I) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 |
| | II) National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 |
| Listing Fees | The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2020-21. |

11.6 Stock Market Data

The monthly high / low prices of the equity shares of the Company from 1st April, 2019 to 31st March, 2020 are given below:

| Month | BSE Limited | | | | National Stock Exchange of India Limited | | | |
|--------|-------------|-----------|---------------|------------------|--|-----------|---------------|-------------------------|
| | High (Rs.) | Low (Rs.) | Volume (Nos.) | SENSEX (Closing) | High (Rs) | Low (Rs.) | Volume (Nos.) | S&P CNX NIFTY (Closing) |
| Apr-19 | 11.60 | 10.25 | 7,72,883 | 38,672.91 | 11.40 | 10.20 | 76,96,839 | 11,748.15 |
| May-19 | 10.44 | 8.35 | 6,25,064 | 39,031.55 | 10.60 | 8.30 | 45,88,627 | 11,922.80 |
| Jun-19 | 10.74 | 7.02 | 8,93,012 | 39,714.20 | 10.75 | 7.00 | 52,86,296 | 11,788.85 |
| Jul-19 | 9.22 | 7.30 | 4,18,452 | 39,394.64 | 9.25 | 7.30 | 38,31,096 | 11,118.00 |
| Aug-19 | 8.15 | 5.94 | 3,08,461 | 37,481.12 | 7.70 | 5.90 | 18,51,238 | 11,023.25 |
| Sep-19 | 9.00 | 6.69 | 6,52,448 | 37,332.79 | 8.60 | 6.50 | 53,89,425 | 11,474.45 |
| Oct-19 | 9.89 | 6.33 | 12,77,786 | 38,667.33 | 9.45 | 6.25 | 83,94,564 | 11,877.45 |
| Nov-19 | 8.90 | 6.80 | 4,87,737 | 40,129.05 | 8.05 | 6.90 | 36,93,614 | 12,056.05 |
| Dec-19 | 7.13 | 5.46 | 5,19,882 | 40,793.81 | 7.10 | 5.40 | 46,15,459 | 12,168.45 |
| Jan-20 | 7.00 | 5.45 | 4,74,165 | 41,253.74 | 6.00 | 5.50 | 40,17,048 | 11,962.10 |
| Feb-20 | 6.00 | 3.50 | 6,06,530 | 40,723.49 | 6.10 | 3.40 | 41,57,026 | 11,201.75 |
| Mar-20 | 4.10 | 2.94 | 7,07,998 | 38,297.29 | 4.15 | 2.90 | 53,17,255 | 8,597.75 |

Sources: www.bseindia.com & www.nseindia.com respective websites

11.7 Distribution of shareholding as on 31st March, 2020

| Slab of Shareholding (No. of Shares) | No. of Shareholders | % of Total | No. of shares held | % of Total |
|--------------------------------------|---------------------|------------|---------------------|------------|
| Upto 5,000 | 78,731 | 94.11 | 3,03,06,834 | 4.81 |
| 5,001 to 10,000 | 2,604 | 3.11 | 98,64,543 | 1.56 |
| 10,001 to 20,000 | 1,269 | 1.52 | 96,78,385 | 1.53 |
| 20,001 to 30,000 | 353 | 0.42 | 44,29,487 | 0.70 |
| 30,001 to 40,000 | 187 | 0.22 | 33,76,315 | 0.54 |
| 40,001 to 50,000 | 120 | 0.14 | 27,96,304 | 0.44 |
| 50,001 to 1,00,000 | 198 | 0.24 | 72,18,810 | 1.14 |
| Above 1,00,000 | 197 | 0.24 | 56,28,81,088 | 89.27 |
| TOTAL | 83,659 | 100 | 63,05,51,766 | 100 |

11.8 No. of Shares held in dematerialized and physical mode as on 31st March, 2020

| Sr. No. | Particulars | No. of Shareholders | No. of Shares | % of total capital issued |
|---------|-------------------------------------|---------------------|---------------------|---------------------------|
| 1 | Held in dematerialized form in NSDL | 53,339 | 56,71,10,726 | 89.94 |
| 2 | Held in dematerialized form in CDSL | 28,562 | 5,88,20,829 | 9.33 |
| 3 | Held in Physical form | 1,758 | 46,20,211 | 0.73 |
| | Total | 83,659 | 63,05,51,766 | 100 |

11.9 Shareholding Pattern as on 31st March, 2020

| Sr. No. | Category | No. of Shares held | % of Holding |
|---------|---|---------------------|--------------|
| 1 | Promoters (including persons acting in concert) | 29,80,87,074 | 47.27 |
| 2 | Banks / Public Financial Institutions / Insurance Companies | 1,42,96,113 | 2.27 |
| 3 | Bodies Corporate / Trusts | 23,17,08,850 | 36.75 |
| 4 | FIIIs | 3,05,899 | 0.05 |
| 5 | NRIIs / OCBs | 66,74,457 | 1.06 |
| 6 | Resident Individuals | 7,70,36,997 | 12.22 |
| 7 | IEPF | 24,42,376 | 0.39 |
| | Total | 63,05,51,766 | 100 |

As on 31st March, 2020, the Promoters have pledged 24,04,42,344 equity shares representing 38.13% of the paid up capital of the Company.

The share holding pattern is posted on the Company's website (www.hlvitd.com) and also filed electronically with BSE Limited and National Stock Exchange of India Limited.

11.10 Reconciliation of Share Capital Audit Report

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The report in regard to the same is submitted to BSE Limited and National Stock Exchange of India Limited and is also placed before the Board of Directors.

11.11 Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to the Company Secretary and the authorized representatives of the Registrar and Share Transfer Agent. The Share Certificates in physical form are generally processed weekly and returned within 15 days from the date of receipt, if the documents are proper and valid in all respects. A summary of the transfer / transmission so approved is placed before the Board at periodic intervals. The Company obtains from a Practicing Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges concerned.

11.12 Dematerialisation of shares

The trading in equity shares of the Company is permitted only in dematerialized form. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shares.

Shareholders seeking dematerialization/rematerialization of their shares need to approach their Depository Participants (DP) through whom they will send the physical share certificates to the Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificates, the Registrar would verify the same.

The Registrar would then request National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder are then credited with equivalent number of shares. In case of rejection of the request, the decision is communicated to the shareholder.

In respect of rematerialization, upon receipt of the request from the shareholder, the DP generates a request and its verification is done by the Registrar. The Registrar then requests NSDL and CDSL to confirm the same. Thereafter, eligible number of shares is issued in physical form to the shareholder within 21 days.

11.13 Outstanding ADR/ GDR/ Warrants and their impact on equity

During the financial year, the Company has not issued any ADR/ GDR/any convertible securities.

11.14 Commodity price risks and commodity hedging activities

The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not required.

11.15 Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

The Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

11.16 Address for correspondence

The correspondence address of the Compliance Officer and the Registrar & Share Transfer Agent are as follows:

(a) Compliance Officer:

| | |
|--|--------------------------------------|
| Name of the Compliance Officer | Ms. Savitri Yadav, Company Secretary |
| Address | The Leela, Sahar, Mumbai – 400 059 |
| Telephone | +91-22-6691 1182/83 |
| Fax | +91-22-6691 1458 |
| Designated E-mail ID for investor grievances | investor.service@hlvitd.com |

(b) Registrar & Share Transfer Agent for Equity Shares

KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) has been appointed as one point agency for dealing with shareholders with effect from 18th June, 2016. Correspondence from Shareholders should be

addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

KFin Technologies Private Limited

Unit: HLV Limited

Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032

Tel : + 91 40 6716 2222 Fax : + 91 40 2342 0814

E-mail: einward.ris@kfintech.com

Website: www.kfintech.com.com ; Toll Free No: 1800 - 3454 – 001

11.17 Scrip Information – Equity Shares

| Particulars | Scrip Code/ Information |
|--|-------------------------|
| BSE Limited | 500193 |
| National Stock Exchange of India Limited | HLVLT |
| Demat ISIN allotted by NSDL/CDSL | INE102A01024 |
| Face Value | ₹ 2/- each |

11.18 Investor Correspondence Contact Details

| For Clarification / Queries | Contact Nos. |
|---|--|
| Company Secretary / Department Secretarial | Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458 |
| Exclusive E-mail ID for investor grievances | investor.service@hlvlt.com |

12. Transfer of unpaid / unclaimed Dividend amount to Investor Education and Protection Fund

During the year under review, there was no unpaid/unclaimed dividend lying in the accounts of the Company which needed to be transferred to the Investor Education and Protection Fund (IEPF) pursuant to section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (Awareness & Protection of Investors) Rules, 2014.

13. Mandatory Transfer of Shares to Demat Account of Investor Education and Protection Fund Authority (IEPFA) in case of unpaid/unclaimed dividend on shares for a consecutive period of seven years

Pursuant to the provisions of section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, transfer and refund) Rules, 2016 ("the rules"), all shares in respect of which dividend has not been en-cashed or claimed by the shareholders for seven consecutive years or more shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) Suspense Account.

The Company, after sending intimation to the shareholders, has transferred shares, in respect of which dividend was declared upto the financial year ended 31st March, 2011 and remained unclaimed, to the Investor Education and Protection Fund. The

particulars of shares transferred to IEPF Suspense Fund are as follows:

| Date of transfer | No. of shareholders involved | No. of shares | Dividend unpaid |
|--------------------------------|------------------------------|---------------|-----------------|
| 7 th December, 2017 | 4,456 | 14,94,308 | FY 2009-10 |
| 31 st October, 2018 | 3,165 | 9,48,318 | FY 2010-11 |

The voting rights on the shares in IEPF Suspense Fund shall remain frozen till the rightful owners of such shares claim the shares.

As there is no unclaimed dividend lying with the Company, the Company is not required to transfer any shares to IEPFA in future.

14. Disclosure in respect of Equity Shares transferred to Unclaimed Share Suspense Account

Pursuant to Regulation 39 and corresponding Schedule VI of the Listing regulations, the Company is required to transfer shares which remain unclaimed by the shareholders to an unclaimed share suspense account.

All the corporate benefits, if any, on the above shares would also be transferred to Unclaimed Suspense Account of the Company.

After sending reminders to the shareholders at their latest available address(es) with the Company, the Company had transferred 25,98,970 unclaimed equity shares lying with the Company to "Hotel Leelaventure Limited-Unclaimed Share Suspense Account" in May, 2015.

The shareholders can make their claim with the Company / RTA. The RTA/ Company on proper verification of the shareholders' identity and other relevant documents would transfer the shares in their favour.

The disclosure as required under Regulation 34(3) read with Schedule VI of the Listing Regulations is given below:

| Description | No. of Shareholders | No. of Equity Shares |
|--|---------------------|----------------------|
| A) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 1 st April, 2019. | 2,130 | 14,20,040 |
| B) Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year. | 20 | 21,095 |
| C) Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the year ended 31 st March, 2020. | 2110 | 13,98,945 |

The voting rights on the shares in the suspense accounts shall remain frozen till the rightful owners of such shares claim the shares.

Shareholders may note that both the unclaimed dividend and shares transferred to the IEPF Authority can be claimed back by them after following the procedure prescribed under the IEPF Rules.

15. Fees paid to the Statutory Auditors

M/s. N. S. Shetty & Co., Chartered Accountants, are the statutory auditors of the Company. During the financial year 2019-20, the Company has paid ₹ 26 Lakhs to the auditors as the statutory audit fee, ₹ 4 Lakhs towards tax audit fees and ₹ 16.43 Lakhs towards other services.

16. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman employee in the Company. The Company's policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints outstanding at the beginning of the year. During the year one complaint pertaining to sexual harassment was received and the same has been resolved. As such, no complaint remained pending at the end of the year.

17. Recommendations of the Committees of the Board

There are no recommendations of the committees of the Board which have not been accepted by the Board.

18. Directors and Officers Liability Insurance (D&O)

As per the provisions of the Act and in compliance with the Listing Regulations, the Company has a Directors and Officers (D&O) Liability Insurance policy on behalf of all Directors including Independent Directors and selected employees of the Company for indemnifying them against any liability in respect of any negligence, default, breach of duty, misstatement or errors in their managerial capacity.

19. Adoption of Discretionary Requirements:

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:

19.1 Non-Executive Chairperson: Not applicable since the Company does not have a Non-Executive Chairperson.

19.2 Separate posts of Chairman and Managing Director or CEO: The Chairman's Office is not separate from that of the Managing Director.

19.3 Shareholders' Rights: The quarterly, half-yearly and annual financial results of the Company are published in English and Marathi newspapers having wide circulation, communicated to the Stock Exchanges and are uploaded on the Company's web-site.

19.4 Modified opinion in Audit Report: The Company's financial statement for the financial year 2019-20 does not contain any modified audit opinion. However, even though there is no audit qualification, there are audit observations.

19.5 Reporting of Internal Auditor: The Internal auditors of the Company report to Audit Committee. Executive Summary of the Internal Audit report is presented to the Audit Committee. The internal auditors are invited to attend the Audit Committee meetings for interaction with the Audit Committee members and to respond to the queries of the Audit Committee.

Dispatch of documents in electronic form (GREEN INITIATIVE)

In terms of Section 20 of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company can send documents like notice, annual report, etc., in electronic form to its shareholders. Accordingly, the said documents are sent by e-mail to those members who have registered their e-mail addresses with their DP / the Company.

As part of "Green Initiative", Members who have not registered their e-mail addresses are requested to register their e-mail addresses, with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to write to the Company/ Registrar for registration of e-mail address.

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, 29th July, 2020

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Board of Directors
HLV Limited
Mumbai

I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Code of Conduct for the financial year ended 31st March, 2020.

Vivek Nair
Chairman & Managing Director

Mumbai, 29th July, 2020

CERTIFICATE ON CORPORATE GOVERNANCE

The Members
HLV Limited
(Formerly known as Hotel Leelaventure Limited)
Mumbai.

I have examined the compliance of conditions of Corporate Governance by HLV Limited (Formerly known as Hotel Leelaventure Limited) ('the Company'), for the financial year ended 31st March, 2020 as stipulated and as required under Regulation 15(2) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion, and to the best of my information and according to the explanations given to me, I certify that the Company is generally in compliance with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, except those reported in my Secretarial Audit report of even date.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For P Mehta & Associates
Practicing Company Secretaries

Prashant S. Mehta
(Proprietor)
ACS No. 5814
C.P. No. 17341
UDIN: A005814B000519624

Date: 29th July, 2020
Place: Mumbai

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

HLV Limited

(Formerly Known as Hotel Leelaventure Limited)

The Leela, Sahar, Mumbai - 400059

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HLV Limited (Formerly Known as Hotel Leelaventure Limited) having CIN L55101MH1981PLC024097 and having registered office at The Leela, Sahar, Mumbai - 400059 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the explanations furnished to me by the Company & its officers, I hereby certify that all the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been disqualified from being appointed or continuing as Directors of companies under Section 164 of the Companies Act, 2013, except Mrs. Madhu Nair who has been appointed as a NED on 10th February, 2020, as the Company had been in default in payment of principal amount since September, 2016 and interest since March, 2017 to LIC of India, the debenture holder. However, the Company has made good the default by making payment to LIC of India, the debenture holder as a one-time settlement on 16th October, 2019 and filed Application for removal of disqualification of Directors with ROC. During the year under review, the directors continue to be disqualified. However, the Directors of the Company have not been debarred by the Securities and Exchange Board of India or by any such statutory authority.

| Sr. No. | Name of Director | DIN | Date of appointment in the Company |
|---------|--------------------------|----------|------------------------------------|
| 1 | Vivek Krishnan Nair | 00005870 | 03/08/1983 |
| 2 | Dinesh Krishnan Nair | 00006609 | 03/08/1983 |
| 3 | Vijay Sharma | 00138852 | 09/05/2018 |
| 4 | Saija Ramchandran Nair | 03623949 | 30/05/2018 |
| 5 | Vinay Hansraj Kapadia | 07958301 | 07/10/2017 |
| 6 | Salini Madhu Dinesh Nair | 00011223 | 10/02/2020 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P Mehta & Associates
Practicing Company Secretaries

Prashant S. Mehta
(Proprietor)

ACS No. 5814

C.P. No. 17341

UDIN: A005814B000519602

Date: 29th July, 2020

Place: Mumbai

CEO and CFO CERTIFICATION

The Board of Directors

HLV Limited

(Formerly known as Hotel Leelaventure Limited)

Mumbai

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2020 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed to the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Umesh Dombé
Chief Financial Officer

Vivek Nair
Chairman & Managing Director

Mumbai, 29th July, 2020

BUSINESS RESPONSIBILITY REPORT 2019-20

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)



Section A: General Information about the Company

| | | |
|----|--|---|
| 1 | Corporate Identity Number (CIN) of the company | L55101MH1981PLC024097 |
| 2 | Name of the Company | HLV Limited (Formerly Hotel Leelaventure Limited) |
| 3 | Registered address | The Leela, Mumbai, Sahar, Mumbai – 400 059 |
| 4 | Website | www.hlvtd.com |
| 5 | E-mail id: | investor.service@hlvtd.com |
| 7 | Financial Year reported | April 1, 2019 – March 31, 2020 |
| 8 | Sector(s) that the Company is engaged in (industrial activity code-wise): | Hotels- 9963/99631110 |
| 9 | List three key products / services that the company manufactures / provides (as in balance sheet): | Hotel Services |
| 10 | Total number of locations where business activity is undertaken by the Company | One |
| 11 | Markets served by the Company - Local / State/ National / International: | National (Mumbai) |

Section B: Financial Details of the Company as on March 31, 2019

| | | ₹ Lakhs |
|--------|---|----------------|
| Sr. No | Particulars | FY 2018-19 |
| 1. | Paid up capital | 12,611.04 |
| 2. | Total turnover | 15,852.79 |
| 3. | Total profit after taxes (Loss) | (11,889.48) |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | Not Applicable |

List of activities in which expenditure in 4 above has been incurred:

Though the Company has incurring losses, it has been carrying out CSR activities over the years. The Company is committed protecting our environment and every World Environment Day is commemorated by planting tree saplings at the hotel properties as well as adjoining areas to promote greenery and benefit surrounding communities. On the social sustainability front, the Company continued its involvement with nurturing underprivileged communities, conducting donation drives for children as part of charitable giving, continuing skill-based training for the youth, and providing on-going support to local artisans while promoting traditional craftsmanship. The Company further strengthened partnerships with local NGOs for charitable donations, including, daily meals, clothing, shoes and books to underprivileged children and in old aged homes.

Section C: Other Details

1. Does the Company have any Subsidiary company /companies?

The Company has no subsidiary as at March 31, 2020.

2. Do the Subsidiary company / companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Not Applicable

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

No

Section D: BR Information

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for implementation of the BR policy /policies:

| DIN Number | Name | Designation |
|------------|-----------------|---------------------------------|
| 00005870 | Mr. Vivek Nair | Chairman & Managing Director |
| 00006609 | Mr. Dinesh Nair | Co-Chairman & Managing Director |

b) Details of the BR head:

| Sr. No | Particulars | Details |
|--------|----------------------------|--|
| 1. | DIN Number (if applicable) | 00005870 |
| 2. | Name: | Mr. Vivek Nair |
| 3. | Designation: | Chairman & Managing Director |
| 4. | Telephone Number | 022-66911234 |
| 5. | Email | cmd@hvltd.com |

2. Principle-wise (as per NVGs) BR Policy / policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs are based on nine principles in the realm of Business Responsibility. These are as under:

| | |
|----|--|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| P3 | Businesses should promote the well-being of all employees |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| P5 | Businesses should respect and promote human rights. |
| P6 | Businesses should respect, protect, and make efforts to restore the environment. |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| P8 | Businesses should support inclusive growth and equitable development. |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

Section E: Principle-wise Performance

PRINCIPLE 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company's operations are based on its guiding philosophy on ethics, transparency and accountability. The Company's Code of Conduct for Board Members and Senior Management Personnel extends to the entire Company and is central to all that we do, individually and as an organisation. It binds all employees to act with honesty, integrity and ethics at all times. Every year, Directors, Key Managerial Personnel and Senior Management Personnel of the Company, give a written affirmation of compliance to Code of Conduct.

The Company also has a "Whistle blower Policy" which allows the Company to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Policy provides a mechanism for the Directors and employees of the Company to raise concerns regarding any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements, reports, fraud etc.

The Policy enables and facilitates an employee and other stakeholders to report instances of misconduct, leakage of unpublished price sensitive information, fraud, and misdemeanour to the Chairman & Managing Director or Chairperson of the Audit Committee.

PRINCIPLE 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company maintains the highest standards of safety and sustainability at all times which includes safety, security, health and environment of customers, employees and the assets of the company.

The Company takes great care in ensuring sustainable practices. Measures implemented by the Company include the following:

- All laundry chemicals are bio-degradable.
- Hotel is equipped with solar geysers for generating hot water and the rooms are equipped with energy-saving devices during non-occupancy.
- STP treated water and Rain Water Harvesting has been implemented.

Safety initiatives underpin the Company's business and operational practices. These include physical structures resilient to intrusive and/ or other damaging interventions to the extent feasible, fire-safety measures, focus on guest, employee safety, safety towards women in the workplace and overall operational safety across all functions.

PRINCIPLE 3: Businesses should promote the well being of all employees

The Company is committed to making the employee experience enriching. This is done by ensuring a work culture that is caring, open and respectful and provides opportunity for learning, development and growth. Through various policies which guide employee engagement, we have fostered a culture that ensures guest centricity, high standards of personalised service and an enabling work environment.

Presented below are the details on human resources of the Company:

| | | |
|---|---|---|
| 1 | Total number of employees (total number of permanent employees). | 579 |
| 2 | Total number of employees hired on temporary / contractual/casual basis. | 356 |
| 3 | Number of permanent women employees. | 47 |
| 4 | Number of permanent employees with disabilities | N.A. |
| 5 | List of employee associations that are recognized by management | Bhartiya Kamgar Sena - for workmen category Hotel Leela Officers' Association – for supervisory category of employees |
| 6 | Percentage of permanent employees who are members of recognised employee associations | Because of recognized and non-recognised employees associations in the Company, it is not possible to ascertain the exact percentage of the membership of permanent employees with the recognized employees associations. |
| 7 | Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in FY 2019-20. | |

| | Category | No. of complaints filed during the Financial Year | No. of complaints pending as on end of the Financial Year |
|-----|---|---|---|
| 7.1 | Child labor / forced labour/ involuntary labour | We do not employ child labour, forced labour or involuntary labour. | |
| 7.2 | Sexual harassment | 1 | NIL |
| 7.3 | Discriminatory employment | We do not discriminate while selecting employees. | |
| 7.4 | Number of man-days of executive level training | 234 | |
| 7.5 | Number of man-days of staff level training | 480 | |

The Company ensures continuous improvement of skills and capabilities of our already distinguished talent pool.

PRINCIPLE 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company acknowledges and believes that it has a strong role to play in giving back to the communities and stakeholders it works with. The Company reaches out to stakeholders who are socially disadvantaged, vulnerable and marginalised. The Company takes particular attention in ensuring that the initiatives are designed to provide adequate help and relief to the following:

- Underprivileged children, including orphans and homeless children
- Elderly people
- Local communities
- Environment- tree plantation

PRINCIPLE 5: Businesses should respect and promote human rights

The Company exercises utmost care in the promotion and protection of Human Rights.

The company strongly values and upholds gender equality, diversity and provision of equal opportunities for all. The employees are sensitized regarding all aspects of socially inclusive behaviour and the need to have a humanitarian approach to all actions. The Company's Human Resource policies espouse these principles and these are clearly demonstrated in the recruitment policy, where nobody is discriminated on the basis of gender, caste, religion or physical disability. Any incidence of misconduct or harassment is dealt with seriously within the organisation. This helps in building a healthy and lively work place strengthened through mutual trust and ethical behaviour.

PRINCIPLE 6: Business should respect, protect, and make efforts to restore the environment

The Company is committed to protecting the environment within which it operates. The Company places utmost importance to sustainability while conducting business. Some of the environmental initiatives are:

Use of energy efficient designs and equipment:

Care is taken to ensure that the system design and equipment deployed are energy efficient. Highly efficient chillers are used for air conditioning. Pumps, fans, compressors, blowers and other equipment are selected carefully considering their energy efficiency.

Energy recovery systems and variable speed drives are used extensively to save energy.

High efficiency boilers and heaters are used with energy recovery systems to recover waste heat. Energy efficient lighting with optimal use of natural light is practised. Building Management Systems are used for monitoring and control.

- **Sustainable landscape and water use:**

Rain water harvesting systems are installed at the hotel. The Company has Sewage Treatment Plants (STP). Treated water from STP gets recycled for use in horticulture and cooling towers.

Low water usage plumbing fixtures are used to reduce water consumption. Irrigation systems use automation to control water usage.

PRINCIPLE 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company takes up with responsibility and commitment matters concerning the hotel industry across the country through active participation in apex industry associations including the following:

- Hotel Association of India (HAI)
- Federation of Hotels and Restaurant Association of India (FHRAI)
- Federation of Associations in Indian Tourism & Hospitality (FAITH)
- Tourism & Hospitality Skills Council (THSC)
- Skills Council for People with Disability (SCPwD)

PRINCIPLE 8: Businesses should support inclusive growth and equitable development

The Company continues to regularly identify and engage with different sections of the communities

PRINCIPLE 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

The Company has an uncompromising and unrelenting commitment to delivering excellence and value to its guests through efficient, personalised and caring service. Our commitment to excellence, attention to detail and personalized service continues to be acknowledged and appreciated globally. The accolades that our hotels received are recognition of the commitment and dedication of employees at all levels to deliver exceptional guest experiences.

For and on behalf of the Board

Vivek Nair
Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT



To the Members of HLV Limited
(Formerly Known as Hotel Leelaventure Limited)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **HLV Limited (Formerly Known as Hotel Leelaventure Limited)** ("the Company") which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and Profit including Other Comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the 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 opinion.

Emphasis of Matter

We draw attention to the following matters in notes to the standalone financial statements:-

Note 34.2(a) relating to enhancement in lease rentals, unilateral termination of lease agreement of 18000 sq. mtrs. of land by Airports Authority of India (AAI) relating to Mumbai hotel and eviction proceedings initiated by them which the Company is legally contesting. Disputed amount not provided in the Books for the period up to 31st March, 2020 cumulatively amounts to ₹ 6,592 lakhs (Previous Year ₹ 5,184 lakhs).

Note 34.2(b) relating to the demands made by AAI relating to Royalty, Minimum Guarantee Fees in respect of 11000 sq. mtrs. of land in Mumbai cumulatively amounting to ₹ 80,705 lakhs up to 31st January, 2019 (Previous Year ₹ 28,537 lakhs up to 31st January, 2017) not provided in the Books as the liability is disputed and not crystalized as per the legal opinion and the additional cost the company may have to incur towards restoration of FSI, which is not ascertainable.

Note 34.12 relating to the uncertainty and impact of Covid-19 pandemic on the company's operation and the results as assessed by the Management. The actual results may differ from such estimates depending on future developments.

Material uncertainty related to Going Concern

We draw attention to Note no.34.4 in the Standalone Financial Statements regarding the preparation of financial statements on going concern basis for the reasons stated therein. However, matters stated in Emphasis of Matter above indicate that a material uncertainty exists that may cast significant doubt on company's ability to continue as a going concern. As stated in Note no. 34.4, the appropriateness of assumption of going concern is dependent upon getting favorable judgment / orders / settlement in respect of disputes with Airports Authority of India and the impact of Covid-19 in continuing the Mumbai Hotel operations.

Our conclusion 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matter to be communicated in our Report:

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| Profit on sale of Business undertaking and sale of Investment in subsidiary and Repayment of loans to secured lenders (Refer Note No. 34.1(a)) | Checked Board resolution, Shareholders approval by way of Special Resolution, Business Transfer Agreements with the purchaser, Securities & Exchange Board of India (SEBI) directives, NOC from secured lenders, Escrow Accounts, Release of charge created on assets. Assessed the methodology used by the Management in identifying the Assets and Liabilities including Current Assets and Current Liabilities transferred visa vis Net Working Capital adjustment workings. |
| Contingent Liabilities in respect of claim made by Airport Authority of India (AAI) (Ref. Note No.34.2) | Obtained Lease Agreements and supplementary Agreement with Airport Authority of India (AAI). Correspondence from and with AAI, eviction orders judgment of Arbitrator, Judgment of Delhi High court. Petition filed before Supreme Court and their judgment. Petition filed before Eviction officer and their revised claim, various Legal opinions, case filed before Bombay City Civil Court, application made before Settlement Advisory Committee constituted by the Board of AAI. |

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive Income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. 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 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 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 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.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 Standards on Auditing 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 financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 financial controls 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 financial statements, including the disclosures, and whether the 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 financial statements of the current period 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.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit 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 standalone financial statements dealt with by this report are in agreement with the books of accounts.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. The matter described in paragraph relating to Emphasis of Matter 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 31st March, 2020 taken on record by the Board of Directors out of six directors, five directors are disqualified as on 31st March, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- h. As required by section 197(16) of the Act, we report that the Company has not paid/provided remuneration to its Director during the year.
- 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, 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 financial statements (Refer Note 34.5 to the standalone 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. We are informed that the company did not have any pending 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 N. S. Shetty & Co.

Chartered Accountants

FRNo. : 0110101W

N. S. Shetty

Partner

M. No. 035083

UDIN: 20035083AAAABO6834

Place: Mumbai

Date: 29th July, 2020

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) Except disputes relating to the title deeds/renewal of lease agreement as detailed hereunder, according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the standalone Financial Statements are held in the name of the Company.

| Particulars | Number of cases | Carrying value as on 31 st March 2020 (₹ In lakhs) | Remarks |
|--|-----------------|--|--|
| Land at Hyderabad | Five | 1,269.01 | Title deeds are under dispute |
| Building constructed on leasehold land at Mumbai | One | 21,792.13 | Lease agreement not renewed since 11 th January, 2016 (refer Note-34.2) to the Standalone Financial Statements. |

- ii. The management has conducted physical verification of Inventory at reasonable intervals. In our opinion the frequency of such verification is reasonable. The discrepancies noticed on such verification between the physical stock and book records were not material and have been properly dealt in the books of account.
- iii. The Company has not granted secured or unsecured loans to Companies, firms, Limited Liability Partnerships, or other parties covered in the register maintained under Section 189 of the act during the year. Hence, reporting under clause 3 (iii) of the Order is not applicable to the company.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered in Section 185 of the Act. The company has complied with the provisions of Section 186 of the Act in respect of investments.
- v. The Company has not accepted any deposits within the meaning from Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules 2014 (as amended) during the year. Hence, reporting under clause 3(v) of the Order is not applicable to the company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company.
- vii. According to the information and explanations given to us in respect of Statutory dues :
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

- (c) Details of disputed Sales Tax, Service Tax, Luxury Tax and Value Added Tax which have not been deposited as at 31st March, 2020 are as under:

| Name of the statute | Nature of Dues | Amount (in lakhs)* | Period to which the amount relates | Forum where dispute is pending |
|---------------------------|-----------------------------------|--------------------|--------------------------------------|--|
| Finance Act, 1994 | Service Tax, Interest and penalty | 2591.24 | FY 2007-08 to 2011-12 | CESTAT, Bangalore |
| Maharashtra VAT 2002 | VAT with interest and penalty | 366.42 | 2007-08,2009-10, 2011-12 and 2013-14 | Jt. Commissioner of Appeals-VAT Mumbai |
| Maharashtra VAT 2002 | VAT | 39.73 | FY 2008-09 | VAT Tribunal, Mumbai |
| Finance Act 1994 | Service Tax with Penalty | 61.37 | July 2012 to March 2015 | Commissioner Appeal, Mumbai |
| Kerala Tax on Luxury 1976 | Luxury Tax, interest and penalty | 68.88 | 2010-11, 2011-12 | Deputy Commissioner of (Appeals), Thiruvananthapuram |
| KGST and KVAT Act | KGST and KVAT | 46.58 | FY 2011-12 | Matter remanded back to the Assessing Officer by High Court. |

* Net of amounts paid under protest.

- viii. (a) The Company has defaulted in repayment of loans / dues to a debenture holder, financial institution including ARCs and banks. However these dues were settled with the lenders as one time settlement on 16th October, 2019.
- (b) As explained, the Company did not have any outstanding loans or borrowing from Government during the year.
- ix The Company did not raise any money by way of initial public offer or further public offer including debt instruments. However the Term Loan availed during the year from financial institution has been utilized for the purpose for which it has been taken.
- x. No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- xi. The Company has not paid/provided for managerial remuneration during the year. Hence reporting under clause 3 (xi) of the order is not applicable to the company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Hence reporting under clause 3 (xii) of the order is not applicable to the company.
- xiii. In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence reporting under clause 3 (xiv) of the order is not applicable to the company.
- xv In our opinion the Company has not entered into non-cash transactions with directors or persons connected with them covered under Section 192 of the Act during the year.
- xvi The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N. S. Shetty & Co.

Chartered Accountants
FRNo. : 0110101W

N. S. Shetty

Partner

M. No. 035083

Place: Mumbai

Date: 29th July, 2020

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in Para 2(g) under "Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 HLV Limited (Formerly Known as Hotel Leelaventure Limited) ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 respective 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 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 N. S. Shetty & Co.

Chartered Accountants

FRNo. : 0110101W

N. S. Shetty

Partner

M. No. 035083

Place: Mumbai

Date: 29th July, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

₹ Lakhs

| Particulars | Note No. | As at 31 March 2020 | As at 31 March 2019 |
|---|----------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 (a) | 26,637.92 | 26,983.91 |
| Right of use assets | 3 (b) | 1,803.98 | - |
| Capital work-in-progress | | 64.20 | 67.82 |
| Investment Property | 4 | 4,418.12 | 7,349.11 |
| Intangible assets | 5 | 26.04 | 61.82 |
| Financial assets: | | | |
| Investments | 6 | 1.20 | - |
| Other financial assets | 7 | 1,720.82 | 2,518.23 |
| Tax assets (net) | 8 | 3,336.38 | 2,956.38 |
| Other non-current assets | 9 | 2,101.70 | 2,246.80 |
| Total non-current assets | | 40,110.36 | 42,184.07 |
| Current assets | | | |
| Inventories | 10 | 668.80 | 784.54 |
| Financial assets | | | |
| Trade receivables | 11 | 751.14 | 6,537.66 |
| Cash and cash equivalents | 12 | 1,817.80 | 2,899.10 |
| Other balances with banks | 13 | - | - |
| Other financial assets | 14 | 4,381.62 | 213.95 |
| Other current assets | 15 | 2,961.12 | 1,191.62 |
| Total current assets | | 10,580.48 | 11,626.87 |
| Non current assets held for sale | | 15,279.14 | 13,528.63 |
| Assets included in disposal group(s) held for sale | 34.3 | - | 351,549.07 |
| Total assets | | 65,969.98 | 418,888.64 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 16 | 12,611.04 | 12,611.04 |
| Other equity | 17 | 33,125.46 | 13,957.91 |
| Total Equity | | 45,736.50 | 26,568.95 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 359.56 | 71,052.24 |
| Other financial liabilities | 19 | 2,507.11 | 1,056.16 |
| Provisions | 20 | 967.86 | 578.88 |
| Total non-current liabilities | | 3,834.53 | 72,687.28 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 2,876.01 | 5,742.66 |
| Trade Payable: | 22 | | |
| Outstanding dues of MESE | | 0.20 | 1.10 |
| Outstanding dues other than of MESE | | 6,129.78 | 6,304.60 |
| Other financial liabilities | 23 | 3,249.22 | 290,660.60 |
| Other liabilities | 24 | 474.81 | 875.84 |
| Provisions | 25 | 429.98 | 200.33 |
| Total current liabilities | | 13,160.00 | 303,785.13 |
| Liabilities classified as held for sale | | 3,238.95 | 4,786.87 |
| Liabilities included in disposal group(s) held for sale | 34.3 | - | 11,060.41 |
| Total equity and liabilities | | 65,969.98 | 418,888.64 |
| Notes forming part of the financial statements | 1 to 36 | | |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Note No. | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|----------|-----------------------------|-----------------------------|
| Continued Operations : | | | |
| Income | | | |
| Revenue from operations | 26 | 14,567.56 | 15,434.43 |
| Other income | 27 | 651.04 | 418.36 |
| Total income | | 15,218.60 | 15,852.79 |
| Expenses | | | |
| Food and beverages consumed | 28 | 1,217.45 | 1,330.32 |
| Employee benefit expenses and payment to contractors | 29 | 6,178.50 | 6,042.82 |
| Finance costs | 30 | 90.92 | 39.66 |
| Depreciation and amortisation expenses | 31 | 1,193.12 | 957.52 |
| Other expenses | 32 | 10,867.50 | 8,295.99 |
| Total Expenses | | 19,547.49 | 16,666.31 |
| Profit/(loss) before exceptional items and Tax | | (4,328.89) | (813.52) |
| Exceptional items - Profit/(loss) (net) | 33 | 2,309.36 | (2,966.11) |
| Profit/(loss) before Tax | | (2,019.53) | (3,779.63) |
| Tax expense | | - | - |
| Profit/(loss) after Tax from continued operations (A) | | (2,019.53) | (3,779.63) |
| Discontinued Operations : | | | |
| Profit/(loss) from discontinued operations | 34.3 | | |
| (a) from operations | | (27,301.65) | (8,109.85) |
| (b) from sale of business undertaking | | 46,171.06 | - |
| (c) from sale of investment in subsidiary | | 2,500.00 | - |
| Tax expense from discontinued operations | | - | - |
| Profit/(loss) after Tax from discontinued operations (B) | | 21,369.41 | (8,109.85) |
| Profit after Tax (A + B) | | 19,349.88 | (11,889.48) |
| Other comprehensive income: | | | |
| Items that may not be reclassified to the statement of profit and loss | | | |
| Remeasurement of defined benefit plan | | (182.33) | 22.09 |
| Income tax relating to items that may not be reclassified to the statement of profit and loss | | - | - |
| Total other comprehensive income, net of tax | | (182.33) | 22.09 |
| Total comprehensive income for the year | | 19,167.55 | (11,867.39) |
| Earnings per share (of ₹ 2 each): | | | |
| For continued operations | | (0.32) | (0.60) |
| For discontinued operations | | 3.39 | (1.29) |
| Basic & Diluted | | 3.07 | (1.89) |
| Notes forming part of the financial statements | 1 to 36 | | |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants
Registration No : 110101W

N S Shetty

Partner
Membership No. 035083
Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

₹ Lakhs

| Particulars | | 2019-20 | | 2018-19 | |
|-------------|---|-------------------|-------------------|----------|------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| | Net Profit/(loss) before exceptional items and Tax from continued operations | | (4,328.89) | | (813.52) |
| | Adjustments for: | | | | |
| | Depreciation & amortisation | 1,193.12 | | 957.52 | |
| | Interest charged | 90.92 | | 39.66 | |
| | Profit on sale of property, plant and equipment and derecognition of financial instrument | (161.52) | | (44.95) | |
| | (Profit)/loss on sale of Non-Current Investment | (2,500.00) | | | |
| | Provisions/ liabilities written back | (70.41) | | (53.49) | |
| | Provision for trade & other receivables | 1,364.04 | | 0.96 | |
| | Interest income | (173.72) | | (102.76) | |
| | | | (257.57) | | 796.94 |
| | Operating Profit before working capital changes | | (4,586.46) | | (16.58) |
| | Adjustments for (increase)/decrease in operating assets: | | | | |
| | Inventories | 115.75 | | 31.67 | |
| | Trade and other receivables | 4,422.48 | | (421.24) | |
| | Other financial assets | 750.88 | | 126.31 | |
| | Other assets | (1,625.51) | | 448.71 | |
| | Adjustments for increase /(decrease) in operating liabilities: | | | | |
| | Trade payables | (105.32) | | (41.41) | |
| | Other financial liabilities | 470.88 | | 721.20 | |
| | Other liabilities | (401.02) | | (33.91) | |
| | | | 3,628.14 | | 831.33 |
| | Cash generated from operating activities | | (958.32) | | 814.75 |
| | Less : Direct Tax paid (net) | | (380.00) | | (970.55) |
| | Net cash flow from operating activities | | (1,338.32) | | (155.80) |
| | Net cash flow from discontinued activities | | 15,209.17 | | 21,097.02 |
| | Net cash flow from continued and discontinued activities | | 13,870.85 | | 20,941.22 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| | Inflows: | | | | |
| | Proceeds from Sale of Non-Current Investment (Wholly Owned Subsidiary) | | 11,500.00 | | - |
| | Proceeds from Sale of Business Undertaking | | 373,419.05 | | - |
| | Proceeds from sale of property, plant and equipment (net) (including advance receipts) | | - | | 13,621.01 |
| | Decrease in fixed deposits with banks | | 199.85 | | - |
| | Interest received | | 79.62 | | 126.29 |
| | Outflows: | | | | |
| | Increase in fixed deposit with banks | | - | | (86.85) |
| | Purchase of property, plant and equipment (net of sale) (including advance receipts) | | (3,209.02) | | - |
| | Net cash flow from investing activities | | 381,989.50 | | 13,660.45 |
| | Net cash flow from discontinued activities | | 406.02 | | (758.18) |
| | Net cash flow from continued and discontinued activities | | 382,395.52 | | 12,902.27 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (contd.)



| Particulars | | 2019-20 | | 2018-19 | |
|-------------|---|---------|---------------------|---------|--------------------|
| C | CASH FLOW FROM FINANCIAL ACTIVITIES | | | | |
| | Inflows: | | | | |
| | Proceeds from term borrowings | | 431.02 | | - |
| | Less: Outflows | | | | |
| | Repayment of term borrowings | | (358,161.87) | | (25,194.94) |
| | Dividend paid (including transfer to Investor Education & Protection Fund) | | - | | (6.32) |
| | Payment of Lease liability | | (220.06) | | - |
| | Interest paid | | (15.01) | | (39.66) |
| | Net cash flow from financing activities | | (357,965.92) | | (25,240.92) |
| | Net cash flow from discontinued activities | | (39,661.96) | | (7,463.04) |
| | Net cash flow from continued and discontinued activities | | (397,627.88) | | (32,703.96) |
| | Net changes in cash and cash equivalents | | (1,361.51) | | 1,139.53 |
| | Cash and cash equivalents at the beginning of the year | | 3,179.31 | | 2,039.78 |
| | Cash and cash equivalents at the end of the year | | 1,817.80 | | 3,179.31 |
| | Cash and cash equivalents from Continued Operations | | 1,817.80 | | 2,899.10 |
| | Cash and cash equivalents from Discontinued Operations | | - | | 280.21 |
| | Cash and cash equivalents from Continued & Discontinued Operations | | 1,817.80 | | 3,179.31 |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

₹ Lakhs

a) Equity Share Capital

| | |
|---|------------------|
| As at 1st April, 2018 | 12,611.04 |
| Changes in the equity share capital during the year | - |
| As at 31st March 2019 | 12,611.04 |
| Changes in the equity share capital during the year | - |
| As at 31st March 2020 | <u>12,611.04</u> |

₹ Lakhs

b) Other equity

| Particulars | Reserves and surplus | | | | | | Total |
|---|----------------------------|------------------|------------------------------|------------------|--------------------|----------------------------|------------------|
| | Capital redemption reserve | Security premium | Debenture redemption reserve | General reserve | Retained earnings | Other comprehensive income | |
| Balance as at 1 April 2018 | 8,750.00 | 65,346.24 | 6,750.00 | 6,445.39 | (61,430.46) | (35.87) | 25,825.30 |
| Profit/(loss) for the year | - | - | - | - | (11,889.48) | - | (11,889.48) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | 22.09 | 22.09 |
| Total comprehensive income for the year | - | - | - | - | (11,889.48) | 22.09 | (11,867.39) |
| Allocations/Appropriations | | | | | | | |
| Transferred (to) / from retained earnings | - | - | - | - | - | - | - |
| Balance as at 31 March 2019 | <u>8,750.00</u> | <u>65,346.24</u> | <u>6,750.00</u> | <u>6,445.39</u> | <u>(73,319.94)</u> | <u>(13.78)</u> | <u>13,957.91</u> |
| Balance as at 1 April 2019 | 8,750.00 | 65,346.24 | 6,750.00 | 6,445.39 | (73,319.94) | (13.78) | 13,957.91 |
| Profit/(loss) for the year | - | - | - | - | 19,349.88 | - | 19,349.88 |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | (182.33) | (182.33) |
| Total comprehensive income for the year | - | - | - | - | 19,349.88 | (182.33) | 19,167.55 |
| Allocations/Appropriations | | | | | | | |
| Transferred (to)/from Debenture redemption reserve | - | - | (6,750.00) | 6,750.00 | - | - | - |
| Balance as at 31 March 2020 | <u>8,750.00</u> | <u>65,346.24</u> | <u>-</u> | <u>13,195.39</u> | <u>(53,970.06)</u> | <u>(196.11)</u> | <u>33,125.46</u> |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

NOTES FORMING PART OF THE FINANCIAL STATEMENTS



Note 1: Corporate Information

HLV Ltd. (Formerly known as 'Hotel Leelaventure Limited') ("HLVL" or the "Company") is a public limited company incorporated in India and has its registered office situated at "The Leela Mumbai", Sahar, Mumbai 400 059.

The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts.

The financial statements for the year ended 31st March, 2020 were approved by the Board of Directors and authorised for issue on 29th July, 2020.

Note 2: Basis of Preparation, Critical Accounting Estimates and Judgements, Significant Accounting Policies and Recent Accounting Pronouncements:

(i) Compliance with Ind AS

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the following:

- i) Defined benefit plans – plan assets measured at fair value.
- ii) Certain financial instruments which are measured at fair value at the end of each reporting period.
- iii) Assets held for sale (or disposal groups) –measured at lower of carrying amount or fair value less cost to sell.

(iii) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires, management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

(a) Useful lives of property, plant and equipment and intangible assets:

The Company has estimated the useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) Impairment testing:

Property, plant and equipment and intangible assets that are subject to amortisation /depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which include turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, and future economic and market conditions.

(c) Income Taxes:

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(d) Litigation:

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(e) Defined benefit plans:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

(iv) Significant Accounting Policies:

(a) Revenue recognition:

(i) Income from operations

Revenue from operations is accounted on accrual, is net of indirect taxes, returns and discounts. Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises of sale of rooms, food and beverages and allied services relating to hotel operations and management fees for the management of the hotels. Management fees earned from hotels managed by the Company are usually under long -term contracts with the hotel owner and is recognised when earned in accordance with the terms of the contract and collectability is reasonably certain.

(ii) Interest:

Interest income is accrued on a time proportion basis using the effective interest rate method.

(b) Property, Plant and Equipment:

Property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

On transition to Ind AS, the Company has elected to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(c) Investment Property:

Investment Property are initially measured at cost, including transaction cost. Subsequent to initial recognition, Investment property are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment Property are derecognised either when they have disposed of, held for disposal or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit and Loss in the period of derecognising.

Transfers to or from investment property is made when and only when there is a change in use.

On transition to Ind AS, the company has elected to continue with the carrying value of all its investment properties recognised as of April 1, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(d) Intangible Assets:

Intangible assets are stated at cost less accumulated amortisation and impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably.

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognised as of April 1, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(e) Capital WIP

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

(f) Depreciation and Amortisation:

The Company depreciates its property, plant and equipment and investment property over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013 under straight line method except as under:

- (i) Based on technical evaluation, the useful life of continuous process plant other than windmill has been estimated as 15 years (on a single shift basis) and that of motor boat 6 years.
- (ii) Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than Rs. 5,000 each are fully depreciated.
- (iii) Building constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease would be renewed in the normal course.
- (iv) Computer Software and website is amortised in six years and other intangible assets are amortised in five years.

The useful lives of assets and residual values are reviewed at the Balance Sheet date and the effects of any changes in estimates are accounted for on a prospective basis.

Depreciation /amortisation is not provided on non-current assets held for sale or part of the disposal group from the date of such assets are classified as held for sale or part of disposal group.

(g) Investments in subsidiaries:

Investment in a subsidiary is a long-term investment and is carried at cost. On transition to Ind AS, previous GAAP carrying amount as on that date, i.e. April 1, 2016 is considered as cost. However the investments which are part of disposal group as defined in Ind AS 105, are measured at lower of carrying amount or fair value less cost to sell and grouped under assets held for sale

(h) Inventories:

Stock of food and beverages, stores and operating supplies are stated 'at cost or net realisable value, whichever is lower'. Cost comprise fair value of consideration paid including duties and taxes (other than those refundable), cost of conversion and other costs in bringing the inventories to their present location and condition computed under weighted average cost method. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

(i) Employee benefits:

- (i) Short-term benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

- (ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) The Company makes annual contributions to gratuity fund which is a defined benefit plan.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(b) Defined contribution plans such as provident fund are charged to the Statement of Profit and Loss as and when incurred.

(j) **Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

Interest cost for the borrowings is computed under effective interest method.

Foreign exchange difference relating to foreign currency borrowings regarded as an adjustment to borrowing cost to the extent not capitalised is disclosed under finance cost.

(k) **Taxation:**

(i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year considering the taxable income of both continued and discontinued operations.

(ii) Deferred tax is recognized on timing difference being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

(l) **Impairment of assets:**

The carrying amounts of assets are reviewed at each balance sheet date, to assess any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceed its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(m) **Foreign currency transaction:**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

The monetary assets and liabilities in foreign currency as at balance sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as income or expense in the year in which they arise.

(n) **Leases :**

Policy applicable before 1 April, 2019

(i) **Operating lease - As a lessee:**

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as operating lease. Payments made under operating lease are charged to the Statement of Profit and Loss on a straight –line basis over the period of lease.

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the profit and loss account.

The interest free security deposits paid for long term leases are recorded at their fair value .The difference between amount of the deposit paid and its fair value is considered as additional rental expense on a straight line basis. The Company also recognises interest income on the deposits using effective interest rate through its profit and loss over the life of the deposit.

(ii) **Operating lease - As a lessor:**

Lease income from operating leases where the Company is a lessor is recognised as income on a straight –line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

The interest free security deposits received for long term leases are recorded at their fair value .The difference between amount of deposit received and its fair value is considered as additional rental income under straight line basis over the lease term. The

Company also recognises interest expense on the deposits using effective interest rate through its profit and loss over the life of the deposit.

(iii) Finance Lease – As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Assets under finance lease are capitalised at the Lease's inception at the fair value of the leased property or the present value of the minimum lease payments whichever is lower. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Policy applicable before 1 April, 2019

The Company has adopted Ind AS 116. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended March 31 2020.

Company as a lessee

The Company's leases assets mainly comprise buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contact involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Company uses incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Company has used number of practical expedients when applying Ind AS 116 - Short-term leases, leases of low-value assets and single discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, leases of low-value assets and lease where term of the lease is already expired and not yet renewed. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(o) Government Grants/Incentives:

Government grants/incentives that the Company is entitled to on fulfilment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants/incentives that the Company is entitled to unconditionally on fulfilment of certain conditions, such grants/incentives are recognised at fair value as income when there is reasonable assurance that the grant/incentive will be received.

(p) Income from Joint Development Agreement (JDA):

Income from JDA is accounted under percentage of completion method (POCM) as per the Guidance Note on Accounting for Real Estate Transactions. Balance cost of land and other expense related to JDA is grouped under Assets held for sale.

(q) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

(i) Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law because the Company created valid expectations on the part of the third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

(ii) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

(iii) Disclosure of the contingent assets are made when it is probable that there is an inflow of future economic benefits. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(r) Exceptional items:

The company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying performance of the company and provides consistency with the company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the company.

(s) Statement of Cash Flows :

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(t) Earnings per Share :

Basic earnings per share is computed, by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

(u) Financial Instruments:

(1) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

(ii) Classification:

a. Cash and Cash Equivalents

Cash comprises cash/cheques on hand and demand deposits with banks. Cash equivalents are short-term balances with an original maturity of three months or less from the date of acquisition, highly liquid investment that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

b. Debt Instruments

The Company classifies its debt instruments, as subsequently measured at amortised cost or fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and loss using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

c. Equity Instruments

The Company subsequently measures equity investment in a wholly owned subsidiary and investment in certain power generation Companies at cost. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

De-recognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continued involvement in the financial asset.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

All financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(3) Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired and allowance for losses on such assessment is made in the Statement of Profit and Loss.

(v) Discontinued Operations:

- (i) Assets are classified as “assets included in disposal group held for sale” when the appropriate level of the Company’s management is committed to a plan to sell the asset and an active plan to locate the buyer and complete the plan is initiated and the sale is highly probable and expected to complete within one year of such classification. The carrying amount of these assets will be principally recovered through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.
- (ii) Liabilities of disposal group are classified as “liabilities included in disposal groups(s) held for sale”
- (iii) Profit and loss from discontinued operations are separately disclosed in the Statement of Profit and loss.

(vi) Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Note 3(a): Property, plant and equipment

| Particulars | Land - freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|---|-----------------|------------------|---------------------|------------------------|---------------|------------------|------------------|
| Gross carrying amount | | | | | | | |
| As at 1 April 2018 | 133,742.92 | 182,768.49 | 45,586.37 | 13,042.38 | 1,523.26 | 1,034.62 | 377,698.04 |
| Additions | - | 91.61 | 610.92 * | 29.12 | 217.32 | 71.30 | 1,020.27 |
| Disposals/ discards/ adjustments | (11,355.57) | (30.07) | (251.02) | (393.44) | (30.08) | 16.69 | (12,043.49) |
| Relating to discontinued operations | (121,212.65) | (159,134.22) | (42,589.77) * | (11,976.80) | (1,291.19) | (707.24) | (336,911.87) |
| Balance as at 31 March 2019 | <u>1,174.70</u> | <u>23,695.81</u> | <u>3,356.50</u> | <u>701.26</u> | <u>419.31</u> | <u>415.37</u> | <u>29,762.95</u> |
| As at 1 April 2019 | 1,174.70 | 23,695.81 | 3,356.50 | 701.26 | 419.31 | 415.37 | 29,762.95 |
| Additions | - | - | 503.18 | 5.47 | 440.07 | 57.62 | 1,006.34 |
| Reclassification from Discontinued Operations | - | 39.31 | - | - | 24.67 | - | 63.98 |
| Disposals/ discards/ adjustments | - | (32.73) | (132.57) | (3.10) | (128.49) | (369.91) | (666.80) |
| Balance as at 31 March 2020 | <u>1,174.70</u> | <u>23,702.39</u> | <u>3,727.11</u> | <u>703.63</u> | <u>755.56</u> | <u>103.08</u> | <u>30,166.47</u> |
| Accumulated depreciation | | | | | | | |
| As at 1 April 2018 | - | 6,593.88 | 9,635.82 | 5,896.15 | 1,053.48 | 800.27 | 23,979.60 |
| Depreciation for the year | - | 3,131.32 | 4,694.42 # | 2,538.99 | 133.45 | 47.14 | 10,545.32 |
| Disposals/ discards/ adjustments | - | (0.01) | (33.38) | (203.87) | (22.01) | (2.05) | (261.32) |
| Relating to discontinued operations | - | (8,294.42) | (13,984.84) # | (7,924.59) | (816.53) | (464.18) | (31,484.56) |
| Balance as at 31 March 2019 | <u>-</u> | <u>1,430.77</u> | <u>312.02</u> | <u>306.68</u> | <u>348.39</u> | <u>381.18</u> | <u>2,779.04</u> |
| As at 1 April 2019 | - | 1,430.77 | 312.02 | 306.68 | 348.39 | 381.18 | 2,779.04 |
| Depreciation for the year | - | 477.58 | 266.67 | 79.79 | 12.93 | 12.88 | 849.85 |
| Reclassification from Discontinued Operations | - | 1.75 | - | - | 17.27 | - | 19.02 |
| Disposals/ discards/ adjustments/Reclassification | - | (3.47) | 353.34 | 0.27 | (110.09) | (359.41) | (119.36) |
| Balance as at 31 March 2020 | <u>-</u> | <u>1,906.63</u> | <u>932.03</u> | <u>386.74</u> | <u>268.50</u> | <u>34.65</u> | <u>3,528.55</u> |
| Carrying Value | | | | | | | |
| As at 31 March 2019 | 1,174.70 | 22,265.04 | 3,044.48 | 394.58 | 70.92 | 34.19 | 26,983.91 |
| As at 31 March 2020 | <u>1,174.70</u> | <u>21,795.76</u> | <u>2,795.08</u> | <u>316.89</u> | <u>487.06</u> | <u>68.43</u> | <u>26,637.92</u> |

i) Building includes cost of 25 (previous year 25) shares of ₹ 50 each in a Co-operative housing society.

ii) Building with carrying value constructed on leasehold land where lease agreement has not been renewed is ₹ 21,792.13 lakhs (Previous year ₹ 22,265.04 lakhs).

* Previous year includes ₹ 85.00 lakhs of plant and equipment acquired under finance lease.

Previous year includes ₹ 4.29 lakhs depreciation on plant and equipment acquired under finance lease.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 3(b): Right of use assets

₹ Lakhs

| Particulars | Leasehold Land | Leasehold Building | Total |
|-------------------------------------|----------------|--------------------|-----------------|
| Gross carrying amount | | | |
| As at 1 April 2018 | 21,880.77 | - | 21,880.77 |
| Additions | - | - | - |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | (21,880.77) | - | (21,880.77) |
| Balance as at 31 March 2019 | - | - | - |
| As at 1 April 2019 | - | - | - |
| Additions | - | 1,985.45 | 1,985.45 |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | - | - | - |
| Balance as at 31 March 2020 | - | 1,985.45 | 1,985.45 |
| Accumulated depreciation | | | |
| As at 1 April 2018 | 1,099.87 | - | 1,099.87 |
| Depreciation for the year | 559.40 | - | 559.40 |
| Disposals/ discards/ adjustments | (0.01) | - | (0.01) |
| Relating to discontinued operations | (1,659.26) | - | (1,659.26) |
| Balance as at 31 March 2019 | - | - | - |
| As at 1 April 2019 | - | - | - |
| Depreciation for the year | - | 181.47 | 181.47 |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | - | - | - |
| Balance as at 31 March 2020 | - | 181.47 | 181.47 |
| Carrying Value | | | |
| As at 31 March 2019 | - | - | - |
| As at 31 March 2020 | - | 1,803.98 | 1,803.98 |

- i) Land (leasehold rights) includes development expenses, stamp duty & other direct charges.
- ii) The land lease agreement with the AAI has expired and the Company is negotiating for renewal. In the absence of a definitive agreement and uncertainty about the timing of the cash flows, this lease is not included in the calculation of Right-of-Use Assets and corresponding Lease liabilities. The rental for this land continues to be provided as lease expense on a best estimate.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 4: Investment Property

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Gross carrying amount | | |
| As per last balance sheet | 7,837.45 | 7,837.45 |
| Additions | 3,408.57 | |
| Disposals/adjustments | (6,346.64) | - |
| At the end of the year | 4,899.38 | 7,837.45 |
| Accumulated depreciation | | |
| As per last balance sheet | 488.34 | 339.66 |
| Depreciation for the year | 153.36 | 148.68 |
| Disposals/adjustments/Reclassification | (160.44) | - |
| At the end of the year | 481.26 | 488.34 |
| Net carrying amount | 4,418.12 | 7,349.11 |

Fair Value :

The Company has not obtained independent valuation of these properties, but is of the opinion that the present fair value is not lesser than carrying value disclosed in the accounts.

₹ Lakhs

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Income arising from investment properties | | |
| Rental income derived from investment properties | 543.48 | 532.60 |
| Direct operating expenses (including repairs and maintenance) generating rental income | 137.39 | 177.46 |
| Income arising from investment properties before depreciation | 406.09 | 355.14 |
| Depreciation | 153.36 | 148.68 |
| Income arising from investment properties (Net) | 252.73 | 206.46 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 5: Intangible assets

₹ Lakhs

| Particulars | Computer software | License / franchise fees | Website | Total |
|---|-------------------|--------------------------|--------------|---------------|
| Gross carrying amount | | | | |
| As at 1 April 2018 | 514.62 | 202.01 | 46.91 | 763.54 |
| Additions | 82.08 | - | - | 82.08 |
| Disposals/ discards/ adjustments | (7.50) | - | 0.01 | (7.49) |
| Relating to discontinued operations | (384.54) | (152.22) | (21.10) | (557.86) |
| Balance as at 31 March 2019 | <u>204.66</u> | <u>49.79</u> | <u>25.82</u> | <u>280.27</u> |
| As at 1 April 2019 | 204.66 | 49.79 | 25.82 | 280.27 |
| Additions | 6.85 | - | 0.68 | 7.53 |
| Disposals/ discards/ adjustments/ Reclassification | (152.10) | - | - | (152.10) |
| Balance as at 31 March 2020 | <u>59.41</u> | <u>49.79</u> | <u>26.50</u> | <u>135.70</u> |
| Accumulated depreciation | | | | |
| As at 1 April 2018 | 347.49 | 154.77 | 32.26 | 534.52 |
| Amortisation for the year | 101.26 | 13.37 | 3.52 | 118.15 |
| Disposals/ discards/ adjustments | (0.07) | 0.06 | - | (0.01) |
| Relating to discontinued operations | (305.84) | (118.41) | (9.96) | (434.21) |
| Balance as at 31 March 2019 | <u>142.84</u> | <u>49.79</u> | <u>25.82</u> | <u>218.45</u> |
| As at 1 April 2019 | 142.84 | 49.79 | 25.82 | 218.45 |
| Amortisation for the year | 8.40 | - | 0.04 | 8.44 |
| Disposals/ discards/ adjustments/ Reclassification | (117.23) | - | - | (117.23) |
| Balance as at 31 March 2020 | <u>34.01</u> | <u>49.79</u> | <u>25.86</u> | <u>109.66</u> |
| Carrying Value | | | | |
| As at 31 March 2019 | <u>61.82</u> | <u>-</u> | <u>-</u> | <u>61.82</u> |
| As at 31 March 2020 | <u>25.40</u> | <u>-</u> | <u>0.64</u> | <u>26.04</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 6: Investments

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| (a) Investment in equity of subsidiary - Unquoted | | |
| Leela Palaces and Resorts Limited | - | - |
| 27,28,130 (27,28,124) fully paid up equity shares of ₹ 10 each (*) | | |
| (b) Investment in equity others - Unquoted | | |
| (i) 12,000 (12,000) equity shares of ₹ 10 each of Green Infra Wind Power Generation Limited (*) | 1.20 | - |
| Total investment in equity instruments | 1.20 | - |
| Total | 1.20 | - |
| Aggregate amount of unquoted investment | 1.20 | - |

(*) Previous year classified as assets included in disposal group(s) held for sale.

Note 7: Other non-current financial assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Deposits with banks | 418.04 | 395.57 |
| Margin money deposits with banks (refer note 13) | 348.24 | 570.56 |
| Security deposits - considered good | 954.54 | 1,252.10 |
| Other receivables - considered good | - | 300.00 |
| Total | 1,720.82 | 2,518.23 |

Note 8: Tax assets (Net)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Income Tax assets (net) | | |
| Opening balance for the year | 2,956.38 | 1,985.82 |
| Less : Tax payable for the year | - | - |
| Add : Taxes deducted/collected at source | 476.32 | 970.56 |
| Add/(less) : Refund/adjustment for earlier years | (96.32) | - |
| Closing balance | 3,336.38 | 2,956.38 |

Note 9: Other non-current assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Trade advances | - | 45.81 |
| Less: Allowance for doubtful trade advances | - | (45.81) |
| | - | - |
| Balances with Government authorities | 226.97 | 280.28 |
| Advance for Property, Plant & Equipment | 16.55 | 17.67 |
| Deposit adjustable against future rent payments | 1,853.37 | 1,946.55 |
| Pre-paid expenses | 4.81 | 2.30 |
| Total | 2,101.70 | 2,246.80 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 10: Inventories

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Food and beverages | 284.01 | 386.43 |
| Stores and operating supplies | 384.79 | 398.11 |
| Total | 668.80 | 784.54 |

Note 11: Trade receivables (unsecured)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Receivables from related parties - considered good | 20.14 | 138.62 |
| Other than from related parties : | | |
| Trade receivables - considered good | 731.00 | 3,140.52 |
| Trade receivables which have significant increase in Credit Risk | - | 3,258.52 |
| Trade receivables - credit impaired | 1,364.04 | 851.24 |
| | 2,115.18 | 7,388.90 |
| Less : Allowance for trade receivables - credit impaired | (1,364.04) | (851.24) |
| Total | 751.14 | 6,537.66 |

Note 12: Cash and cash equivalents

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Cash on hand | 11.66 | 17.70 |
| Balances with bank in current account | 1,192.44 | 2,731.04 |
| Short-term deposits with bank (with original maturity less than three months) | 613.70 | 150.36 |
| Total | 1,817.80 | 2,899.10 |

Note 13: Other balances with banks

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Margin money deposits | 348.24 | 570.56 |
| | 348.24 | 570.56 |
| Less : margin money deposits classified as non-current financial assets (refer note 7) | 348.24 | 570.56 |
| Total | - | - |

Note 14: Other current financial assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Interest receivable | 122.02 | 27.92 |
| Unbilled revenue | 27.71 | 173.08 |
| Receivable against assets held for sale | 4,226.89 | - |
| Insurance claims receivable | - | 0.44 |
| Security deposits | 5.00 | 12.51 |
| Total | 4,381.62 | 213.95 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 15: Other current assets

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Trade advances | 442.24 | 142.71 |
| Loans and advances to employees | 10.66 | 19.54 |
| Advance rentals | 93.02 | 93.11 |
| Pre-paid expenses | 171.51 | 619.13 |
| Balances with Government authorities | 236.57 | 61.69 |
| Services export incentives * # | 2,004.66 | 250.63 |
| Other receivables - considered good | 2.46 | 4.81 |
| Total | 2,961.12 | 1,191.62 |

(* previous year classified as 'Assets included in disposal group(s) held for sale'.)

(# The Company has proposed the repayment of net working capital adjustment by giving licenses to the Brookfield as and when it is received from Government.)

Note 16: Equity share capital

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| a) Authorised capital | | |
| 100,00,00,000 (100,00,00,000) equity shares of ₹ 2 each with voting rights | 20,000.00 | 20,000.00 |
| 60,00,00,000 (60,00,00,000) Redeemable preference shares of ₹ 100 each | 6,000.00 | 6,000.00 |
| b) Issued share capital | | |
| 63,05,51,766 (63,05,51,766) equity shares of ₹ 2 each with voting rights | 12,611.04 | 12,611.04 |
| c) Subscribed and fully paid up | | |
| 63,05,51,766 (63,05,51,766) equity shares of ₹ 2 each with voting rights | 12,611.04 | 12,611.04 |
| Total | 12,611.04 | 12,611.04 |

d) Reconciliation of number of shares outstanding at the beginning and at the end of the year

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|--|---------------------|------------------|---------------------|------------------|
| | No. of shares | ₹ Lakhs | No. of shares | ₹ Lakhs |
| At the beginning of the year | 630,551,766 | 12,611.04 | 630,551,766 | 12,611.04 |
| Add/Less : Issued/Redeem equity shares | - | - | - | - |
| At the end of the year | 630,551,766 | 12,611.04 | 630,551,766 | 12,611.04 |

e) Shareholders holding more than 5% shares

| Shareholders | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---------------------|--------------|---------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Leela Lace Holdings Private Limited | - | - | 188,649,985 | 29.92 |
| Universal Hotels and Resorts Private Limited | 240,442,344 | 38.13 | - | - |
| JM Financial Asset Reconstruction Company Limited | 163,943,459 | 26.00 | 163,943,459 | 26.00 |
| Rockfort Estate Developers Private Limited | 55,607,175 | 8.82 | 55,607,175 | 8.82 |
| ITC Limited | 49,953,055 | 7.92 | 49,953,055 | 7.92 |
| Leela Lace Software Solutions Private Limited | - | - | 47,542,359 | 7.54 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 17: Other equity

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| (a) Capital redemption reserve | | |
| As at 1 st April | 8,750.00 | 8,750.00 |
| Increase/(decrease) adjustments | - | - |
| As at Closing | 8,750.00 | 8,750.00 |
| (b) Security premium | | |
| As at 1 st April | 65,346.24 | 65,346.24 |
| Increase/(decrease) adjustments | - | - |
| As at Closing | 65,346.24 | 65,346.24 |
| (c) Debenture redemption reserve | | |
| As at 1 st April | 6,750.00 | 6,750.00 |
| Increase/(decrease) adjustments | (6,750.00) | - |
| As at Closing | - | 6,750.00 |
| (d) General reserve | | |
| As at 1 st April | 6,445.39 | 6,445.39 |
| Increase/(decrease) adjustments | 6,750.00 | - |
| As at Closing | 13,195.39 | 6,445.39 |
| (e) Retained earnings | | |
| As at 1 st April | (73,319.94) | (61,430.46) |
| Add/Less: Profit/(loss) for the year | 19,349.88 | (11,889.48) |
| As at Closing | (53,970.06) | (73,319.94) |
| (f) Other comprehensive income | | |
| As at 1 st April | (13.78) | (35.87) |
| Add/Less: Profit/(loss) for the year | (182.33) | 22.09 |
| As at Closing | (196.11) | (13.78) |
| Total | 33,125.46 | 13,957.91 |

- (i) Capital Redemption Reserve represents reserve created for redemption of Preference shares.
- (ii) Securities premium is created due to premium on issue of shares. These is utilised in accordance with the provisions of the Companies Act.
- (iii) Debenture Redemption Reserve is required to create a reserve out of the profits which is available for purpose of redemption. During the year Company redeemed Debenture and accordingly, balance in debenture redemption reserve transferred to General Reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 18: Non-current borrowings

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Secured | | |
| Debentures | - | - |
| Rupee loan from banks | - | - |
| Foreign currency loan from banks | - | - |
| Rupee term loan from financial institution | - | 71,052.24 |
| Foreign currency term loan from financial institution | - | - |
| Rupee term loan from Asset reconstruction Companies | - | - |
| Rupee term loan from others | 359.56 | - |
| Total | 359.56 | 71,052.24 |
| Current maturities of long term debt (refer note 23) | | |
| Debentures | - | 6,750.00 |
| Rupee loan from banks | - | 16,107.11 |
| Foreign currency loan from banks | - | 4,598.13 |
| Foreign currency term loan from financial institution | - | 11,497.54 |
| Rupee term loan from Asset reconstruction Companies | - | 245,290.19 |
| Rupee loan from Others | 71.47 | - |
| Total | 71.47 | 284,242.97 |
| (Shown under other current financial liabilities) | | |

| Particulars | Interest rate (%) - 31 Mar 20 | As at 31 March 2020 | As at 31 March 2019 | Details of security |
|---|-------------------------------------|---------------------------|---------------------------|-------------------------|
| Debentures | | | | |
| Non-convertible debentures | | | | Refer Note A (a) to (g) |
| Life Insurance Corp. of India | 0.0% | - | 6,750.00 | |
| 900 (900) NCDs of face value ₹ 10 lakhs each, outstanding principal value ₹ 7.50 lakhs each | | - | 6,750.00 | |
| Rupee loan from banks | | | | |
| State Bank of India | 0.00% | - | 16,107.11 | Refer Note A (j) & (e) |
| | | - | 16,107.11 | |
| Foreign currency loan from banks | | | | |
| Bank of Baroda | 0.00% | - | 4,598.13 | Refer Note A (a) to (g) |
| | | - | 4,598.12 | |
| Rupee term loan from financial institution | | | | |
| HDFC Ltd | 0.00% | - | 71,052.24 | Refer Note A (j), (k) |
| | | - | 71,052.24 | |
| Foreign currency term loan from financial institution | | | | |
| HDFC Ltd | 0.00% | - | 11,497.54 | Refer Note A (j), (k) |
| | | - | 11,497.54 | |
| Rupee term loan from Asset Reconstruction Companies | | | | |
| J M Financial Asset Reconstruction Company Limited | refer note 34.1 (b) | - | 242,648.73 | Refer Note A (a) to (i) |
| Phoenix ARC Pvt Ltd | refer note 34.1 (b) | - | 2,641.46 | Refer Note A (a) to (g) |
| | | - | 245,290.19 | |
| Rupee loan from others | | | | |
| BMW Financial Services (I) Limited (Refer Note-C) | 8.99% & 9.15% | 431.03 | - | Refer Note A(l) |
| | | 431.03 | - | |
| Total Secured Loans | | 431.03 | 355,295.21 | |
| Principal overdue | | - | 270,103.98 | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note A : The Loans are secured by :

- (a) First ranking pari passu charge on all of the fixed assets (both movable and immovable) of hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills.
- (b) Second ranking pari passu charge on the current assets of hotel properties at Mumbai, Udaipur, New Delhi and Chennai.
- (c) Revenue from hotel properties at Mumbai, Udaipur, New Delhi and Chennai and receivables from sale of Hyderabad Land and Joint Development at Bangalore.
- (d) Pledge of Promoters' shareholding in the Company, subject to minimum of 51% of their holding.
- (e) Personal guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- (f) Corporate Guarantee of Leela Lace Holdings Private Limited.
- (g) Negative lien on the non-core assets.
- (h) To the extent of 'existing term debt provided by Bank of Baroda and Syndicate Bank under CDR documents' and assigned to JM Financial Asset Reconstruction Co. Ltd, the security is second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills, and as referred in clause b to g above.
- (i) To the extent of working capital facility assigned by Bank of Baroda, Oriental Bank of Commerce, State Bank of India and Vijaya Bank (now Bank of Baroda), the security is first ranking pari passu charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills, and as referred in clause c to g above.
- (j) First pari passu charge on the immovable properties of the Leela Palace, Bangalore.
- (k) Receivables from Bangalore Hotel.
- (l) Hypothecation of vehicles

Note B :

The entire above dues except Rupee loan from others were settled as one time settlement on 16th October, 2019.

Note C : Repayment Schedule

The rupee loan from others repayable in 60 EMI starting from April 2020.

Note 19: Other non current financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| Trade/security deposits received | 1,015.90 | 1,056.16 |
| Lease liability | 1,491.21 | - |
| Total | 2,507.11 | 1,056.16 |

Note 20: Non current provisions

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Employee benefit obligations: | | |
| - for compensated absences | 318.91 | 271.63 |
| - for Gratuity (net) | 648.95 | 307.25 |
| Total | 967.86 | 578.88 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 21: Current borrowings - Unsecured

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| From related party: Leela Lace Holdings Pvt Ltd at 0% interest | 2,876.01 | 5,742.66 |
| Total | 2,876.01 | 5,742.66 |

Note 22: Trade payables

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| To micro enterprises and small enterprises - others (refer note 34.6) | 0.20 | 1.10 |
| | 0.20 | 1.10 |
| To other than micro enterprises and small enterprises | | |
| - Related parties | 2,904.31 | 3,354.91 |
| - Others | 3,225.47 | 2,949.69 |
| Total | 6,129.78 | 6,304.60 |

Note 23: Other current financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Current maturities of long term debt* (refer note 18) | 71.47 | 284,242.97 |
| Interest accrued on borrowings ** | - | 5,514.60 |
| Payable on purchase of property, plant and equipment | 53.97 | 204.18 |
| Lease liability | 350.10 | - |
| Liability for expenses | 646.53 | 597.06 |
| Other Liability*** | 2,049.91 | - |
| Overdrawn bank balance | 8.59 | 68.14 |
| Trade/security deposits | 68.65 | 33.65 |
| Total | 3,249.22 | 290,660.60 |
| * includes unpaid matured debentures | - | 6,750.00 |
| ** includes interest accrued on debentures | - | 1,667.37 |
| *** includes amount of ₹ 2000 Lakhs payable to Brookfield towards net working capital adjustment | - | - |

Note 24: Other current liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Statutory liabilities | 121.26 | 582.72 |
| Deposit adjustable against future rent income | 0.19 | 0.36 |
| Advance from customers | 353.36 | 292.76 |
| Total | 474.81 | 875.84 |

Note 25: Current Provisions

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Employee benefit obligations: | | |
| - for bonus | 132.04 | 127.29 |
| - for compensated absences | 297.94 | 73.04 |
| Total | 429.98 | 200.33 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 26: Revenue from operations

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Revenue from sale of products: | | |
| Food & beverages | 5,527.36 | 6,026.83 |
| Revenue from sale of services: | | |
| Room revenue | 7,858.00 | 8,156.10 |
| Income from rental & related services | 546.23 | 532.60 |
| Other services | 635.97 | 718.90 |
| | <u>9,040.20</u> | <u>9,407.60</u> |
| Total | <u>14,567.56</u> | <u>15,434.43</u> |

Note 27: Other income

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Interest Income from Deposit with Bank | 79.62 | 74.99 |
| Interest from Others | 94.10 | 27.77 |
| Amortisation of interest on security deposits | 45.06 | 42.29 |
| Export service incentives/subsidy | 140.60 | 75.83 |
| Net foreign exchange gain/(loss) | 11.64 | 9.91 |
| Profit on sale of property, plant and equipment (net) | 21.83 | 44.95 |
| Gain/Loss on derecognition of Financial Instrument | 139.69 | - |
| Provisions/ liabilities written back | 70.41 | 53.49 |
| Miscellaneous income | 48.09 | 89.13 |
| Total | <u>651.04</u> | <u>418.36</u> |

Note 28: Food and beverages consumed

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------|------------------------|------------------------|
| Opening stock | 386.43 | 378.83 |
| Add: Purchases | 1,115.03 | 1,337.92 |
| | <u>1,501.46</u> | <u>1,716.75</u> |
| Less: Closing stock | 284.01 | 386.43 |
| Total | <u>1,217.45</u> | <u>1,330.32</u> |

Note 29: Employee benefit expenses and payment to contractors

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Salaries & wages | 3,785.21 | 3,878.59 |
| Contribution to provident fund and other funds | 340.46 | 323.18 |
| Staff welfare expenses | 451.73 | 417.95 |
| Labour contract | 1,601.10 | 1,423.10 |
| Total | <u>6,178.50</u> | <u>6,042.82</u> |

Note 30: Finance costs

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Interest others | 0.75 | 1.33 |
| Interest on lease liabilities | 75.91 | - |
| Financial charges | 14.26 | 38.33 |
| Total | <u>90.92</u> | <u>39.66</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 31: Depreciation and amortisation expenses

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Depreciation of property, plant and equipment | 849.85 | 775.62 |
| Depreciation of right of use assets | 181.47 | - |
| Depreciation of investment property | 153.36 | 148.68 |
| Amortisation of intangible assets | 8.44 | 33.22 |
| Total | 1,193.12 | 957.52 |

Note 32: Other Expenses

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Consumption of stores and supplies including linen | 580.02 | 623.31 |
| Power and fuel | 961.05 | 1,094.18 |
| Rent | 2,494.04 | 2,428.79 |
| Repairs and maintenance | | |
| - Buildings | 178.57 | 418.02 |
| - Machinery | 343.29 | 286.94 |
| - Others | 374.38 | 408.63 |
| Insurance | 66.39 | 44.81 |
| Rates and taxes | 1,159.81 | 605.98 |
| Other Operating expenses | 211.63 | 252.64 |
| Communication | 58.52 | 52.63 |
| Travelling and conveyance | 192.26 | 198.24 |
| Guest transport | 204.60 | 137.53 |
| Printing and stationary | 59.44 | 46.33 |
| Reservation fee | 120.61 | 113.59 |
| Sales & credit card commission | 418.67 | 355.89 |
| Business promotion | 446.35 | 377.63 |
| Legal and professional * | 1,569.78 | 728.64 |
| Directors' sitting fees | 16.50 | 18.60 |
| Provision/write-off of trade and other receivables (Refer note 34.13) | 1,364.04 | 0.96 |
| Miscellaneous expenses | 47.55 | 102.65 |
| Total | 10,867.50 | 8,295.99 |
| * includes Auditors' remuneration: | | |
| Statutory audit | 26.00 | 30.00 |
| Tax audit | 4.00 | - |
| Other services | 16.43 | 10.52 |
| | 46.43 | 40.52 |

Note 33: Exceptional items - profit/(loss)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Impairment of Assets held for sale | (843.95) | - |
| Income from joint development of property | 3,153.31 | 877.76 |
| Profit on sale of Asset held for sale | - | 528.82 |
| Loss on Sale of Property | - | (4,372.69) |
| Total | 2,309.36 | (2,966.11) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Additional information to the Financial Statements

34.1 Debt Resolution / Transfer of Business undertakings and Investment

- (a) The Company to repay its debt, transferred its hotel business undertakings at New Delhi, Udaipur, Bengaluru and Chennai, Hospitality and Hotel Operations Business and 100% shareholding in its subsidiary company which owns property at Agra and all intellectual property owned by the Company used in and held for use in the hotel owned and managed by it vide Business Transfer Agreements, on 16th October, 2019 in accordance with the terms and condition set out in those Agreements visa vis Framework agreement entered with BSREP III INDIA BALLETT PTE LTD. dt. 18th March, 2019 for a consideration of ₹395,000 lakhs (Brookfield Transaction). The transaction was approved by Board on 18th March, 2019 and the shareholders by way of special resolution passed through a postal ballot as per Securities & Exchange Board of India (SEBI) directives on 26th September, 2019. The proceeds realized from the said transaction is utilized for repayment of the entire debt as one time settlement with lenders of the Company. The resultant profit of ₹ 46,171 lakhs from sale of Business undertakings and ₹ 2,500 lakhs from sale of investment in subsidiary (net of expenses pertaining to disposal) has been recognized under profit from sale of Business undertaking and profit from sale of Investment in subsidiary respectively. The Company also recognized Net Working Capital payable of ₹ 2,000 lakhs which is subject to confirmation from Brookfield.
- (b) The petition restraining aforesaid transaction among others, filed by one of the minority shareholders viz. ITC Ltd. with SEBI and subsequent appeal with Securities Appellate Tribunal (SAT) has been disposed off in favour of the Company. However, the said shareholder has filed an appeal with Supreme Court of India which is pending. Further the petition filed by the said ITC Ltd. before National Company Law Tribunal ("NCLT"), Mumbai alleging oppression and mismanagement is pending for disposal.

34.2 Disputes with Airports Authority of India (AAI)

- (a) The lease agreement with AAI relating to the Mumbai hotel for leasing of 18000 sq mtrs of land was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel, effective from 1st October 2014, the increased rentals on the basis of such arbitrary increase works out to by ₹ 6592 lakhs for the period upto 31st March 2020 (upto 31st March 2019 ₹ 5184 lakhs). The Company has objected to this increase and has not provided for the same. AAI has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate, on the assumption that the lease will be renewed.
- (b) The Company had entered into a lease agreement on 7th February, 1996 with the Airports Authority of India (AAI) in respect of a land admeasuring 11,000 sqm intended for the construction of a 150-room Hotel at Mumbai based on terms stipulated in it of Royalty on turnover with minimum guaranteed amounts (MG) to be mutually agreed and annual ground rent between the parties. The percentage of Royalty and MG was stipulated in the Supplementary Agreement dated 7th February 1996. The MG was arrived at based on certain revenue projections. The terms and stipulations specified in the Supplemental Agreement became impossible of performance for various reasons. Further, the Company vide letter dated 6th April, 2017 requested AAI to take over immediate physical possession of the land pending restoration of FSI by the Company. No Provision has been made for the cost of FSI as it is not ascertainable. However, AAI commenced the eviction proceedings with their claim of MG and enhanced rent. As per the revised claim filed by the AAI in February 2019 before the eviction officer, the amount due to them as on 31st January 2019 is ₹ 80705 lakhs towards minimum guarantee and rent as against ₹ 28537 lakhs as on 31st January 2017 claimed earlier which Company is disputing. The eviction matter is pending with the eviction officer and the company is legally contesting the same. According to legal opinion received, the liability is contingent in nature and hence no provision is made in the books."
- (c) The company has initiated settlement talks in respect of above disputes with the Settlement Advisory Committee duly constituted by the Board of AAI which is in progress. The company is awaiting the outcome of the same.
- (d) In view of the above the company has not adopted IND AS-116 on the above leased transactions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34.3 Discontinued operations

In compliance with Ind AS 105, operational income and expenses of the Disposal Group(s) forming part of the Brookfield Transaction are disclosed as 'profit/(loss) from discontinued operations'. The Company has therefore not adopted Ind AS 116 for its discontinued operations.

The details of discontinued operations are as follows:

a) **Profit and loss from discontinued operations :**

₹ Lakhs

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Revenue from operations | 28,055.52 | 59,247.46 |
| Other income | 909.13 | 1,149.15 |
| Total | 28,964.65 | 60,396.61 |
| Food and beverages consumed | 2,591.15 | 5,283.15 |
| Employee benefit expenses and payment to contractors | 8,057.77 | 14,081.51 |
| Finance costs * | 34,150.33 | 10,351.89 |
| Depreciation and amortisation expenses | - | 10,414.03 |
| Other expenses | 11,467.05 | 28,375.88 |
| Total | 56,266.30 | 68,506.46 |
| Profit/(loss) before tax | (27,301.65) | (8,109.85) |
| Taxation | - | - |
| Profit/(loss) from discontinued operations | (27,301.65) | (8,109.85) |

* Finance costs includes net interest cost on borrowing of ₹ 28974 Lakhs as one time settlement with lenders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b) The major classes of assets and liabilities included in disposal group(s) held for sale :

| Particulars | ₹ Lakhs As at 31st March 2019 |
|--|-------------------------------------|
| Assets : | |
| Non-current assets | |
| Property, plant and equipment | 325,648.82 |
| Capital work-in-progress | 134.54 |
| Intangible assets | 123.64 |
| Financial assets: | |
| Investments (includes investment in subsidiary - ₹ 9000.00 lakhs) | 9,001.20 |
| Other financial assets | 3,584.87 |
| Other non-current assets | 4,705.18 |
| Total non-current assets | <u>343,198.25</u> |
| Current assets | |
| Inventories | 2,349.61 |
| Financial assets | |
| Trade receivables | 2,219.86 |
| Cash and cash equivalents | 280.21 |
| Other balances with banks | 371.61 |
| Other financial assets | 442.29 |
| Other current assets | 2,679.99 |
| Total current assets | <u>8,343.57</u> |
| Non current asset held for sale | 7.25 |
| Assets held for sale and discontinued operations (A) | <u>351,549.07</u> |
| Liabilities : | |
| Non-current liabilities | |
| Financial liabilities | |
| Other financial liabilities | 395.08 |
| Provisions | 1,198.42 |
| Total non-current liabilities | <u>1,593.50</u> |
| Current liabilities | |
| Trade Payable: | |
| Outstanding dues of MESE | |
| Outstanding dues other than of MESE | 131.68 |
| Other financial liabilities | 4,409.37 |
| Other liabilities | 1,741.54 |
| Provisions | 2,712.14 |
| Total current liabilities | <u>472.18</u> |
| Liabilities held for sale and discontinued operations (B) | <u>9,466.91</u> |
| Net assets / (liabilities) of discontinued operations (A-B) | <u>11,060.41</u> |
| | <u>340,488.66</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

c) **The Profit from sale of undertaking (including profit on sale of subsidiary) are as follows:**

₹ Lakhs

| Particulars | Year ended 31 March 2020 |
|---|-----------------------------|
| Sales Consideration from brookfield transaction (net of expense pertaining to disposal) | 386,919.07 |
| Working Capital adjustment payable (subject to confirmation) | (2,000.00) |
| Net assets transferred in brookfield transaction | (336,248.01) |
| Profit on sale of Brookfield Transaction | 48,671.06 |

Net cash flows attributable to the operating, investing and financial activities of discontinued operations

₹ Lakhs

| Particulars | As at 31 st March 2020 | |
|-------------------|--------------------------------------|------------|
| Cash flows | | |
| Operating | 15,209.17 | 21,097.02 |
| Investing | 406.02 | (758.18) |
| Financing | (39,661.96) | (7,463.04) |

34.4 Going Concern Basis

The standalone financial statements of the Company have been prepared on a 'Going concern basis' as

- the Brookfield Transaction has been concluded and the Company has paid as a one time settlement to banks and financial institutions who were the lenders to the company, (Refer Note No. 34.1)
- the Company is confident of getting favourable judgment/ orders / settlement in respect of disputes with AAI and continuing the Mumbai Hotel operations. (Refer Note No. 34.2)
- the impact of Covid-19 may not be a major challenge in continuing the Business. (Refer Note No. 34.12)

34.5 Contingent liabilities and commitments (Previous year include discontinued operations) (to the extent not provided for)

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|--|-----------|-----------|
| Contingent liabilities: | | |
| (a) Disputed liability with AAI | | |
| (i) refer note 34.2 (a) | 6,591.70 | 5,184.30 |
| (ii) refer note 34.2 (b) | 80,705.00 | 80,705.00 |
| (b) Other claims against the Company not acknowledged as debt | 1,320.14 | 15,919.93 |
| (c) Disputed Statutory Liabilities | 3,176.20 | 7,460.92 |
| (d) Future export obligations/ commitments under import of capital goods at concessional rate of Custom duty | - | 3,627.00 |
| Commitment: | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | - | 174.95 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34.6 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties had been identified on the basis of information available with the Company in this regard.

₹ Lakhs

| Particulars | 2019-20 Continued | 2018-19 Continued |
|--|----------------------|----------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the year | 0.20 | 1.10 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the year | - | 0.03 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest due and payable for the year | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the year | - | 0.03 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | Nil | Nil |

₹ Lakhs

| Particulars | 2019-20 Discontinued | 2018-19 Discontinued |
|--|-------------------------|-------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the year | Nil | 131.68 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the year | Nil | 4.16 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 3.36 | 0.25 |
| (iv) The amount of interest due and payable for the year | Nil | 4.16 |
| (v) The amount of interest accrued and remaining unpaid at the end of the year | Nil | 4.16 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | Nil | Nil |

Disclosures of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

34.7 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable under these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

(i) Gratuity

The Company has a tie-up under Employees' Trust Deed Group Gratuity- cum-Life Assurance Scheme of the Life Insurance Corporation of India, and has partly funded the defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees on retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 20 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company, as per policy. Eligibility occurs upon completion of five years of service.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

The present value of the defined benefit obligation and current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

a) Reconciliation of Opening and Closing balances of Defined Benefit Obligation

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|---|----------|----------|
| Defined Benefit Obligation at beginning of the year | 2,472.01 | 2,352.13 |
| Current service cost | 213.78 | 207.40 |
| Past service cost | | - |
| Interest cost | 161.65 | 151.91 |
| Actuarial (gain)/loss | 193.46 | (25.55) |
| Benefits paid | (141.71) | (213.88) |
| Liabilities assumed/(settled) | (990.82) | - |
| Defined Benefit Obligation at the end of the year | 1,908.37 | 2,472.01 |

b) Reconciliation of opening and closing balances of fair value of plan assets

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|--|----------|----------|
| Fair value of plan assets at beginning of the year | 1,635.53 | 1,455.00 |
| Expected return of plan assets | 135.57 | 121.14 |
| Employer contribution | 155.78 | 276.73 |
| Benefits paid | (141.71) | (213.88) |
| Fair value of plan assets at year end | 1,259.42 | 1,635.53 |
| Assets acquired/ (settled) | (536.88) | - |
| Actual return on plan assets | 11.13 | (3.46) |

c) Reconciliation of fair value of Assets and Obligations

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Fair value of plan assets | 1,259.42 | 1,635.53 |
| Present value of obligation | 1,908.37 | 2,472.01 |
| Amount recognised in balance sheet ((surplus)/deficit) - (Previous year include continued and discontinued operations) | 648.95 | 836.49 |

d) Expenses recognised during the year

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|--|---------------|----------------|
| In income statement | | |
| Current service cost | 213.78 | 207.40 |
| Past service cost | | - |
| Interest cost | 26.07 | 30.78 |
| Net cost | 239.85 | 238.17 |
| In other comprehensive income | | |
| Actuarial (Gain)/Loss | 193.46 | (25.55) |
| Return on plan assets | (11.13) | 3.46 |
| Net (income)/expense for the period recognised in OCI | 182.33 | (22.09) |

(ii) Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34.8 Segment Information

The Company has identified single reportable segment, i.e., hotel, as its business. Accordingly, disclosures relating to the segmentation under Ind AS 108, "Operating Segment" is not required.

34.9 Leases

- a) The Company's lease asset primarily consist of lease for buildings. As on 1st April, 2019, the Company didn't have any contract to which Ind AS 116 applies. The Company has applied Ind AS-116, to the contract which are executed during the year. The Company has applied the exemption not to recognize right-of-use assets and liabilities for leases with:
- less than 12 months of lease term on the date of contract inception.
 - either low value or cancellable at the option of lessee.
 - lease already expired and not renewed till date.
 - Variable lease payments (including deposit given to the lessor) that do not depend on an index or a rate.
 - Lease payment related to discontinued operations.
- b) The Company incurred ₹ 661.49 lakhs for the year ended 31st March, 2020 towards expenses relating to either short-term leases or low value lease or variable lease.
- c) The Company incurred ₹ 1832.95 lakhs for the year ended 31st March, 2020 towards for which lease with AAI is expired and not renewed.
- d) The Company incurred ₹ 974.30 lakhs for the year ended 31st March, 2020 towards discontinued operations.
- e) The weighted average effective interest rate applied to lease liabilities is 8%
- f) Maturity Analysis of Lease Liability

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|-----------------------|------------------------------|------------------------------|
| Less than 1 year | 350.10 | - |
| Between 1 and 2 years | 789.78 | - |
| Between 2 and 5 years | 701.43 | - |
| Over 5 years | - | - |
| Total | 1,841.30 | - |

- g) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 37.32 Lakhs (Increase in Depreciation expense and finance cost by ₹ 181.47 Lakhs and ₹ 75.91 Lakhs respectively with corresponding decrease in other expense by ₹ 220.06 Lakhs). The effect of this adoption is insignificant on earnings per share.

34.10 Related party transactions

(i) Details of related parties:

Subsidiary:

Leela Palaces and Resorts Ltd. (upto 16th October 2019)

Associates:

| | | |
|--|--------------------------------|------------------------------------|
| Leela Lace Holdings Pvt Ltd. | Fransisco Hospitality Pvt Ltd. | LM Realtors Pvt Ltd. |
| Leela Lace Software Solutions Pvt Ltd. | Leela Capital and Finance Ltd. | LMV Associates Ltd. |
| (Merged with Leela lace Holding Pvt. Ltd.) | Leela Housing Pvt Ltd. | Leela Palace (Bangalore) Pvt Ltd. |
| Leela Fashions Pvt Ltd. | Leela IT Projects Pvt Ltd. | Leela Palace Chennai Pvt Ltd. |
| Rockfort Estate Developers Pvt Ltd. | Leela Lace Builders Pvt Ltd. | Leela Palace New Delhi Pvt Ltd. |
| Leela Hospitality Pvt Ltd. | Leela Lace Estates Pvt Ltd. | Season Apparels Pvt. Ltd. |
| Doyen Hotels Pvt. Ltd. | Leela Realty Ltd. | Universal Hotels & Resorts Pvt Ltd |
| Elegant Eateries Pvt Ltd. | Leela Villas Pvt Ltd. | Vibgyor Leasing Pvt Ltd. |
| | | Zillion Hotels & Resorts Pvt Ltd. |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Key Management Personnel (KMP)

Mr. Vivek Nair

Mr. Dinesh Nair

₹ In Lakhs

(II) Transactions carried out with Related Parties & KMP

| Particulars | Associates | | Key Management Personnel | |
|--|----------------------------|----------------------------|------------------------------|----------------------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| <u>Sale of room, food and other services</u> | | | | |
| Leela Hospitality Pvt. Ltd. | 4.93 | 13.22 | | |
| <u>Expenses towards goods & services</u> | | | | |
| Leela Hospitality Pvt. Ltd. | 0.71 | 1.95 | | |
| <u>Income from rental & related services</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | 104.51 | 167.61 | | |
| Leela Fashions Pvt. Ltd. | 70.16 | 79.31 | | |
| Leela Hospitality Pvt. Ltd. | 12.24 | 20.51 | | |
| <u>Expense towards lease rent</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | 1,059.87 | 1,114.34 | | |
| Leela Fashions Pvt. Ltd. | 0.25 | 0.25 | | |
| Directors' Sitting Fees | | | Independent Directors | |
| Ms. Saija Nair | | | 4.50 | 5.40 |
| Mr. Vinay Kapadia | | | 5.70 | 7.80 |
| Mr. Vijay Sharma | | | 5.70 | 5.10 |
| Mr. Shergill Vakil | | | - | 0.30 |
| Mrs. Madhu Nair | | | 0.60 | - |
| | | | Subsidiary | Associates |
| Particulars | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| <u>Investments</u> | | | | |
| Leela Palaces & Resorts Ltd. | - | 9,000.00 | | |
| <u>Debit balance outstanding</u> | | | | |
| Leela Hospitality Pvt. Ltd. (Refer Note 34.10 (iii)) | | | 0.26 | - |
| Leela Fashions Pvt. Ltd (Refer Note 34.10 (iii)) | | | 19.88 | 138.62 |
| <u>Credit balance outstanding</u> | | | | |
| Leela Lace Software Solutions Pvt. Ltd. | | | - | 193.70 |
| Leela Lace Holdings Pvt. Ltd. | | | 2,904.31 | 3,161.22 |
| <u>Unsecured loans outstanding</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | | | 2,876.01 | 5,742.66 |
| <u>Deposits given</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | | | 2,757.96 | 6,931.47 |
| Rockfort Estate Developers Pvt. Ltd. | | | 143.37 | 416.65 |

(iii) The Company has not given any loans to the directors or to entities in which they are interested, but there are dues towards regular transactions which are repayable in the normal course of the business.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34.11 Earnings per share

| Particulars | Continued operations | | Discontinued operations | |
|--|----------------------|-------------|-------------------------|-------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Basic & Diluted earning per share | | | | |
| Net profit/(loss) for the year (₹ Lakhs) | (2,019.53) | (3,779.63) | 21,369.41 | (8,109.85) |
| Weighted average number of equity shares | 630,551,766 | 630,551,766 | 630,551,766 | 630,551,766 |
| Par value per share (₹) | 2.00 | 2.00 | 2.00 | 2.00 |
| Earnings per share (₹) | (0.32) | (0.60) | 3.39 | (1.29) |

| Particulars | Continued and discontinued operations | |
|--|---------------------------------------|-------------|
| | 2019-20 | 2018-19 |
| Basic & Diluted earning per share | | |
| Net profit/(loss) for the year (₹ Lakhs) | 19,349.88 | (11,889.48) |
| Weighted average number of equity shares | 630,551,766 | 630,551,766 |
| Par value per share (₹) | 2.00 | 2.00 |
| Earnings per share (₹) | 3.07 | (1.89) |

34.12 The World Health Organization (WHO) declared the outbreak of Corona virus disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 25, 2020, which is still continuing in many parts of the country. As per the guidelines / directives issued by Central and State Government, other Regulatory Authorities for hospitality sector, the company has suspended its operation from 25th March, 2020 to till date. The Company has taken a number of initiatives to rationalize costs to ensure that the losses during the closure period and thereafter are minimized. The Company has taken several cost savings measures for post lockdown operations and to optimize the use of its financial resources. Despite closure, the properties have been maintained in accordance with the standards of The Leela. The extended lockdown and closure of the hotel will have significant impact on the company's revenues and profitability given that in the first four months of the financial year 2020-21, the company has an insignificant revenues from its hotel operations. The Company acknowledges that the immediate future will be challenging. All efforts are being made to start the operations from 1st August, 2020 as per the prevailing Government guidelines. The Indian hotel sector has been hit hard on account of the Covid-19 pandemic. Currently, inbound tourism has come to a halt with country under lockdown, suspension of visas and global advisories against travel. As of now, there are barely any firm booking enquiries for near future. The scope for quick revival looks dim. It is expected that the recovery will be slow and it will largely depend on factors such as easing of air travel, rail and road operations and recovery of the economy. In spite of these adversities, the management does not anticipate major challenge in company's ability to continue as a going concern. The Company on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment at the year-end in accordance with the requirements of Ind AS 36. Based on assessment, no such indications exist. The above evaluations are based on scenario analysis carried out by the management and internal and external information available upto the date of approval of these results, which are subject to impact of uncertainties that COVID-19 outbreak may ultimately pose on economic recovery and consequential impact on the Company's results.

34.13 The provision / write off of Trade and other receivables include ₹ 1344.61 lakhs fees receivable from the managed Hotels, not taken over by Brookfield as they are outstanding for more than 182 days, not confirmed hence doubtful of recovery.

34.14 In pursuance to Section 115BAA of the Income Tax Act, 1961 announced by Government of India through Taxation Laws (Amendment) Ordinance, 2019, Company has an irrevocable option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of the accumulated MAT credit. In view of huge accumulated losses of earlier years, Company has exercised this option, hence no provision for Income Tax and deferred tax has been made.

Note 35: Fair value measurement:

- 1 The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- 2 The following methods and assumptions were used to estimate the fair values:
 - a The fair value of trade receivables, trade payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- b Company has invested in certain power generating Companies pursuant to the contract for procuring electricity supply at the hotel units. Investment in said Companies are not usually traded in the market. Considering the terms of the electricity supply contract and best information available, cost of investment is considered as fair value of these investments.
- c The fair value of security deposits are calculated using effective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
- d Considering the contracted rate of interest, the carrying amounts of all other term borrowings that are measured at fair value are reasonable approximation of fair value .
- e For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

3 Analysis of fair value measurement:

- a The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

- b During the period under review, level 3 hierarchy is considered for determination of fair value for all the financial assets and liabilities which are measured at fair value.
- c Financial Instruments by category:

₹ Lakhs

| Particulars | As at 31 March 2020 Continued operations | | As at 31 March 2019 Continued operations | |
|---|---|------------------|---|-------------------|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| Financial assets | | | | |
| Non-current: | | | | |
| Investments: | | | | |
| Equity investment in a subsidiary | - | - | - | - |
| Other equity investment | 1.20 | - | - | - |
| Other non current financial assets | | 1,720.82 | | 2,518.23 |
| Current: | | | | |
| Trade receivables | - | 751.14 | - | 6,537.66 |
| Cash & cash equivalents | - | 1,817.80 | - | 2,899.10 |
| Other balances with banks | - | - | - | - |
| Other financial assets | - | 4,381.62 | - | 213.95 |
| Total | 1.20 | 8,671.38 | - | 12,168.94 |
| Financial liabilities | | | | |
| Non current: | | | | |
| Borrowings | - | 359.56 | - | 71,052.24 |
| Other liabilities | - | 2,507.11 | - | 1,056.16 |
| Current: | | | | |
| Borrowings | - | 2,876.01 | - | 5,742.66 |
| Trade payables | - | 6,129.97 | - | 6,305.70 |
| Other financial liabilities | - | 3,249.22 | - | 290,660.60 |
| Total | - | 15,121.87 | - | 374,817.36 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 36: Financial Risk Management

Risk Management framework

The activities of the Company expose it to market risk, credit risk and liquidity risk.

The Company's principal financial liabilities comprise, long term security deposits received, trade and other payables. The group has trade and other receivables and cash and short term deposits that arrive directly from its operations. The Company has also paid long term lease deposits.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

The analytical data furnished herein under for the financial year ended 31st March 2020 and 31st March 2019 does not include assets / liabilities / obligations of disposal group.

A Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency, payables and loans and borrowings.

The Company manages market risks through finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies which are approved by the finance committee and Audit Committee. The activities of the department includes management of cash resources, borrowing strategies and ensuring compliance with market risk limits and policies.

- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk changes in the market interest rates relates primarily to the Company's debt obligations which is fully repaid during the year as a part of settlement with lenders.

The borrowings in terms of fixed rate and floating rate are as follows:

| Particulars | ₹ In Lakhs | |
|---|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Fixed rate of borrowings | 431.03 | 22,857.11 |
| Variable rate of borrowings | - | 87,147.92 |
| 0% interest rate borrowings (refer note 21) | 2,876.01 | 5,742.66 |
| Dues to Asset Reconstruction Companies | - | 245,290.19 |
| Total borrowings | <u>3,307.04</u> | <u>361,037.88</u> |

As at the reporting period, the Company had the following variable average interest rate borrowing outstanding:

| Particulars | 2019-20 | 2018-19 |
|--------------------------------|---------|-----------|
| Weighted average interest rate | 0.0% | 10.1% |
| Balance ₹ lakhs | - | 87,147.92 |

- **Interest Sensitivity**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that portion of loans. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

Impact on profit/(loss)

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|--|------------------------------|------------------------------|
| Interest rates - increase by 100 basis points | - | (948.47) |
| Interest rates - decrease by 100 basis points | - | 948.47 |
| 1% interest rates on loans outstanding to ARCs | - | (2,510.80) |

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. The company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency linked revenue, foreign currency denominated expenses and other financial instruments. Due to this any volatility in foreign currency exchange rates will have an impact to the Company.

The position of foreign currency exposure to the Company as at the end of the year expressed in INR are as follows :

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|----------------------|------------------------------|------------------------------|
| Currency US\$ | | |
| Loans (payable) | - | 16,095.68 |

- **Foreign exchange sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates on foreign currency denominated liabilities. Company has no foreign currency denominated assets. The significant foreign currency exposure of the Company is limited to USD. With all other variables held constant, the companies profit before tax is affected through the impact on USD denominated liabilities as follows:

Impact on profit/(loss)

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|-------------------------|------------------------------|------------------------------|
| INR/USD increases by 5% | - | (804.78) |
| INR/USD decreases by 5% | - | 804.78 |

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|---|------------------------------|------------------------------|
| | US\$ Mn | US\$ Mn |
| Particulars of unhedged foreign currency exposures as at the reporting date | - | 23.27 |

B Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. Customer credit risk is managed by each business unit subject to Company's established policy, procedure and control relating to customer risk management. Further, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

The Company measures the expected credit loss of trade receivables and advances based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data the provision for loss on receivables is made.

Ageing of Account receivables:

₹ In Lakhs

| Particulars | 31 st March, 2020 continued operations | 31 st March, 2019 continued operations |
|-----------------|---|---|
| 0-3 months | 545.72 | 2,038.63 |
| 3-6 months | 173.86 | 280.45 |
| beyond 6 months | 31.55 | 4,218.58 |

Movement in provisions for doubtful receivables

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|--|------------------------------|------------------------------|
| Opening provision | 851.24 | 384.15 |
| Add: Additional provision made | 1,364.04 | 683.49 |
| Less: Provision write off | 851.24 | 102.22 |
| Less: Provision reversed | - | 13.84 |
| Less: Closing provisions for discontinued operations | - | 100.34 |
| Closing provisions for continued operations | 1,364.04 | 851.24 |

C Liquidity risk :

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. The Company closely monitors its liquidity position to ensure that the operations of the Company are not affected adversely due to liquidity and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual obligations.

₹ In Lakhs

| As at 31 March 2020 | Total | Less than 6 months | 6 to12 months | 1 to 3 years | beyond 3 years |
|---|----------|-----------------------|------------------|-----------------|-------------------|
| Trade payables* | 6,129.98 | 6,129.98 | - | - | - |
| Borrowings | 3,307.04 | 2,910.94 | 36.53 | 257.24 | 102.33 |
| Lease Liability | 1,841.30 | 171.56 | 178.54 | 1,234.49 | 256.72 |
| Other current financial liabilities | 2,827.66 | 2,827.66 | - | - | - |
| Total | | 12,040.14 | 215.07 | 1,491.72 | 359.05 |
| * Trade payables are payable within 60 days | | | | | |

₹ In Lakhs

| As at 31 March 2019 | Total | Less than 6 months | 6 to12 months | 1 to 3 years | beyond 3 years |
|--|------------|-----------------------|------------------|---------------|-------------------|
| Trade payables* | 6,305.71 | 6,305.71 | - | - | - |
| Borrowings ** | 115,747.68 | 44,695.44 | - | 648.44 | 70,403.80 |
| Borrowings from ARC (refer note 34.1) | 245,290.19 | 245,290.19 | - | - | - |
| Interest on borrowings ** | 5,514.60 | 5,514.60 | - | - | - |
| Other current financial liabilities | 903.03 | 903.03 | - | - | - |
| Total | | 302,708.97 | - | 648.44 | 70,403.80 |
| * Trade payables are payable within 60 days | | | | | |
| ** Borrowing payable within 6 months includes amount overdue | | | | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)



D Capital Risk Management:

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The company is a debt free company on conclusion of the transaction with Brookfield and the one time settlement with the lenders as explained in Note 34.1.

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombé Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of HLV Limited
(Formerly Known as Hotel Leelaventure Limited)

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **HLV Limited (Formerly Known as Hotel Leelaventure Limited)** (*"the Holding Company"*) and its subsidiary (the Holding Company and its Subsidiary together referred to as *"the Group"*) which comprise the consolidated Balance Sheet as at 31st March, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as *"the consolidated financial statements"*).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (*"the Act"*) in the manner so required and give a true and fair view in conformity with the *Indian Accounting Standards* (*"Ind AS"*) specified under section 133 of the Act and other accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31st March, 2020, and Profit including other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 Consolidated 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 (ICAI) together with the ethical requirements that are relevant to our audit of the 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 opinion.

Emphasis of Matter

We draw attention to the following matters in notes to the consolidated financial statements:-

Note 34.2(a) relating to enhancement in lease rentals, unilateral termination of lease agreement of 18000 sq. mtrs. of land by Airports Authority of India (AAI) relating to Mumbai hotel and eviction proceedings initiated by them which the Company is legally contesting. Disputed amount not provided in the Books for the period up to 31st March, 2020 cumulatively amounts to ₹ 6,592 lakhs (Previous Year ₹ 5,184 lakhs).

Note 34.2(b) relating to the demands made by AAI relating to Royalty, Minimum Guarantee Fees in respect of 11000 sq. mtrs. of land in Mumbai cumulatively amounting to ₹ 80,705 lakhs up to 31st January, 2019 (Previous Year ₹ 28,537 lakhs up to 31st January, 2017) not provided in the Books as the liability is disputed and not crystalized as per the legal opinion and the additional cost the company may have to incur towards restoration of FSI, which is not ascertainable.

Note 34.12 relating to the uncertainty and impact of Covid-19 pandemic on the company's operation and the results as assessed by the Management. The actual results may differ from such estimates depending on future developments.

Material uncertainty related to Going Concern

We draw attention to Note no.34.4 in the consolidated Financial Statements regarding the preparation of financial statements on going concern basis for the reasons stated therein. However, matters stated in Emphasis of Matter above indicate that a material uncertainty exists that may cast significant doubt on company's ability to continue as a going concern. As stated in Note no. 34.4, the appropriateness of assumption of going concern is dependent upon getting favorable judgment / orders / settlement in respect of disputes with Airports Authority of India and the impact of Covid-19 in continuing the Mumbai Hotel operations.

Our conclusion 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matter to be communicated in our Report:

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| Profit on sale of Business undertaking and sale of Investment in subsidiary and Repayment of loans to secured lenders (Refer Note No. 34.1(a)) | Checked Board resolution, Shareholders approval by way of Special Resolution, Business Transfer Agreements with the purchaser, Securities & Exchange Board of India (SEBI) directives, NOC from secured lenders, Escrow Accounts, Release of charge created on assets. Assessed the methodology used by the Management in identifying the Assets and Liabilities including Current Assets and Current Liabilities transferred visa vis Net Working Capital adjustment workings. |
| Contingent Liabilities in respect of claim made by Airport Authority of India (AAI) (Ref. Note No.34.2) | Obtained Lease Agreements and supplementary Agreement with Airport Authority of India (AAI). Correspondence from and with AAI, eviction orders judgment of Arbitrator, Judgment of Delhi High court. Petition filed before Supreme Court and their judgment. Petition filed before Eviction officer and their revised claim, various Legal opinions, case filed before Bombay City Civil Court, application made before Settlement Advisory Committee constituted by the Board of AAI. |

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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 for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, total comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of the records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors / management of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 financial controls 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 Holding 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements of the current period 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

The consolidated financial statement include the unaudited financial statement of one subsidiary up to 16th October, 2019 (i.e. the date on which it was sold to Brookfield), whose total assets as on 31st March, 2020 is ₹ NIL and net (loss) after tax is ₹ 0.29 lakhs up to 16th October, 2019. The unaudited financial statement has been furnished to us by the Board of Directors. Our opinion on the consolidated financial statement, so far as it relates to the amounts and disclosures of the subsidiary is solely based on such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Board of Directors, this financial statement is not material to the Group.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit 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 Group so far as it appears from our examination of those books.
- c. Consolidated Financial Statements dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. The matter described in paragraph relating to Emphasis of Matter may have an adverse effect on the functioning of the Group.
- f. On the basis of the written representations received from the directors of Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company out of six directors of Holding company, five directors of Holding Company is disqualified as on 31st March, 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 Holding Company and it's Subsidiary Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure "A".
- h. As required by section 197(16) of the Act, we report that the Holding Company and Subsidiary Company has not paid/provided remuneration to its Director during the year.
- 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 consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the Group (Refer Note 34.5 to the consolidated financial statement).
 - ii. Provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS for foreseeable losses, if any, on long-term contracts including derivative contracts. We have been informed that the Group did not have any pending derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company.

For N. S. Shetty & Co.

Chartered Accountants
FRNo. : 0110101W

N. S. Shetty

Partner
M. No. 035083
UDIN : 20035083AAAABP4735

Place: Mumbai
Date: 29th July, 2020

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting 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 **HLV Limited (Formerly Known as Hotel Leelaventure Limited)** ("the Holding Company") and its subsidiary company (together referred to as 'the Group') as of 31st March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company are 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 respective 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 internal financial controls over financial reporting of the Group 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Group internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 Group has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Group 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 N. S. Shetty & Co.

Chartered Accountants

FRNo. : 0110101W

N. S. Shetty

Partner

M. No. 035083

Place: Mumbai

Date: 29th July, 2020

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

₹ Lakhs

| Particulars | Note No. | As at 31 March, 2020 | As at 31 March, 2019 |
|---|----------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 (a) | 26,637.92 | 26,983.91 |
| Right of use assets | 3 (b) | 1,803.98 | - |
| Capital work-in-progress | | 64.20 | 67.82 |
| Investment Property | 4 | 4,418.12 | 7,349.11 |
| Intangible assets | 5 | 26.04 | 61.82 |
| Financial assets: | | | |
| Investments | 6 | 1.20 | - |
| Other financial assets | 7 | 1,720.82 | 2,518.23 |
| Tax assets (net) | 8 | 3,336.38 | 2,956.38 |
| Other non-current assets | 9 | 2,101.70 | 2,246.80 |
| Total non-current assets | | 40,110.36 | 42,184.07 |
| Current assets | | | |
| Inventories | 10 | 668.80 | 784.54 |
| Financial assets | | | |
| Trade receivables | 11 | 751.14 | 6,537.66 |
| Cash and cash equivalents | 12 | 1,817.80 | 2,899.10 |
| Other balances with banks | 13 | - | - |
| Other financial assets | 14 | 4,381.62 | 213.95 |
| Other current assets | 15 | 2,961.12 | 1,191.62 |
| Total current assets | | 10,580.48 | 11,626.87 |
| Non current assets held for sale | | 15,279.14 | 13,528.63 |
| Assets included in disposal group(s) held for sale | 34.3 | - | 351,537.36 |
| Total assets | | 65,969.98 | 418,876.93 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 16 | 12,611.04 | 12,611.04 |
| Other equity | 17 | 33,125.46 | 13,936.77 |
| Total Equity | | 45,736.50 | 26,547.81 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 359.56 | 71,052.24 |
| Other financial liabilities | 19 | 2,507.11 | 1,056.16 |
| Provisions | 20 | 967.86 | 578.88 |
| Total non-current liabilities | | 3,834.53 | 72,687.28 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 2,876.01 | 5,742.66 |
| Trade Payable: | 22 | | |
| Outstanding dues of MESE | | 0.20 | 1.10 |
| Outstanding dues other than of MESE | | 6,129.78 | 6,304.60 |
| Other financial liabilities | 23 | 3,249.22 | 290,660.60 |
| Other liabilities | 24 | 474.81 | 875.84 |
| Provisions | 25 | 429.98 | 200.33 |
| Total current liabilities | | 13,160.00 | 303,785.13 |
| Liabilities classified as held for sale | | 3,238.95 | 4,786.87 |
| Liabilities included in disposal group(s) held for sale | 34.3 | - | 11,069.84 |
| Total equity and liabilities | | 65,969.98 | 418,876.93 |
| Notes forming part of the consolidated financial statements | 1 to 36 | | |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Note No. | Year ended 31 March, 2020 | Year ended 31 March 2019 |
|---|----------|------------------------------|-----------------------------|
| Continued Operations : | | | |
| Income | | | |
| Revenue from operations | 26 | 14,567.56 | 15,434.43 |
| Other income | 27 | 651.04 | 418.36 |
| Total income | | 15,218.60 | 15,852.79 |
| Expenses | | | |
| Food and beverages consumed | 28 | 1,217.45 | 1,330.32 |
| Employee benefit expenses and payment to contractors | 29 | 6,178.50 | 6,042.82 |
| Finance costs | 30 | 90.92 | 39.66 |
| Depreciation and amortisation expenses | 31 | 1,193.12 | 957.52 |
| Other expenses | 32 | 10,867.50 | 8,295.99 |
| Total Expenses | | 19,547.49 | 16,666.31 |
| Profit/(loss) before exceptional items and Tax | | (4,328.89) | (813.52) |
| Exceptional items - Profit/(loss) (net) | 33 | 2,309.36 | (2,966.11) |
| Profit/(loss) before Tax | | (2,019.53) | (3,779.63) |
| Tax expense | | - | - |
| Profit/(loss) after Tax from continued operations (A) | | (2,019.53) | (3,779.63) |
| Discontinued Operations : | | | |
| Profit/(loss) from discontinued operations | 34.3 | | |
| (a) from operations | | (27,301.94) | (8,113.33) |
| (b) from sale of business undertaking | | 46,171.06 | - |
| (c) from sale of investment in subsidiary | | 2,521.43 | - |
| Tax expense from discontinued operations | | - | - |
| Profit/(loss) after Tax from discontinued operations (B) | | 21,390.55 | (8,113.33) |
| Profit after Tax (A + B) | | 19,371.02 | (11,892.96) |
| Other comprehensive income: | | | |
| Items that may not be reclassified to the statement of profit and loss | | | |
| Remeasurement of defined benefit plan | | (182.33) | 22.09 |
| Income tax relating to items that may not be reclassified to the statement of profit and loss | | - | - |
| Total other comprehensive income, net of tax | | (182.33) | 22.09 |
| Total comprehensive income for the year | | 19,188.69 | (11,870.87) |
| Earnings per share (of ₹ 2 each): | | | |
| For continued operations | | (0.32) | (0.60) |
| For discontinued operations | | 3.39 | (1.29) |
| Basic & Diluted | | 3.07 | (1.89) |
| Notes forming part of the consolidated financial statements | 1 to 36 | | |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants
Registration No : 110101W

N S Shetty

Partner
Membership No. 035083
Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

₹ Lakhs

| Particulars | | 2019-20 | | 2018-19 | |
|-------------|---|-------------------|--------------------|----------|------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| | Net Profit/(loss) before exceptional items and Tax from continued operations | | (4,328.89) | | (813.52) |
| | Adjustments for: | | | | |
| | Depreciation & amortisation | 1,193.12 | | 957.52 | |
| | Interest charged | 90.92 | | 39.66 | |
| | Profit on sale of property, plant and equipment and derecognition of financial instrument | (161.52) | | (44.95) | |
| | (Profit)/loss on sale of Non-Current Investment | (2,521.43) | | - | |
| | Provisions/ liabilities written back | (70.41) | | (53.49) | |
| | Provision for trade & other receivables | 1,364.04 | | 0.96 | |
| | Interest income | (173.72) | | (102.76) | |
| | | | (279.00) | | 796.94 |
| | Operating Profit before working capital changes | | (4,607.89) | | (16.58) |
| | Adjustments for (increase)/decrease in operating assets: | | | | |
| | Inventories | 115.75 | | 31.67 | |
| | Trade and other receivables | 4,422.48 | | (421.24) | |
| | Other financial assets | 750.88 | | 126.31 | |
| | Other assets | (1,625.51) | | 448.71 | |
| | Adjustments for increase /(decrease) in operating liabilities: | | | | |
| | Trade payables | (105.32) | | (41.41) | |
| | Other financial liabilities | 470.88 | | 721.20 | |
| | Other liabilities | (401.02) | | (33.91) | |
| | | | 3,628.14 | | 831.33 |
| | Cash generated from operating activities | | (979.75) | | 814.75 |
| | Less : Direct Tax paid (net) | | (380.00) | | (970.55) |
| | Net cash flow from operating activities | | (1,359.75) | | (155.80) |
| | Net cash flow from discontinued activities | | 15,224.77 | | 21,094.16 |
| | Net cash flow from continued and discontinued activities | | 13,865.02 | | 20,938.36 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| | Inflows: | | | | |
| | Proceeds from Sale of Non-Current Investment (Wholly Owned Subsidiary) | | 11,500.00 | | - |
| | Proceeds from Sale of Business Undertaking | | 3,73,419.05 | | - |
| | Proceeds from sale of property, plant and equipment (net) (including advance receipts) | | - | | 13,621.01 |
| | Decrease in fixed deposits with banks | | 199.85 | | - |
| | Interest received | | 79.62 | | 126.29 |
| | Outflows: | | | | |
| | Increase in fixed deposit with banks | | - | | (86.85) |
| | Purchase of property, plant and equipment (net of sale) (including advance receipts) | | (3,209.02) | | - |
| | Net cash flow from investing activities | | 3,81,989.50 | | 13,660.45 |
| | Net cash flow from discontinued activities | | 395.18 | | (774.42) |
| | Net cash flow from continued and discontinued activities | | 3,82,384.68 | | 12,886.03 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (contd.)



| Particulars | | 2019-20 | | 2018-19 | |
|-------------|---|---------|----------------------|---------|--------------------|
| C | CASH FLOW FROM FINANCIAL ACTIVITIES | | | | |
| | Inflows: | | | | |
| | Proceeds from term borrowings | | 431.02 | | - |
| | Less: Outflows | | | | |
| | Repayment of term borrowings | | (3,58,161.87) | | (25,194.94) |
| | Dividend paid (including transfer to Investor Education & Protection Fund) | | - | | (6.32) |
| | Payment of Lease liability | | (220.06) | | - |
| | Interest paid | | (15.01) | | (39.66) |
| | Net cash flow from financing activities | | (3,57,965.92) | | (25,240.92) |
| | Net cash flow from discontinued activities | | (39,661.96) | | (7,463.04) |
| | Net cash flow from continued and discontinued activities | | (3,97,627.88) | | (32,703.96) |
| | Net changes in cash and cash equivalents | | (1,378.18) | | 1,120.43 |
| | Cash and cash equivalents at the beginning of the year | | 3,195.98 | | 2,075.55 |
| | Cash and cash equivalents at the end of the year | | 1,817.80 | | 3,195.98 |
| | Cash and cash equivalents from Continued Operations | | 1,817.80 | | 2,899.10 |
| | Cash and cash equivalents from Discontinued Operations | | - | | 296.88 |
| | Cash and cash equivalents from Continued & Discontinued Operations | | 1,817.80 | | 3,195.98 |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

₹ Lakhs

a) Equity share capital

| | |
|---|------------------|
| As at 1st April, 2018 | 12,611.04 |
| Changes in the equity share capital during the year | - |
| As at 31st March, 2019 | 12,611.04 |
| Changes in the equity share capital during the year | - |
| As at 31st March, 2020 | <u>12,611.04</u> |

₹ Lakhs

b) Other equity

| Particulars | Reserves and surplus | | | | | | Total |
|---|----------------------------|------------------|------------------------------|------------------|--------------------|----------------------------|------------------|
| | Capital redemption reserve | Security premium | Debenture redemption reserve | General reserve | Retained earnings | Other comprehensive income | |
| Balance as at 1 April 2018 | 8,750.00 | 65,346.24 | 6,750.00 | 6,445.39 | (61,448.12) | (35.87) | 25,807.64 |
| Profit/(loss) for the year | - | - | - | - | (11,892.96) | - | (11,892.96) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | 22.09 | 22.09 |
| Total comprehensive income for the year | - | - | - | - | (11,892.96) | 22.09 | (11,870.87) |
| Allocations/Appropriations | | | | | | | |
| Transferred (to) / from retained earnings | - | - | - | - | - | - | - |
| Balance as at 31 March 2019 | <u>8,750.00</u> | <u>65,346.24</u> | <u>6,750.00</u> | <u>6,445.39</u> | <u>(73,341.08)</u> | <u>(13.78)</u> | <u>13,936.77</u> |
| Balance as at 1 April 2019 | 8,750.00 | 65,346.24 | 6,750.00 | 6,445.39 | (73,341.08) | (13.78) | 13,936.77 |
| Profit/(loss) for the year | - | - | - | - | 19,371.02 | - | 19,371.02 |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | (182.33) | (182.33) |
| Total comprehensive income for the year | - | - | - | - | 19,371.02 | (182.33) | 19,188.69 |
| Allocations/Appropriations | | | | | | | |
| Transferred (to)/from Debenture redemption reserve | - | - | (6,750.00) | 6,750.00 | - | - | - |
| Balance as at 31 March 2020 | <u>8,750.00</u> | <u>65,346.24</u> | <u>-</u> | <u>13,195.39</u> | <u>(53,970.05)</u> | <u>(196.11)</u> | <u>33,125.46</u> |

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS



Note 1: Corporate Information

HLV Ltd. (formerly known as 'Hotel Leelaventure Limited') ("HLVL" or the "Company") and its subsidiary (together referred to as "the group"), is a public limited company incorporated in India and has its registered office situated at "The Leela Mumbai", Sahar, Mumbai 400 059.

The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts.

The financial statements for the year ended 31st March, 2020 were approved by the Board of Directors and authorised for issue on 29th July, 2020.

Note 2: Basis of Preparation, Critical Accounting Estimates and Judgements, Significant Accounting Policies and Recent Accounting Pronouncements:

(i) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the following:

- i) Defined benefit plans – plan assets measured at fair value.
- ii) Certain financial instruments which are measured at fair value at the end of each reporting period.
- iii) Assets held for sale (or disposal groups) – measured at lower of carrying amount or fair value less cost to sell.

(iii) Principles of consolidation and equity accounting

(a) Subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet respectively.

(b) Goodwill

- (1) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.
- (2) Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the statement of profit and loss.

(iv) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires, management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(a) Useful lives of property, plant and equipment and intangible assets:

The Company has estimated the useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) Impairment testing:

Property, plant and equipment and intangible assets that are subject to amortisation /depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which include turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, and future economic and market conditions.

(c) Income Taxes:

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(d) Litigation:

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(e) Defined benefit plans:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

(v) Significant Accounting Policies:

(a) Revenue recognition:

(i) Income from operations

Revenue from operations is accounted on accrual, is net of indirect taxes, returns and discounts. Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises of sale of rooms, food and beverages and allied services relating to hotel operations and management fees for the management of the hotels. Management fees earned from hotels managed by the Company are usually under long -term contracts with the hotel owner and is recognised when earned in accordance with the terms of the contract and collectability is reasonably certain.

(ii) Interest:

Interest income is accrued on a time proportion basis using the effective interest rate method.

(b) Property, Plant and Equipment:

Property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

On transition to Ind AS, the Company has elected to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(c) Investment Property:

Investment Property are initially measured at cost, including transaction cost. Subsequent to initial recognition, Investment property are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment Property are derecognised either when they have disposed of, held for disposal or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit and Loss in the period of derecognising.

Transfers to or from investment property is made when and only when there is a change in use.

On transition to Ind AS, the company has elected to continue with the carrying value of all its investment properties recognised as of April 1, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(d) Intangible Assets:

Intangible assets are stated at cost less accumulated amortisation and impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably.

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognised as of April 1, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(e) Capital WIP

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

(f) Depreciation and Amortisation:

The Company depreciates its property, plant and equipment and investment property over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013 under straight line method except as under:

- (i) Based on technical evaluation, the useful life of continuous process plant other than windmill has been estimated as 15 years (on a single shift basis) and that of motor boat 6 years.
- (ii) Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than ₹ 5,000 each are fully depreciated.
- (iii) Building constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease would be renewed in the normal course.
- (iv) Computer Software and website is amortised in six years and other intangible assets are amortised in five years.
- (v) Leasehold rights are amortised over 60 years on the assumption that the lease would be renewed in normal course.

The useful lives of assets and residual values are reviewed at the Balance Sheet date and the effects of any changes in estimates are accounted for on a prospective basis.

Depreciation /amortisation is not provided on non-current assets held for sale or part of the disposal group from the date of such assets are classified as held for sale or part of disposal group.

(g) Inventories:

Stock of food and beverages, stores and operating supplies are stated 'at cost or net realisable value, whichever is lower'. Cost comprise fair value of consideration paid including duties and taxes (other than those refundable), cost of conversion and other costs in bringing the inventories to their present location and condition computed under weighted average cost method. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(h) Employee benefits:

(i) Short-term benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) The Company makes annual contributions to gratuity fund which is a defined benefit plan.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

- (b) Defined contribution plans such as provident fund are charged to the Statement of Profit and Loss as and when incurred.

(i) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

Interest cost for the borrowings is computed under effective interest method.

Foreign exchange difference relating to foreign currency borrowings regarded as an adjustment to borrowing cost to the extent not capitalised is disclosed under finance cost.

(j) Taxation:

- (i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year considering the taxable income of both continued and discontinued operations.

- (ii) Deferred tax is recognized on timing difference being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

(k) Impairment of assets:

The carrying amounts of assets are reviewed at each balance sheet date, to assess any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceed its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(l) Foreign currency transaction:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

The monetary assets and liabilities in foreign currency as at balance sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as income or expense in the year in which they arise.

(m) Leases :

Policy applicable before 1 April, 2019

(i) Operating lease -As a lessee:

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as

operating lease. Payments made under operating lease are charged to the Statement of Profit and Loss on a straight –line basis over the period of lease.

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the profit and loss account.

The interest free security deposits paid for long term leases are recorded at their fair value .The difference between amount of the deposit paid and its fair value is considered as additional rental expense on a straight line basis. The Company also recognises interest income on the deposits using effective interest rate through its profit and loss over the life of the deposit.

(ii) Operating lease- As a lessor:

Lease income from operating leases where the Company is a lessor is recognised as income on a straight –line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

The interest free security deposits received for long term leases are recorded at their fair value .The difference between amount of deposit received and its fair value is considered as additional rental income under straight line basis over the lease term. The Company also recognises interest expense on the deposits using effective interest rate through its profit and loss over the life of the deposit.

(iii) Finance Lease – As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Assets under finance lease are capitalised at the Lease's inception at the fair value of the leased property or the present value of the minimum lease payments whichever is lower. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Policy applicable before 1 April, 2019

The Company has adopted Ind AS 116. For the purpose of preparation of consolidated Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended March 31 2020.

Company as a lessee

The Company's leases assets mainly comprise buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contact involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Generally, the Company uses incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Company has used number of practical expedients when applying Ind AS 116 - Short-term leases, leases of low-value assets and single discount rate.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, leases of low-value assets and lease where term of the lease is already expired and not yet renewed. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(n) Government Grants/Incentives:

Government grants/incentives that the Company is entitled to on fulfilment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants/incentives that the Company is entitled to unconditionally on fulfilment of certain conditions, such grants/incentives are recognised at fair value as income when there is reasonable assurance that the grant/incentive will be received.

(o) Income from Joint Development Agreement (JDA):

Income from JDA is accounted under percentage of completion method (POCM) as per the Guidance Note on Accounting for Real Estate Transactions. Balance cost of land and other expense related to JDA is grouped under Assets held for sale.

(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

- (i) Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law because the Company created valid expectations on the part of the third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.
- (ii) Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.
- (iii) Disclosure of the contingent assets are made when it is probable that there is an inflow of future economic benefits. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(q) Exceptional items:

The company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying performance of the company and provides consistency with the company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the company.

(r) Statement of Cash Flows :

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-

cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(s) Earnings per Share :

Basic earnings per share is computed, by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

(t) Financial Instruments:

(1) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

(ii) Classification:

a. Cash and Cash Equivalents

Cash comprises cash/cheques on hand and demand deposits with banks. Cash equivalents are short-term balances with an original maturity of three months or less from the date of acquisition, highly liquid investment that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

b. Debt Instruments

The Company classifies its debt instruments, as subsequently measured at amortised cost or fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and loss using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

c. Equity Instruments

The Company subsequently measures equity investment in a wholly owned subsidiary and investment in certain power generation Companies at cost. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

De-recognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continued involvement in the financial asset.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(3) Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired and allowance for losses on such assessment is made in the Statement of Profit and Loss.

(vi) Discontinued Operations:

- (i) Assets are classified as “assets included in disposal group held for sale” when the appropriate level of the Company’s management is committed to a plan to sell the asset and an active plan to locate the buyer and complete the plan is initiated and the sale is highly probable and expected to complete within one year of such classification. The carrying amount of these assets will be principally recovered through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.
- (ii) Liabilities of disposal group are classified as “liabilities included in disposal groups(s) held for sale”
- (iii) Profit and loss from discontinued operations are separately disclosed in the Statement of Profit and loss.

(vii) Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Note 3(a): Property, plant and equipment

| Particulars | Land - freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|---|-----------------|------------------|---------------------|------------------------|---------------|------------------|------------------|
| Gross carrying amount | | | | | | | |
| As at 1 April 2018 | 139,392.44 | 182,768.49 | 45,586.37 | 13,042.38 | 1,523.26 | 1,034.62 | 383,347.56 |
| Additions | - | 91.61 | 610.92 * | 29.12 | 217.32 | 71.30 | 1,020.27 |
| Disposals/ discards/ adjustments | (11,355.57) | (30.07) | (251.02) | (393.44) | (30.08) | 16.69 | (12,043.49) |
| Relating to discontinued operations | (126,862.17) | (159,134.22) | (42,589.77) * | (11,976.80) | (1,291.19) | (707.24) | (342,561.39) |
| Balance as at 31 March 2019 | <u>1,174.70</u> | <u>23,695.81</u> | <u>3,356.50</u> | <u>701.26</u> | <u>419.31</u> | <u>415.37</u> | <u>29,762.95</u> |
| As at 1 April 2019 | 1,174.70 | 23,695.81 | 3,356.50 | 701.26 | 419.31 | 415.37 | 29,762.95 |
| Additions | - | - | 503.18 | 5.47 | 440.07 | 57.62 | 1,006.34 |
| Reclassification from Discontinued Operations | - | 39.31 | - | - | 24.67 | - | 63.98 |
| Disposals/ discards/ adjustments | - | (32.73) | (132.57) | (3.10) | (128.49) | (369.91) | (666.80) |
| Balance as at 31 March 2020 | <u>1,174.70</u> | <u>23,702.39</u> | <u>3,727.11</u> | <u>703.63</u> | <u>755.56</u> | <u>103.08</u> | <u>30,166.47</u> |
| Accumulated depreciation | | | | | | | |
| As at 1 April 2018 | - | 6,593.88 | 9,635.82 | 5,896.15 | 1,053.48 | 800.27 | 23,979.60 |
| Depreciation for the year | - | 3,131.32 | 4,694.42 # | 2,538.99 | 133.45 | 47.14 | 10,545.32 |
| Disposals/ discards/ adjustments | - | (0.01) | (33.38) | (203.87) | (22.01) | (2.05) | (261.32) |
| Relating to discontinued operations | - | (8,294.42) | (13,984.84) # | (7,924.59) | (816.53) | (464.18) | (31,484.56) |
| Balance as at 31 March 2019 | <u>-</u> | <u>1,430.77</u> | <u>312.02</u> | <u>306.68</u> | <u>348.39</u> | <u>381.18</u> | <u>2,779.04</u> |
| As at 1 April 2019 | - | 1,430.77 | 312.02 | 306.68 | 348.39 | 381.18 | 2,779.04 |
| Depreciation for the year | - | 477.58 | 266.67 | 79.79 | 12.93 | 12.88 | 849.85 |
| Reclassification from Discontinued Operations | - | 1.75 | - | - | 17.27 | - | 19.02 |
| Disposals/ discards/ adjustments/reclassification | - | (3.47) | 353.34 | 0.27 | (110.09) | (359.41) | (119.36) |
| Balance as at 31 March 2020 | <u>-</u> | <u>1,906.63</u> | <u>932.03</u> | <u>386.74</u> | <u>268.50</u> | <u>34.65</u> | <u>3,528.55</u> |
| Carrying Value | | | | | | | |
| As at 31 March 2019 | 1,174.70 | 22,265.04 | 3,044.48 | 394.58 | 70.92 | 34.19 | 26,983.91 |
| As at 31 March 2020 | <u>1,174.70</u> | <u>21,795.76</u> | <u>2,795.08</u> | <u>316.89</u> | <u>487.06</u> | <u>68.43</u> | <u>26,637.92</u> |

i) Building includes cost of 25 (previous year 25) shares of ₹ 50 each in a Co-operative housing society.

ii) Building with carrying value constructed on leasehold land where lease agreement has not been renewed is ₹ 21,792.13 lakhs (Previous year ₹ 22,265.04 lakhs).

* Previous year includes ₹ 85.00 lakhs of plant and equipment acquired under finance lease.

Previous year includes ₹ 4.29 lakhs depreciation on plant and equipment acquired under finance lease.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 3(b): Right of use assets

₹ Lakhs

| Particulars | Leasehold Land | Leasehold Building | Total |
|-------------------------------------|----------------|--------------------|-----------------|
| Gross carrying amount | | | |
| As at 1 April 2018 | 21,880.77 | - | 21,880.77 |
| Additions | - | - | - |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | (21,880.77) | - | (21,880.77) |
| Balance as at 31 March 2019 | - | - | - |
| As at 1 April 2019 | - | - | - |
| Additions | - | 1,985.45 | 1,985.45 |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | - | - | - |
| Balance as at 31 March 2020 | - | 1,985.45 | 1,985.45 |
| Accumulated depreciation | | | |
| As at 1 April 2018 | 1,099.87 | - | 1,099.87 |
| Depreciation for the year | 559.40 | - | 559.40 |
| Disposals/ discards/ adjustments | (0.01) | - | (0.01) |
| Relating to discontinued operations | (1,659.26) | - | (1,659.26) |
| Balance as at 31 March 2019 | - | - | - |
| As at 1 April 2019 | - | - | - |
| Depreciation for the year | - | 181.47 | 181.47 |
| Disposals/ discards/ adjustments | - | - | - |
| Relating to discontinued operations | - | - | - |
| Balance as at 31 March 2020 | - | 181.47 | 181.47 |
| Carrying Value | | | |
| As at 31 March 2019 | - | - | - |
| As at 31 March 2020 | - | 1,803.98 | 1,803.98 |

- i) Land (leasehold rights) includes development expenses, stamp duty & other direct charges.
- ii) The land lease agreement with the AAI has expired and the Company is negotiating for renewal. In the absence of a definitive agreement and uncertainty about the timing of the cash flows, this lease is not included in the calculation of Right-of-Use Assets and corresponding Lease liabilities. The rental for this land continues to be provided as lease expense on a best estimate.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4: Investment Property

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Gross carrying amount | | |
| As per last balance sheet | 7,837.45 | 7,837.45 |
| Additions | 3,408.57 | - |
| Disposals/adjustments | (6,346.64) | - |
| At the end of the year | 4,899.38 | 7,837.45 |
| Accumulated depreciation | | |
| As per last balance sheet | 488.34 | 339.66 |
| Depreciation for the year | 153.36 | 148.68 |
| Disposals/adjustments/Reclassification | (160.44) | - |
| At the end of the year | 481.26 | 488.34 |
| Net carrying amount | 4,418.12 | 7,349.11 |

Fair Value :

The Company has not obtained independent valuation of these properties, but is of the opinion that the present fair value is not lesser than carrying value disclosed in the accounts.

₹ Lakhs

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Income arising from investment properties | | |
| Rental income derived from investment properties | 543.48 | 532.60 |
| Direct operating expenses (including repairs and maintenance) generating rental income | 137.39 | 177.46 |
| Income arising from investment properties before depreciation | 406.09 | 355.14 |
| Depreciation | 153.36 | 148.68 |
| Income arising from investment properties (Net) | 252.73 | 206.46 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 5: Intangible assets

₹ Lakhs

| Particulars | Computer software | License / franchise fees | Website | Total |
|---|-------------------|--------------------------|--------------|---------------|
| Gross carrying amount | | | | |
| As at 1 April 2018 | 514.62 | 202.01 | 46.91 | 763.54 |
| Additions | 82.08 | - | - | 82.08 |
| Disposals/ discards/ adjustments | (7.50) | - | 0.01 | (7.49) |
| Relating to discontinued operations | (384.54) | (152.22) | (21.10) | (557.86) |
| Balance as at 31 March 2019 | <u>204.66</u> | <u>49.79</u> | <u>25.82</u> | <u>280.27</u> |
| As at 1 April 2019 | 204.66 | 49.79 | 25.82 | 280.27 |
| Additions | 6.85 | - | 0.68 | 7.53 |
| Disposals/ discards/ adjustments/ Reclassification | (152.10) | - | - | (152.10) |
| Balance as at 31 March 2020 | <u>59.41</u> | <u>49.79</u> | <u>26.50</u> | <u>135.70</u> |
| Accumulated depreciation | | | | |
| As at 1 April 2018 | 347.49 | 154.77 | 32.26 | 534.52 |
| Amortisation for the year | 101.26 | 13.37 | 3.52 | 118.15 |
| Disposals/ discards/ adjustments | (0.07) | 0.06 | - | (0.01) |
| Relating to discontinued operations | (305.84) | (118.41) | (9.96) | (434.21) |
| Balance as at 31 March 2019 | <u>142.84</u> | <u>49.79</u> | <u>25.82</u> | <u>218.45</u> |
| As at 1 April 2019 | 142.84 | 49.79 | 25.82 | 218.45 |
| Amortisation for the year | 8.40 | - | 0.04 | 8.44 |
| Disposals/ discards/ adjustments/ Reclassification | (117.23) | - | - | (117.23) |
| Balance as at 31 March 2020 | <u>34.01</u> | <u>49.79</u> | <u>25.86</u> | <u>109.66</u> |
| Carrying Value | | | | |
| As at 31 March 2019 | <u>61.82</u> | <u>-</u> | <u>-</u> | <u>61.82</u> |
| As at 31 March 2020 | <u>25.40</u> | <u>-</u> | <u>0.64</u> | <u>26.04</u> |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 6: Investments

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| (a) Investment in equity others - Unquoted | | |
| (i) 12,000 (12,000) equity shares of ₹ 10 each of Green Infra Wind Power Generation Limited (*) | 1.20 | - |
| Total investment in equity instruments | 1.20 | - |
| Total | 1.20 | - |
| Aggregate amount of unquoted investment | 1.20 | - |

(*) Previous year classified as assets included in disposal group(s) held for sale

Note 7: Other non-current financial assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Deposits with banks | 418.04 | 395.57 |
| Margin money deposits with banks (refer note 13) | 348.24 | 570.56 |
| Security deposits - considered good | 954.54 | 1,252.10 |
| Other receivables - considered good | - | 300.00 |
| Total | 1,720.82 | 2,518.23 |

Note 8: Tax assets (Net)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Income Tax assets (net) | | |
| Opening balance for the year | 2,956.38 | 1,985.88 |
| Less : Tax payable for the year | - | - |
| Add : Taxes deducted/collected at source | 476.32 | 970.56 |
| Add/(less) : Refund/adjustment for earlier years | (96.32) | (0.06) |
| Closing balance | 3,336.38 | 2,956.38 |

Note 9: Other non-current assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Trade advances | - | 45.81 |
| Less: Allowance for doubtful trade advances | - | (45.81) |
| | - | - |
| Balances with Government authorities | 226.97 | 280.28 |
| Advance for Property, Plant & Equipment | 16.55 | 17.67 |
| Deposit adjustable against future rent payments | 1,853.37 | 1,946.55 |
| Pre-paid expenses | 4.81 | 2.30 |
| Total | 2,101.70 | 2,246.80 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 10: Inventories

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Food and beverages | 284.01 | 386.43 |
| Stores and operating supplies | 384.79 | 398.11 |
| Total | 668.80 | 784.54 |

Note 11: Trade receivables (unsecured)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Receivables from related parties - considered good | 20.14 | 138.62 |
| Other than from related parties : | | |
| Trade receivables - considered good | 731.00 | 3,140.52 |
| Trade receivables which have significant increase in Credit Risk | - | 3,258.52 |
| Trade receivables - credit impaired | 1,364.04 | 851.24 |
| | 2,115.18 | 7,388.90 |
| Less : Allowance for trade receivables - credit impaired | (1,364.04) | (851.24) |
| Total | 751.14 | 6,537.66 |

Note 12: Cash and cash equivalents

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Cash on hand | 11.66 | 17.70 |
| Balances with bank in current account | 1,192.44 | 2,731.04 |
| Short-term deposits with bank (with original maturity less than three months) | 613.70 | 150.36 |
| Total | 1,817.80 | 2,899.10 |

Note 13: Other balances with banks

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Margin money deposits | 348.24 | 570.56 |
| | 348.24 | 570.56 |
| Less :margin money deposits classified as non-current financial assets (refer note 7) | 348.24 | 570.56 |
| Total | - | - |

Note 14: Other current financial assets

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Interest receivable | 122.02 | 27.92 |
| Unbilled revenue | 27.71 | 173.08 |
| Receivable against assets held for sale | 4,226.89 | - |
| Insurance claims receivable | - | 0.44 |
| Security deposits | 5.00 | 12.51 |
| Total | 4,381.62 | 213.95 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 15: Other current assets

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Trade advances | 442.24 | 142.71 |
| Loans and advances to employees | 10.66 | 19.54 |
| Advance rentals | 93.02 | 93.11 |
| Pre-paid expenses | 171.51 | 619.13 |
| Balances with Government authorities | 236.57 | 61.69 |
| Services export incentives * # | 2,004.66 | 250.63 |
| Other receivables - considered good | 2.46 | 4.81 |
| Total | 2,961.12 | 1,191.62 |

(* previous year classified as 'Assets included in disposal group(s) held for sale'.)

(# The Company has proposed the repayment of net working capital adjustment by giving licenses to the Brookfield as and when it is received from Government.)

Note 16: Equity share capital

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| a) Authorised capital | | |
| 100,00,00,000 (100,00,00,000) equity shares of ₹ 2 each with voting rights | 20,000.00 | 20,000.00 |
| 60,00,00,000 (60,00,00,000) Redeemable preference shares of ₹ 100 each | 6,000.00 | 6,000.00 |
| b) Issued share capital | | |
| 63,05,51,766 (63,05,51,766) equity shares of ₹ 2 each with voting rights | 12,611.04 | 12,611.04 |
| c) Subscribed and fully paid up | | |
| 63,05,51,766 (63,05,51,766) equity shares of ₹ 2 each with voting rights | 12,611.04 | 12,611.04 |
| Total | 12,611.04 | 12,611.04 |

d) Reconciliation of number of shares outstanding at the beginning and at the end of the year

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|--|---------------------|-----------|---------------------|-----------|
| | No. of shares | ₹ Lakhs | No. of shares | ₹ Lakhs |
| At the beginning of the year | 630,551,766 | 12,611.04 | 630,551,766 | 12,611.04 |
| Add/Less : Issued/Redeem equity shares | - | - | - | - |
| At the end of the year | 630,551,766 | 12,611.04 | 630,551,766 | 12,611.04 |

e) Shareholders holding more than 5% shares

| Shareholders | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---------------------|--------------|---------------------|--------------|
| | No. of shares | % of holding | No. of shares | % of holding |
| Leela Lace Holdings Private Limited | - | - | 188,649,985 | 29.92 |
| Universal Hotels and Resorts Private Limited | 240,442,344 | 38.13 | - | - |
| JM Financial Asset Reconstruction Company Limited | 163,943,459 | 26.00 | 163,943,459 | 26.00 |
| Rockfort Estate Developers Private Limited | 55,607,175 | 8.82 | 55,607,175 | 8.82 |
| ITC Limited | 49,953,055 | 7.92 | 49,953,055 | 7.92 |
| Leela Lace Software Solutions Private Limited | - | - | 47,542,359 | 7.54 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 17: Other equity

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| (a) Capital redemption reserve | | |
| As at 1 st April | 8,750.00 | 8,750.00 |
| Increase/(decrease) adjustments | - | - |
| As at Closing | 8,750.00 | 8,750.00 |
| (b) Security premium | | |
| As at 1 st April | 65,346.24 | 65,346.24 |
| Increase/(decrease) adjustments | - | - |
| As at Closing | 65,346.24 | 65,346.24 |
| (c) Debenture redemption reserve | | |
| As at 1 st April | 6,750.00 | 6,750.00 |
| Increase/(decrease) adjustments | (6,750.00) | - |
| As at Closing | - | 6,750.00 |
| (d) General reserve | | |
| As at 1 st April | 6,445.39 | 6,445.39 |
| Increase/(decrease) adjustments | 6,750.00 | - |
| As at Closing | 13,195.39 | 6,445.39 |
| (e) Retained earnings | | |
| As at 1 st April | (73,341.08) | (61,448.12) |
| Add/Less: Profit/(loss) for the year | 19,371.02 | (11,892.96) |
| As at Closing | (53,970.06) | (73,341.08) |
| (f) Other comprehensive income | | |
| As at 1 st April | (13.78) | (35.87) |
| Add/Less: Profit/(loss) for the year | (182.33) | 22.09 |
| As at Closing | (196.11) | (13.78) |
| Total | 33,125.46 | 13,936.77 |

- (i) Capital Redemption Reserve represents reserve created for redemption of Preference shares.
- (ii) Securities premium is created due to premium on issue of shares. These is utilised in accordance with the provisions of the Companies Act.
- (iii) Debenture Redemption Reserve is required to create a reserve out of the profits which is available for purpose of redemption. During the year Company redeemed Debenture and accordingly, balance in debenture redemption reserve transferred to General Reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 18: Non-current borrowings

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Secured | | |
| Debentures | - | - |
| Rupee loan from banks | - | - |
| Foreign currency loan from banks | - | - |
| Rupee term loan from financial institution | - | 71,052.24 |
| Foreign currency term loan from financial institution | - | - |
| Rupee term loan from Asset reconstruction Companies | - | - |
| Rupee term loan from others | 359.56 | - |
| Total | 359.56 | 71,052.24 |
| Current maturities of long term debt (refer note 23) | | |
| Debentures | - | 6,750.00 |
| Rupee loan from banks | - | 16,107.11 |
| Foreign currency loan from banks | - | 4,598.13 |
| Foreign currency term loan from financial institution | - | 11,497.54 |
| Rupee term loan from Asset reconstruction Companies | - | 245,290.19 |
| Rupee loan from Others | 71.47 | - |
| Total | 71.47 | 284,242.97 |

| Particulars | Interest rate (%) - 31 Mar 20 | As at 31 March 2020 | As at 31 March 2019 | Details of security |
|---|-------------------------------------|---------------------------|---------------------------|-------------------------|
| Debentures | | | | Refer Note A (a) to (g) |
| Non-convertible debentures | | | | |
| Life Insurance Corp. of India | 0.0% | - | 6,750.00 | |
| 900 (900) NCDs of face value ₹ 10 lakhs each, outstanding principal value ₹ 7.50 lakhs each | | - | 6,750.00 | |
| Rupee loan from banks | | | | Refer Note A (j) & (e) |
| State Bank of India | 0.00% | - | 16,107.11 | |
| | | - | 16,107.11 | |
| Foreign currency loan from banks | | | | Refer Note A (a) to (g) |
| Bank of Baroda | 0.00% | - | 4,598.13 | |
| | | - | 4,598.13 | |
| Rupee term loan from financial institution | | | | Refer Note A (j), (k) |
| HDFC Ltd | 0.00% | - | 71,052.24 | |
| | | - | 71,052.24 | |
| Foreign currency term loan from financial institution | | | | Refer Note A (j), (k) |
| HDFC Ltd | 0.00% | - | 11,497.54 | |
| | | - | 11,497.54 | |
| Rupee term loan from Asset Reconstruction Companies | | | | Refer Note A (a) to (i) |
| J M Financial Asset Reconstruction Company Limited | refer note 34.1(b) | - | 242,648.73 | |
| Phoenix ARC Pvt Ltd | refer note 34.1(b) | - | 2,641.46 | Refer Note A (a) to (g) |
| | | - | 245,290.19 | |
| Rupee loan from others | | | | Refer Note A(l) |
| BMW Financial Services (I) Limited (Refer Note-C) | 8.99% & 9.15% | 431.03 | - | |
| | | 431.03 | - | |
| Total Secured Loans | | 431.03 | 355,295.21 | |
| Principal overdue | | - | 270,103.98 | |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note A : The Loans are secured by :

- (a) First ranking pari passu charge on all of the fixed assets (both movable and immovable) of hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills.
- (b) Second ranking pari passu charge on the current assets of hotel properties at Mumbai, Udaipur, New Delhi and Chennai.
- (c) Revenue from hotel properties at Mumbai, Udaipur, New Delhi and Chennai and receivables from sale of Hyderabad Land and Joint Development at Bangalore.
- (d) Pledge of Promoters' shareholding in the Company, subject to minimum of 51% of their holding.
- (e) Personal guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- (f) Corporate Guarantee of Leela Lace Holdings Private Limited.
- (g) Negative lien on the non-core assets.
- (h) To the extent of 'existing term debt provided by Bank of Baroda and Syndicate Bank under CDR documents' and assigned to JM Financial Asset Reconstruction Co. Ltd, the security is second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills, and as referred in clause b to g above.
- (i) To the extent of working capital facility assigned by Bank of Baroda, Oriental Bank of Commerce, State Bank of India and Vijaya Bank (now Bank of Baroda), the security is first ranking pari passu charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills, and as referred in clause c to g above.
- (j) First pari passu charge on the immovable properties of the Leela Palace, Bangalore.
- (k) Receivables from Bangalore Hotel.
- (l) Hypothecation of vehicles.

Note B :

The entire above dues except Rupee loan from others were settled as one time settlement on 16th October, 2019.

Note C : Repayment Schedule

The rupee loan from others repayable in 60 EMI starting from April 2020.

Note 19: Other non current financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| Trade/security deposits received | 1,015.90 | 1,056.16 |
| Lease liability | 1,491.21 | - |
| Total | 2,507.11 | 1,056.16 |

Note 20: Non current provisions

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Employee benefit obligations: | | |
| - for compensated absences | 318.91 | 271.63 |
| - for Gratuity (net) | 648.95 | 307.25 |
| Total | 967.86 | 578.88 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 21: Current borrowings - Unsecured

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| From related party: Leela Lace Holdings Pvt Ltd at 0% interest | 2,876.01 | 5,742.66 |
| Total | 2,876.01 | 5,742.66 |

Note 22: Trade payables

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| To micro enterprises and small enterprises - others (refer note 34.6) | 0.20 | 1.10 |
| | 0.20 | 1.10 |
| To other than micro enterprises and small enterprises | | |
| - Related parties | 2,904.31 | 3,354.91 |
| - Others | 3,225.47 | 2,949.69 |
| Total | 6,129.78 | 6,304.60 |

Note 23: Other current financial liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Current maturities of long term debt* (refer note 18) | 71.47 | 284,242.97 |
| Interest accrued on borrowings ** | - | 5,514.60 |
| Payable on purchase of property, plant and equipment | 53.97 | 204.18 |
| Lease liability | 350.10 | - |
| Liability for expenses | 646.53 | 597.06 |
| Other Liability*** | 2,049.91 | - |
| Overdrawn bank balance | 8.59 | 68.14 |
| Trade/security deposits | 68.65 | 33.65 |
| Total | 3,249.22 | 290,660.60 |
| * includes unpaid matured debentures | - | 6,750.00 |
| ** includes interest accrued on debentures | - | 1,667.37 |
| *** includes amount of Rs.2000 Lakhs payable to Brookfield towards net working capital adjustment. | | |

Note 24: Other current liabilities

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Statutory liabilities | 121.26 | 582.72 |
| Deposit adjustable against future rent income | 0.19 | 0.36 |
| Advance from customers | 353.36 | 292.76 |
| Total | 474.81 | 875.84 |

Note 25: Current Provisions

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Employee benefit obligations: | | |
| - for bonus | 132.04 | 127.29 |
| - for compensated absences | 297.94 | 73.04 |
| Total | 429.98 | 200.33 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 26: Revenue from operations

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Revenue from sale of products: | | |
| Food & beverages | 5,527.36 | 6,026.83 |
| Revenue from sale of services: | | |
| Room revenue | 7,858.00 | 8,156.10 |
| Income from rental & related services | 546.23 | 532.60 |
| Other services | 635.97 | 718.90 |
| | <u>9,040.20</u> | <u>9,407.60</u> |
| Total | <u>14,567.56</u> | <u>15,434.43</u> |

Note 27: Other income

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Interest Income from Deposit with Bank | 79.62 | 74.99 |
| Interest from Others | 94.10 | 27.77 |
| Amortisation of interest on security deposits | 45.06 | 42.29 |
| Export service incentives/subsidy | 140.60 | 75.83 |
| Net foreign exchange gain/(loss) | 11.64 | 9.91 |
| Profit on sale of property, plant and equipment (net) | 21.83 | 44.95 |
| Gain/Loss on derecognition of Financial Instrument | 139.69 | - |
| Provisions/ liabilities written back | 70.41 | 53.49 |
| Miscellaneous income | 48.09 | 89.13 |
| Total | <u>651.04</u> | <u>418.36</u> |

Note 28: Food and beverages consumed

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---------------------|------------------------|------------------------|
| Opening stock | 386.43 | 378.83 |
| Add: Purchases | 1,115.03 | 1,337.92 |
| | <u>1,501.46</u> | <u>1,716.75</u> |
| Less: Closing stock | 284.01 | 386.43 |
| Total | <u>1,217.45</u> | <u>1,330.32</u> |

Note 29: Employee benefit expenses and payment to contractors

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Salaries & wages | 3,785.21 | 3,878.59 |
| Contribution to provident fund and other funds | 340.46 | 323.18 |
| Staff welfare expenses | 451.73 | 417.95 |
| Labour contract | 1,601.10 | 1,423.10 |
| Total | <u>6,178.50</u> | <u>6,042.82</u> |

Note 30: Finance costs

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Interest others | 0.75 | 1.33 |
| Interest on lease liabilities | 75.91 | - |
| Financial charges | 14.26 | 38.33 |
| Total | <u>90.92</u> | <u>39.66</u> |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 31: Depreciation and amortisation expenses

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Depreciation of property, plant and equipment | 849.85 | 775.62 |
| Depreciation of right of use assets | 181.47 | - |
| Depreciation of investment property | 153.36 | 148.68 |
| Amortisation of intangible assets | 8.44 | 33.22 |
| Total | 1,193.12 | 957.52 |

Note 32: Other Expenses

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Consumption of stores and supplies including linen | 580.02 | 623.31 |
| Power and fuel | 961.05 | 1,094.18 |
| Rent | 2,494.04 | 2,428.79 |
| Repairs and maintenance | | |
| - Buildings | 178.57 | 418.02 |
| - Machinery | 343.29 | 286.94 |
| - Others | 374.38 | 408.63 |
| Insurance | 66.39 | 44.81 |
| Rates and taxes | 1,159.81 | 605.98 |
| Other Operating expenses | 211.63 | 252.64 |
| Communication | 58.52 | 52.63 |
| Travelling and conveyance | 192.26 | 198.24 |
| Guest transport | 204.60 | 137.53 |
| Printing and stationary | 59.44 | 46.33 |
| Reservation fee | 120.61 | 113.59 |
| Sales & credit card commission | 418.67 | 355.89 |
| Business promotion | 446.35 | 377.63 |
| Legal and professional * | 1,569.78 | 728.64 |
| Directors' sitting fees | 16.50 | 18.60 |
| Provision/write-off of trade and other receivables (Refer note 34.13) | 1,364.04 | 0.96 |
| Miscellaneous expenses | 47.55 | 102.65 |
| Total | 10,867.50 | 8,295.99 |
| * includes Auditors' remuneration: | | |
| Statutory audit | 26.00 | 30.00 |
| Tax audit | 4.00 | - |
| Other services | 16.43 | 10.52 |
| | 46.43 | 40.52 |

Note 33: Exceptional items - profit/(loss)

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Impairment of Assets held for sale | (843.95) | - |
| Income from joint development of property | 3,153.31 | 877.76 |
| Profit on sale of Asset held for sale | - | 528.82 |
| Loss on Sale of Property | - | (4,372.69) |
| Total | 2,309.36 | (2,966.11) |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Additional information to the Financial Statements

34.1 Debt Resolution / Transfer of Business undertakings and Investment

- (a) The Company to repay its debt, transferred its hotel business undertakings at New Delhi, Udaipur, Bengaluru and Chennai, Hospitality and Hotel Operations Business and 100% shareholding in its subsidiary company which owns property at Agra and all intellectual property owned by the Company used in and held for use in the hotel owned and managed by it vide Business Transfer Agreements, on 16th October, 2019 in accordance with the terms and condition set out in those Agreements visa vis Framework agreement entered with BSREP III INDIA BALLET PTE LTD. dt. 18th March, 2019 for a consideration of Rs.395,000 lakhs (Brookfield Transaction). The transaction was approved by Board on 18th March, 2019 and the shareholders by way of special resolution passed through a postal ballot as per Securities & Exchange Board of India (SEBI) directives on 26th September, 2019. The proceeds realized from the said transaction is utilized for repayment of the entire debt as one time settlement with lenders of the Company. The resultant profit of Rs. 46,171 lakhs from sale of Business undertakings and Rs. 2,500 lakhs from sale of investment in subsidiary (net of expenses pertaining to disposal) has been recognized under profit from sale of Business undertaking and profit from sale of Investment in subsidiary respectively. The Company also recognized Net Working Capital payable of Rs. 2,000 lakhs which is subject to confirmation from Brookfield.
- (b) The petition restraining aforesaid transaction among others, filed by one of the minority shareholders viz. ITC Ltd. with SEBI and subsequent appeal with Securities Appellate Tribunal (SAT) has been disposed off in favour of the Company. However, the said shareholder has filed an appeal with Supreme Court of India which is pending. Further the petition filed by the said ITC Ltd. before National Company Law Tribunal ("NCLT"), Mumbai alleging oppression and mismanagement is pending for disposal.

34.2 Disputes with Airports Authority of India (AAI)

- (a) The lease agreement with AAI relating to the Mumbai hotel for leasing of 18000 sq mtrs of land was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel, effective from 1st October 2014, the increased rentals on the basis of such arbitrary increase works out to by Rs.6592 lakhs for the period upto 31st March 2020 (upto 31st March 2019 Rs 5184 lakhs). The Company has objected to this increase and has not provided for the same. AAI has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate, on the assumption that the lease will be renewed.
- (b) The Company had entered into a lease agreement on 7th February, 1996 with the Airports Authority of India (AAI) in respect of a land admeasuring 11,000 sqm intended for the construction of a 150-room Hotel at Mumbai based on terms stipulated in it of Royalty on turnover with minimum guaranteed amounts (MG) to be mutually agreed and annual ground rent between the parties. The percentage of Royalty and MG was stipulated in the Supplementary Agreement dated 7th February 1996. The MG was arrived at based on certain revenue projections. The terms and stipulations specified in the Supplemental Agreement became impossible of performance for various reasons. Further, the Company vide letter dated 6th April, 2017 requested AAI to take over immediate physical possession of the land pending restoration of FSI by the Company. No Provision has been made for the cost of FSI as it is not ascertainable. However, AAI commenced the eviction proceedings with their claim of MG and enhanced rent. As per the revised claim filed by the AAI in February 2019 before the eviction officer, the amount due to them as on 31st January 2019 is Rs. 80705 lakhs towards minimum guarantee and rent as against Rs.28537 lakhs as on 31st January 2017 claimed earlier which Company is disputing. The eviction matter is pending with the eviction officer and the company is legally contesting the same. According to legal opinion received, the liability is contingent in nature and hence no provision is made in the books.
- (c) The company has initiated settlement talks in respect of above disputes with the Settlement Advisory Committee duly constituted by the Board of AAI which is in progress. The company is awaiting the outcome of the same.
- (d) In view of the above the company has not adopted IND AS-116 on the above leased transactions.

34.3 Discontinued operations

In compliance with Ind AS 105, operational income and expenses of the Disposal Group(s) forming part of the Brookfield Transaction are disclosed as 'profit/(loss) from discontinued operations'. The Company has therefore not adopted Ind AS 116 for its discontinued operations.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The details of discontinued operations are as follows:

a) Profit and loss from discontinued operations :

₹ Lakhs

| Particulars | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| Revenue from operations | 28,055.52 | 59,247.46 |
| Other income | 909.46 | 1,149.79 |
| Total | 28,964.98 | 60,397.25 |
| Food and beverages consumed | 2,591.15 | 5,283.15 |
| Employee benefit expenses and payment to contractors | 8,057.77 | 14,081.51 |
| Finance costs * | 34,150.34 | 10,351.89 |
| Depreciation and amortisation expenses | - | 10,414.03 |
| Other expenses | 11,467.66 | 28,380.00 |
| Total | 56,266.92 | 68,510.58 |
| Profit/(loss) before tax | (27,301.94) | (8,113.33) |
| Taxation | - | - |
| Profit/(loss) from discontinued operations | (27,301.94) | (8,113.33) |

* Finance costs includes net interest cost on borrowing of ₹ 28974 Lakhs as one time settlement with lenders.

b) The major classes of assets and liabilities included in disposal group(s) held for sale :

₹ Lakhs

| Particulars | As at 31 March 2019 |
|---|------------------------|
| Assets : | |
| Non-current assets | |
| Property, plant and equipment | 331,298.34 |
| Capital work-in-progress | 191.83 |
| Goodwill on consolidation | 3,254.14 |
| Intangible assets | 123.64 |
| Financial assets: | |
| Investments (includes investment in subsidiary - ₹ 9000.00 lakhs) | 1.20 |
| Other financial assets | 3,594.62 |
| Other non-current assets | 4,705.31 |
| Total non-current assets | 343,169.07 |
| Current assets | |
| Inventories | 2,349.61 |
| Financial assets | |
| Trade receivables | 2,219.86 |
| Cash and cash equivalents | 296.88 |
| Other balances with banks | 371.61 |
| Other financial assets | 443.09 |
| Other current assets | 2,679.99 |
| Total current assets | 8,361.04 |
| Non current asset held for sale | 7.25 |
| Assets held for sale and discontinued operations (A) | 351,537.36 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

| Particulars | As at 31 March 2019 |
|--|------------------------|
| Liabilities : | |
| Non-current liabilities | |
| Financial liabilities | |
| Other financial liabilities | 395.08 |
| Provisions | 1,198.42 |
| Total non-current liabilities | <u>1,593.50</u> |
| Current liabilities | |
| Borrowings | 8.60 |
| Trade Payable: | |
| Outstanding dues of MESE | 131.68 |
| Outstanding dues other than of MESE | 4,409.37 |
| Other financial liabilities | 1,742.37 |
| Other liabilities | 2,712.14 |
| Provisions | 472.18 |
| Total current liabilities | <u>9,476.34</u> |
| Liabilities held for sale and discontinued operations (B) | <u>11,069.84</u> |
| Net assets / (liabilities) of discontinued operations (A-B) | <u>340,467.52</u> |

c) **The Profit from sale of undertaking (including profit on sale of subsidiary) are as follows:**

| Particulars | Year ended 31 March 2020 |
|---|-----------------------------|
| Sales Consideration from brookfield transaction (net of expense pertaining to disposal) | 386,919.07 |
| Working Capital adjustment payable (subject to confirmation) | (2,000.00) |
| Net assets transferred in brookfield transaction | (336,226.57) |
| Profit on sale of Brookfield Transaction | <u>48,692.50</u> |

₹ Lakhs

Net cash flows attributable to the operating, investing and financing activities of discontinued operations

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------|------------------------|------------------------|
| Cash flows | | |
| Operating | 15,224.77 | 21,094.16 |
| Investing | 395.18 | (774.42) |
| Financing | (39,661.96) | (7,463.04) |

₹ Lakhs

34.4 Going Concern Basis

The standalone financial statements of the Company have been prepared on a 'Going concern basis' as

- the Brookfield Transaction has been concluded and the Company has paid as a one time settlement to banks and financial institutions who were the lenders to the company, (Refer Note No. 34.1).
- the Company is confident of getting favourable judgment/ orders / settlement in respect of disputes with AAI and continuing the Mumbai Hotel operations. (Refer Note No. 34.2).
- the impact of Covid-19 may not be a major challenge in continuing the Business. (Refer Note No. 34.12).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

34.5 Contingent liabilities and commitments (Previous year include discontinued operations) (to the extent not provided for)

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|--|------------------|-----------|
| Contingent liabilities: | | |
| (a) Disputed liability with AAI | | |
| (i) refer note 34.2 (a) | 6,591.70 | 5,184.30 |
| (ii) refer note 34.2 (b) | 80,705.00 | 80,705.00 |
| (b) Other claims against the Company not acknowledged as debt | 1,320.14 | 15,919.93 |
| (c) Disputed Statutory Liabilities | 3,176.20 | 7,460.92 |
| (d) Future export obligations/ commitments under import of capital goods at concessional rate of Custom duty | - | 3,627.00 |
| Commitment: | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | - | 174.95 |

34.6 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties had been identified on the basis of information available with the Company in this regard.

₹ Lakhs

| Particulars | 2019-20 Continued | 2018-19 Continued |
|--|----------------------|----------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the year | 0.20 | 1.10 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the year | - | 0.03 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest due and payable for the year | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the year | - | 0.03 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | Nil | Nil |

₹ Lakhs

| Particulars | 2019-20 Discontinued | 2018-19 Discontinued |
|--|-------------------------|-------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the year | Nil | 131.68 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the year | Nil | 4.16 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 3.36 | 0.25 |
| (iv) The amount of interest due and payable for the year | Nil | 4.16 |
| (v) The amount of interest accrued and remaining unpaid at the end of the year | Nil | 4.16 |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | Nil | Nil |

Disclosures of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

34.7 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable under these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

(i) Gratuity

The Company has a tie-up under Employees' Trust Deed Group Gratuity- cum-Life Assurance Scheme of the Life Insurance Corporation of India, and has partly funded the defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees on retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 20 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company, as per policy. Eligibility occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

a) Reconciliation of Opening and Closing balances of Defined Benefit Obligation

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|---|----------|----------|
| Defined Benefit Obligation at beginning of the year | 2,472.01 | 2,352.13 |
| Current service cost | 213.78 | 207.40 |
| Past service cost | | - |
| Interest cost | 161.65 | 151.91 |
| Actuarial (gain)/loss | 193.46 | (25.55) |
| Benefits paid | (141.71) | (213.88) |
| Liabilities assumed/(settled) | (990.82) | - |
| Defined Benefit Obligation at the end of the year | 1,908.37 | 2,472.01 |

b) Reconciliation of opening and closing balances of fair value of plan assets

₹ Lakhs

| Particulars | 2019-20 | 2018-19 |
|--|----------|----------|
| Fair value of plan assets at beginning of the year | 1,635.53 | 1,455.00 |
| Expected return of plan assets | 135.57 | 121.14 |
| Employer contribution | 155.78 | 276.73 |
| Benefits paid | (141.71) | (213.88) |
| Fair value of plan assets at year end | 1,259.42 | 1,635.53 |
| Assets acquired/ (settled) | (536.88) | - |
| Actual return on plan assets | 11.13 | (3.46) |

c) Reconciliation of fair value of Assets and Obligations

₹ Lakhs

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Fair value of plan assets | 1,259.42 | 1,635.53 |
| Present value of obligation | 1,908.37 | 2,472.01 |
| Amount recognised in balance sheet ((surplus)/deficit) - (Previous year include continued and discontinued operations) | 648.95 | 836.49 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

d) Expenses recognised during the year

| Particulars | 2019-20 | 2018-19 |
|--|---------------|----------------|
| In income statement | | |
| Current service cost | 213.78 | 207.40 |
| Past service cost | | - |
| Interest cost | 26.07 | 30.78 |
| Net cost | 239.85 | 238.17 |
| In other comprehensive income | | |
| Actuarial (Gain)/Loss | 193.46 | (25.55) |
| Return on plan assets | (11.13) | 3.46 |
| Net (income)/expense for the period recognised in OCI | 182.33 | (22.09) |

(ii) Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method.

34.8 Segment Information

The Company has identified single reportable segment, i.e., hotel, as its business. Accordingly, disclosures relating to the segmentation under Ind AS 108, "Operating Segment" is not required.

34.9 Leases

- a) The Company's lease asset primarily consist of lease for buildings. As on 1st April, 2019, the Company didn't have any contract to which Ind AS 116 applies. The Company has applied Ind AS-116, to the contract which are executed during the year. The Company has applied the exemption not to recognize right-of-use assets and liabilities for leases with:
- i) less than 12 months of lease term on the date of contract inception.
 - ii) either low value or cancellable at the option of lessee.
 - iii) lease already expired and not renewed till date.
 - iv) Variable lease payments (including deposit given to the lessor) that do not depend on an index or a rate.
 - v) Lease payment related to discontinued operations.
- b) The Company incurred ₹ 661.49 lakhs for the year ended 31st March, 2020 towards expenses relating to either short-term leases or low value lease or variable lease.
- c) The Company incurred ₹ 1832.95 lakhs for the year ended 31st March, 2020 towards for which lease with AAI is expired and not renewed.
- d) The Company incurred ₹ 974.30 lakhs for the year ended 31st March, 2020 towards discontinued operations.
- e) The weighted average effective interest rate applied to lease liabilities is 8%.
- f) Maturity Analysis of Lease Liability

₹ In Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|-----------------------|-----------------------------|-----------------------------|
| Less than 1 year | 350.10 | - |
| Between 1 and 2 years | 789.78 | - |
| Between 2 and 5 years | 701.43 | - |
| Over 5 years | - | - |
| Total | 1,841.30 | - |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- g) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 37.32 Lakhs (Increase in Depreciation expense and finance cost by ₹ 181.47 Lakhs and ₹ 75.91 Lakhs respectively with corresponding decrease in other expense by ₹ 220.06 Lakhs). The effect of this adoption is insignificant on earnings per share.

34.10 Related party transactions

(i) Details of related parties:

Associates:

| | | |
|--|--------------------------------|------------------------------------|
| Leela Lace Holdings Pvt Ltd. | Fransisco Hospitality Pvt Ltd. | LM Realtors Pvt Ltd. |
| Leela Lace Software Solutions Pvt Ltd. (Merged with Leela lace Holding Pvt. Ltd.) | Leela Capital and Finance Ltd. | LMV Associates Ltd. |
| Leela Fashions Pvt Ltd. | Leela Housing Pvt Ltd. | Leela Palace (Bangalore) Pvt Ltd. |
| Rockfort Estate Developers Pvt Ltd. | Leela IT Projects Pvt Ltd. | Leela Palace Chennai Pvt Ltd. |
| Leela Hospitality Pvt Ltd. | Leela Lace Builders Pvt Ltd. | Leela Palace New Delhi Pvt Ltd. |
| Doyen Hotels Pvt. Ltd. | Leela Lace Estates Pvt Ltd. | Season Apparels Pvt. Ltd. |
| Elegant Eateries Pvt Ltd. | Leela Realty Ltd. | Universal Hotels & Resorts Pvt Ltd |
| | Leela Villas Pvt Ltd. | Vibgyor Leasing Pvt Ltd. |
| | | Zillion Hotels & Resorts Pvt Ltd. |

Key Management Personnel (KMP)

Mr. Vivek Nair
Mr. Dinesh Nair

₹ In Lakhs

(II) Transactions carried out with Related Parties & KMP

| Particulars | Associates | | Key Management Personnel | |
|--|------------|----------|------------------------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| <u>Sale of room, food and other services</u> | | | | |
| Leela Hospitality Pvt. Ltd. | 4.93 | 13.22 | | |
| <u>Expenses towards goods & services</u> | | | | |
| Leela Hospitality Pvt. Ltd. | 0.71 | 1.95 | | |
| <u>Income from rental & related services</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | 104.51 | 167.61 | | |
| Leela Fashions Pvt. Ltd | 70.16 | 79.31 | | |
| Leela Hospitality Pvt. Ltd. | 12.24 | 20.51 | | |
| <u>Expense towards lease rent</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | 1,059.87 | 1,114.34 | | |
| Leela Fashions Pvt. Ltd | 0.25 | 0.25 | | |
| Directors' Sitting Fees | | | Independent Directors | |
| Ms. Saija Nair | | | 4.50 | 5.40 |
| Mr. Vinay Kapadia | | | 5.70 | 7.80 |
| Mr. Vijay Sharma | | | 5.70 | 5.10 |
| Mr. Shergill Vakil | | | - | 0.30 |
| Mrs. Madhu Nair | | | 0.60 | - |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

| Investments | Subsidiary | | Associates | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| <u>Debit balance outstanding</u> | | | | |
| Leela Hospitality Pvt. Ltd. (Refer Note 34.10 (iii)) | | | 0.26 | - |
| Leela Fashions Pvt. Ltd (Refer Note 34.10 (iii)) | | | 19.88 | 138.62 |
| <u>Credit balance outstanding</u> | | | | |
| Leela Lace Software Solutions Pvt. Ltd | | | - | 193.70 |
| Leela Lace Holdings Pvt. Ltd | | | 2,904.31 | 3,161.22 |
| <u>Unsecured loans outstanding</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | | | 2,876.01 | 5,742.66 |
| Leela Villas Pvt. Ltd. | | | - | 8.60 |
| <u>Deposits given</u> | | | | |
| Leela Lace Holdings Pvt. Ltd. | | | 2,757.96 | 6,931.47 |
| Rockfort Estate Developers Pvt. Ltd. | | | 143.37 | 416.65 |

(iii) The Company has not given any loans to the directors or to entities in which they are interested, but there are dues towards regular transactions which are repayable in the normal course of the business.

34.11 Earnings per share

| Particulars | Continued operations | | Discontinued operations | |
|--|----------------------|-------------|-------------------------|-------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Basic & Diluted earning per share | | | | |
| Net profit/(loss) for the year (₹ Lakhs) | (2,019.53) | (3,779.63) | 21,390.55 | (8,113.33) |
| Weighted average number of equity shares | 630,551,766 | 630,551,766 | 630,551,766 | 630,551,766 |
| Par value per share (₹) | 2.00 | 2.00 | 2.00 | 2.00 |
| Earnings per share (₹) | (0.32) | (0.60) | 3.39 | (1.29) |

| Particulars | Continued and discontinued operations | |
|--|---------------------------------------|-------------|
| | 2019-20 | 2018-19 |
| Basic & Diluted earning per share | | |
| Net profit/(loss) for the year (₹ Lakhs) | 19,371.02 | (11,892.96) |
| Weighted average number of equity shares | 630,551,766 | 630,551,766 |
| Par value per share (₹) | 2.00 | 2.00 |
| Earnings per share (₹) | 3.07 | (1.89) |

34.12 The World Health Organization (WHO) declared the outbreak of Corona virus disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on March 25, 2020, which is still continuing in many parts of the country. As per the guidelines / directives issued by Central and State Government, other Regulatory Authorities for hospitality sector, the company has suspended its operation from 25th March, 2020 to till date. The Company has taken a number of initiatives to rationalize costs to ensure that the losses during the closure period and thereafter are minimized. The Company has taken several cost savings measures for post lockdown operations and to optimize the use of its financial resources. Despite closure, the properties have been maintained in accordance with the standards of The Leela. The extended lockdown and closure of the hotel will have significant impact on the company's revenues and profitability given that in the first four months of the financial year 2020-21, the company has an insignificant revenues from its hotel operations. The Company acknowledges that the immediate future will be challenging. All efforts are being made to start the operations from 1st August, 2020 as per the prevailing Government guidelines. The Indian hotel sector has been hit hard on account of the Covid-19 pandemic. Currently, inbound tourism has come to a halt with country under lockdown, suspension of visas and global advisories against

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

travel. As of now, there are barely any firm booking enquiries for near future. The scope for quick revival looks dim. It is expected that the recovery will be slow and it will largely depend on factors such as easing of air travel, rail and road operations and recovery of the economy. In spite of these adversities, the management does not anticipate major challenge in company's ability to continue as a going concern. The Company on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment at the year-end in accordance with the requirements of Ind AS 36. Based on assessment, no such indications exist. The above evaluations are based on scenario analysis carried out by the management and internal and external information available upto the date of approval of these results, which are subject to impact of uncertainties that COVID-19 outbreak may ultimately pose on economic recovery and consequential impact on the Company's results.

34.13 The provision / write off of Trade and other receivables include Rs.1344.61 lakhs fees receivable from the managed Hotels, not taken over by Brookfield as they are outstanding for more than 182 days, not confirmed hence doubtful of recovery.

34.14 In pursuance to Section 115BAA of the Income Tax Act, 1961 announced by Government of India through Taxation Laws (Amendment) Ordinance, 2019, Company has an irrevocable option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of the accumulated MAT credit. In view of huge accumulated losses of earlier years, Company has exercised this option, hence no provision for Income Tax and deferred tax has been made.

34.15 Additional information as required under schedule III to the Companies Act,2013 of enterprises consolidated as Subsidiary / Associates /Joint ventures.

₹ In Lakhs

| Particulars | 2019-20 | | 2018-19 | |
|---|----------------|---------------------------------|----------------|---------------------------------|
| | HLV Limited | Leela Palaces & Resorts Limited | HLV Limited | Leela Palaces & Resorts Limited |
| Relationship | Parent Company | Subsidiary Company | Parent Company | Subsidiary Company |
| Net Assets, i.e. total assets minus total liabilities | | | | |
| As a %age of consolidated net assets | 100.0% | 0.0% | 78.4% | 21.6% |
| Amount ₹ in lakhs | 45,736.50 | - | 20,823.10 | 5,724.71 |
| Share in Profit or (Loss) | | | | |
| As a %age of consolidated profit or (loss) | 87.0% | 13.0% | 100.0% | 0.0% |
| Amount Rs in lakhs | 16,849.88 | 2,521.14 | (11,889.48) | (3.48) |
| Share in Other Comprehensive Income | | | | |
| As a %age of other comprehensive income | 100.0% | 0.0% | 100.0% | 0.0% |
| Amount ₹ in lakhs | (182.33) | - | 22.09 | - |
| Share in Total Comprehensive Income | | | | |
| As a %age of total comprehensive income | 86.9% | 13.1% | 100.0% | 0.0% |
| Amount ₹ in lakhs | 16,667.55 | 2,521.14 | (11,867.39) | (3.48) |

Note:- The amounts of subsidiary in Note no. 34.15 includes transactions for the period upto 16th October, 2019 ie. the date of sale of investment in subsidiary, which is unaudited.

Note 35: Fair value measurement:

- 1 The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- 2 The following methods and assumptions were used to estimate the fair values:
 - a The fair value of trade receivables, trade payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3.
 - b Company has invested in certain power generating Companies pursuant to the contract for procuring electricity supply at the hotel units. Investment in said Companies are not usually traded in the market. Considering the terms of the electricity supply contract and best information available, cost of investment is considered as fair value of these investments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- c The fair value of security deposits are calculated using effective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.
- d Considering the contracted rate of interest, the carrying amounts of all other term borrowings that are measured at fair value are reasonable approximation of fair value .
- e For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

3 Analysis of fair value measurement:

- a The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

- b During the period under review, level 3 hierarchy is considered for determination of fair value for all the financial assets and liabilities which are measured at fair value.

- c Financial Instruments by category:

₹ Lakhs

| Particulars | As at 31 March 2020 Continued operations | | As at 31 March 2019 Continued operations | |
|------------------------------------|---|------------------|---|-------------------|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| Financial assets | | | | |
| Non-current: | | | | |
| Investments: | | | | |
| Other equity investment | 1.20 | - | - | - |
| Other non current financial assets | | 1,720.82 | | 2,518.23 |
| Current: | | | | |
| Trade receivables | - | 751.14 | - | 6,537.66 |
| Cash & cash equivalents | - | 1,817.80 | - | 2,899.10 |
| Other balances with banks | - | - | - | - |
| Other financial assets | | 4,381.62 | | 213.95 |
| Total | 1.20 | 8,671.38 | - | 12,168.94 |
| Financial liabilities | | | | |
| Non current: | | | | |
| Borrowings | - | 359.56 | - | 71,052.24 |
| Other liabilities | - | 2,507.11 | - | 1,056.16 |
| Current: | | | | |
| Borrowings | - | 2,876.01 | - | 5,742.66 |
| Trade payables | - | 6,129.97 | - | 6,305.70 |
| Other financial liabilities | - | 3,249.22 | - | 290,660.60 |
| Total | - | 15,121.87 | - | 374,817.36 |

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

36 Financial Risk Management

Risk Management framework

The activities of the Company expose it to market risk, credit risk and liquidity risk.

The Company's principal financial liabilities comprise, long term security deposits received, trade and other payables. The group has trade and other receivables and cash and short term deposits that arrive directly from its operations. The Company has also paid long term lease deposits.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

The analytical data furnished hereinunder for the financial year ended 31st March 2020 and 31st March 2019 does not include assets / liabilities / obligations of disposal group.

A Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency, payables and loans and borrowings.

The Company manages market risks through finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies which are approved by the finance committee and Audit Committee. The activities of the department includes management of cash resources, borrowing strategies and ensuring compliance with market risk limits and policies.

- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk changes in the market interest rates relates primarily to the Company's debt obligations which is fully repaid during the year as a part of settlement with lenders.

The borrowings in terms of fixed rate and floating rate are as follows:

| Particulars | ₹ In Lakhs | |
|---|-----------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| Fixed rate of borrowings | 431.03 | 22,857.11 |
| Variable rate of borrowings | - | 87,147.92 |
| 0% interest rate borrowings (refer note 21) | 2,876.01 | 5,742.66 |
| Dues to Asset Reconstruction Companies | - | 245,290.19 |
| Total borrowings | <u>3,307.04</u> | <u>361,037.88</u> |

As at the reporting period, the Company had the following variable average interest rate borrowing outstanding:

| Particulars | 2019-20 | 2018-19 |
|--------------------------------|---------|-----------|
| Weighted average interest rate | 0.0% | 10.1% |
| Balance ₹ lakhs | - | 87,147.92 |

- **Interest Sensitivity**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that portion of loans. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

Impact on profit/(loss)

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|--|------------------------------|------------------------------|
| Interest rates - increase by 100 basis points | - | (948.47) |
| Interest rates - decrease by 100 basis points | - | 948.47 |
| 1% interest rates on loans outstanding to ARCs | - | (2,510.80) |

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. The company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency linked revenue, foreign currency denominated expenses and other financial instruments. Due to this any volatility in foreign currency exchange rates will have an impact to the Company.

The position of foreign currency exposure to the Company as at the end of the year expressed in INR are as follows:

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|----------------------|------------------------------|------------------------------|
| Currency US\$ | | |
| Loans (payable) | - | 16,095.68 |

- **Foreign exchange sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates on foreign currency denominated liabilities. Company has no foreign currency denominated assets. The significant foreign currency exposure of the Company is limited to USD. With all other variables held constant, the companies profit before tax is affected through the impact on USD denominated liabilities as follows:

Impact on profit/(loss)

₹ In Lakhs

| Particulars | 31 st March, 2020 | 31 st March, 2019 |
|-------------------------|------------------------------|------------------------------|
| INR/USD increases by 5% | - | (804.78) |
| INR/USD decreases by 5% | - | 804.78 |

| Particulars | 31 st March, 2020 US\$ Mn | 31 st March, 2019 US\$ Mn |
|---|---|---|
| Particulars of unhedged foreign currency exposures as at the reporting date | - | 23.27 |

B Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. Customer credit risk is managed by each business unit subject to Company's established policy, procedure and control relating to customer risk management. Further, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The Company measures the expected credit loss of trade receivables and advances based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data the provision for loss on receivables is made.

Ageing of Account receivables:

₹ In Lakhs

| Particulars | 31 st March 2020 continued operations | 31 st March 2019 continued operations |
|-----------------|--|--|
| 0-3 months | 545.72 | 2,038.63 |
| 3-6 months | 173.86 | 280.45 |
| beyond 6 months | 31.55 | 4,218.58 |

Movement in provisions for doubtful receivables

₹ In Lakhs

| Particulars | 31 st March 2020 | 31 st March 2019 |
|--|-----------------------------|-----------------------------|
| Opening provision | 851.24 | 384.15 |
| Add: Additional provision made | 1,364.04 | 683.49 |
| Less: Provision write off | 851.24 | 102.22 |
| Less: Provision reversed | - | 13.84 |
| Less: Closing provisions for discontinued operations | - | 100.34 |
| Closing provisions for continued operations | 1,364.04 | 851.24 |

C Liquidity risk :

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. The Company closely monitors its liquidity position to ensure that the operations of the Company are not affected adversely due to liquidity and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual obligations.

₹ In Lakhs

| As at 31 March 2020 | Total | Less than 6 months | 6 to12 months | 1 to 3 years | beyond 3 years |
|-------------------------------------|----------|-----------------------|------------------|-----------------|-------------------|
| Trade payables* | 6,129.98 | 6,129.98 | - | - | - |
| Borrowings | 3,307.04 | 2,910.94 | 36.53 | 257.24 | 102.33 |
| Lease Liability | 1,841.30 | 171.56 | 178.54 | 1,234.49 | 256.72 |
| Other current financial liabilities | 2,827.66 | 2,827.66 | - | - | - |
| Total | | 12,040.14 | 215.07 | 1,491.72 | 359.05 |

* Trade payables are payable within 60 days

₹ In Lakhs

| As at 31 March 2019 | Total | Less than 6 months | 6 to12 months | 1 to 3 years | beyond 3 years |
|---------------------------------------|------------|-----------------------|------------------|---------------|-------------------|
| Trade payables* | 6,305.71 | 6,305.71 | - | - | - |
| Borrowings ** | 115,747.68 | 44,695.44 | - | 648.44 | 70,403.80 |
| Borrowings from ARC (refer note 34.1) | 245,290.19 | 245,290.19 | - | - | - |
| Interest on borrowings ** | 5,514.60 | 5,514.60 | - | - | - |
| Other current financial liabilities | 903.03 | 903.03 | - | - | - |
| Total | | 302,708.97 | - | 648.44 | 70,403.80 |

* Trade payables are payable within 60 days
** Borrowing payable within 6 months includes amount overdue

D Capital Risk Management:

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The company is a debt free company on conclusion of the transaction with Brookfield and the one time settlement with the lenders as explained in Note 34.1.

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 29th July 2020

Savitri Yadav

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Umesh Dombe Chief Financial Officer

NOTICE

NOTICE is hereby given that the **THIRTY NINTH ANNUAL GENERAL MEETING of HLV LIMITED** (Formerly HOTEL LEELAVENTURE LIMITED) will be held on Monday, 21st September, 2020 at 11.00 A. M. Indian Standard Time ("IST"), through Video Conferencing / Other Audio Visual Means ("VC / OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company and Audited Consolidated Financial Statements for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon.

SPECIAL BUSINESS:

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs. Salini Madhu Dinesh Nair (DIN: 00011223), who was appointed by the Board of Directors as an Additional Director of the Company effective 10th February, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 119 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation."

**By order of the Board of Directors
For HLV Limited
(Formerly Hotel Leelaventure Limited)**

Savitri Yadav
Company Secretary
ACS No. 21994

Registered Office:

The Leela, Sahar, Mumbai - 400 059
CIN: L55101MH1981PLC024097

Mumbai, 29th July, 2020

IMPORTANT NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the business under Item No. 2 of the accompanying Notice, is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May, 2020, physical attendance of the Members at the AGM venue is not required. In terms of the said circulars, the 39th Annual General Meeting (AGM) of the Members is being held through video conferencing (VC) or other

audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The detailed procedure for participating in the meeting through VC / OAVM is annexed herewith.

3. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first serve basis. This will not include large Shareholders i.e. Shareholders holding 2% or more shareholding and Institutional Investors, who are allowed to attend the AGM without restriction on account of first come first serve.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 18th September, 2020 to Monday, 21st September, 2020 (both days inclusive).
6. Members are requested to: (i) send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matters and bank account details to the Company's Registrars; (ii) consolidate shareholding in multiple folios in the same name or in the same order of names into a single folio; (iii) notify immediately any change of address: (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, in respect of their physical shares, if any, quoting their folio number; (iv) note that in terms of section 72 of the Companies Act, 2013, they are entitled to make nomination in respect of shares held by them. Members holding shares in physical form and desirous of making nominations are requested to send their requests in the prescribed form in duplicate to the registered office of the Company or the Registrars. The nomination forms will be made available to the members on request. For Members holding shares in dematerialized form, the nomination form prescribed by the depository will have to be used and submitted to the depository participant.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
8. Please note that in terms of applicable SEBI circulars, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transmission / deletion / transposition of securities. Requests received without attaching copies of PAN card, for deletion / transmission and transposition

- of shares of the Company in physical form will be returned under objection.
9. SEBI vide notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018, has amended Regulation 40 of Listing Regulations, mandating transfer of securities to be carried out only in dematerialised form, except in case of transmission or transposition of securities. Accordingly requests for transfer of securities of listed entities shall not be processed unless the securities are held in the dematerialized form with depositories. In view of the same Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management.
 10. The Company has designated an exclusive email ID viz. investor.service@hlvlttd.com to enable the investors to post their grievances, if any, and monitor its redressal.
 11. Pursuant to applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years. Further, according to the aforesaid Rules, shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.
 12. The Company had sent notice to all the Members whose Dividends are lying unclaimed against their name for seven consecutive years or more. All unclaimed dividend up to the financial year ended 31st March, 2011 has been transferred by the Company to the said Fund as per the above provisions. Shares in respect of which dividend remained unclaimed for seven consecutive years or more have also been transferred to the IEPF Demat Account.
 13. As on date the Company does not have any unclaimed dividend to be transferred to the Investors Education & Protection Fund (IEPF) and thus no shares will be transferred to IEPF Authority in future. The shares transferred to the IEPF authority can be claimed by the concerned members from the IEPF authority after complying with the procedure prescribed under the IEPF rules.
 14. Electronic copy of Notice of AGM and the Annual Report for the financial year 2019-20 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s).
 15. Members who have not registered their email addresses are required to register the same with the Company/ Depository.
 16. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM along with Annual Report for financial year 2019-20 has been uploaded on the website of the Company at www.hlvlttd.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
 17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 the Company is providing facility of remote e-voting and e-voting at the AGM to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
 18. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 14th September, 2020. The remote e-voting period begins on Friday, 18th September, 2020 at 9.00 A. M. and ends on Sunday, 20th September, 2020 at 5.00 P.M. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 19. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting.
 20. Mr. Prashant S. Mehta, Practising Company Secretary (Membership No.5814) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the entire e-voting process in a fair and transparent manner.
 21. The Scrutinizer shall make, not later than two days of the conclusion of the AGM, a scrutinizer's report of the total votes cast in favour or against (votes cast during the AGM and votes cast through remote e-voting), to the Chairman or a person authorised by him in writing, who will countersign the same and declare the result of the voting forthwith.
 22. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.hlvlttd.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.
- THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**
- The remote e-voting period begins on Friday, 18th September, 2020 at 9.00 A. M. and ends on Sunday, 20th September, 2020 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.
- How do I vote electronically using NSDL e-Voting system?**
- The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |
- Your password details are given below:
 - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - How to retrieve your ‘initial password’?
 - If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered:

- If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- Now, you will have to click on “Login” button.
- After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- Select “EVEN” of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- Upon confirmation, the message “Vote cast successfully” will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to acs.pmehta@gmail.com with a copy marked to evoting@nsdl.co.in.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password

confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investor.service@hlvtd.com.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investor.service@hlvtd.com.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions on the accounts may send their questions at least seven days in advance mentioning their name, demat account number/ folio number, email id, mobile number at investor.service@hlvtd.com. The same will be replied by the company suitably. Those Shareholders who pre-register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“ACT”)

The following Statement sets out all material facts relating to Item No. 2 mentioned in the accompanying Notice.

Item No. 2: Appointment of Mrs. Salini Madhu Dinesh Nair as Non-Executive Director

The Board of Directors (“Board”) upon recommendation of the Nomination and Remuneration Committee, appointed Mrs. Salini Madhu Dinesh Nair as an Additional (Non-Executive) Director of the Company effective 10th February, 2020. Pursuant to the provisions of Section 161 of the Act and Article 119 of the Articles of Association of the Company, Mrs. Nair will hold office up to the date of the ensuing Annual General Meeting (“AGM”) and is eligible to be appointed a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, along with the requisite deposit of ₹ 1,00,000/-, proposing the candidature of Mrs. Nair for the office of Director. Mrs. Nair, once appointed, will be liable to retire by rotation. The Company has received from Mrs. Nair (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act. The profile and specific areas of expertise of Mrs. Nair are provided as annexure to this Notice.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mrs. Salini Madhu Dinesh Nair, to whom the resolution relates and Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman and Managing Director, who are related, are concerned or interested in the Resolution mentioned at Item No. 2 of the Notice.

The Board recommends the resolution set forth in Item No. 2 for the approval of the Members.

**By order of the Board of Directors
For HLV Limited
(Formerly Hotel Leelaventure Limited)**

**Savitri Yadav
Company Secretary**

Registered Office:

The Leela, Sahar, Mumbai - 400 059
CIN: L55101MH1981PLC024097

Mumbai, 29th July, 2020

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

| | | |
|---|---|--|
| Name of Director | Mrs. Salini Madhu Dinesh Nair | |
| Date of Birth (Age) | 1 st November, 1961 (58 years) | |
| Date of Appointment | 10 th February, 2020 | |
| Expertise in specific functional areas | Nearly three decades of wide and varied experience in the field of interior design, project coordination and business administration. | |
| Qualifications | B.A. (Hons.) Sociology | |
| Directorships held in other companies (excluding foreign companies) | Leela Realty Limited Leela Capital and Finance Limited Leela Fashions Private Ltd Season Apparels Private Limited Leela Lace Holdings Private Limited Rockfort Estate Developers Private Limited | Leela Lace Estates Private Limited Zillion Hotels & Resorts Private Limited Leela Hospitality Private Limited Leela Housing Private Limited Elegant Eateries Private Limited |
| Committee position held in other companies | Nil | |
| No. of meetings of the Board attended during the year | 2 | |
| No. of shares held: | 360 | |
| Relationship with other directors | Mrs. Salini Madhu Dinesh Nair is related to Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman and Managing Director. | |

HLV Limited

The Leela Mumbai, Sahar, Mumbai – 400 059

Tel. +91-22-6691 1182/83; **Fax** +91-22-6691 1458

E-mail: investor.service@hlv ltd.com **Website:** www.hlv ltd.com