

ANNUAL REPORT

2022-23



HLV LIMITED

www.hvltd.com

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



Entrance of The Leela Mumbai

Chairman's Statement



Dear Shareholders,

I am pleased to present you, the 42nd Annual Report and Financial Statements for the year ended 31st March, 2023 of HLV Limited.

We have a long-standing reputation for pursuing excellence which has been a tremendous strength for our Company. We put our guests first and maintain high standards in every aspect of business – from ethics and transparency, to environmental and social sustainability, to diversity and inclusion.

At the Leela, we are fortunate to continue the legacy of our founder Chairman Capt. Krishnan Nair. His commitment to perfection and quality are imbibed in our blood and we continue to follow the principle of 'Atiti Devo Bhava' which we follow with conviction today.

Your Company has performed well in the financial year 2022-23 with a turnover of Rs.172.88 Crores and total income of Rs.182.85 Crores and has reported profits for the first time since the financial year 2011-12. During the Financial Year 2022-23 occupancy levels at the Company's Hotel were at 74% as against 78% in the previous year. The average room rate was Rs. 9,538/- in the Financial Year 2022-23 as against Rs. 7,852 in the Financial Year 2021-22. During the FY 2022-23 RevPAR has improved upto Rs.6,943/- against Rs. 6,400/- in the FY 2021-22.

We would like to inform you that, The Leela, Mumbai has been ranked number one in Mumbai for "Best Hotel for Business Travelers" by CNBC Travels and "Jamavar", our fine dine Indian Restaurant has been awarded with the "Wine Spectator Award of Excellence for housing one of the most outstanding wine lists".

The on going disputes with the Airports Authority of India (AAI) are still pending before the Bombay High Court and the Supreme Court. Though this matter was listed a couple of times, this matter has yet to be heard. In the meanwhile, your company has approached AAI to settle the

matter before the settlement advisory committee and we are awaiting the outcome of the same in the near future.

The hotel industry has suffered a lot during Covid-19 wave and the bottom-line of the hotel industry was hit badly, but thanks to social gatherings and banquet business, which has supported a lot to the industry to bounce back, still the foreign tourists coming to India is very limited.

This year the foreign tourist arrival is expected to bounce back, along with corporate sector, which will help the hotel industry financially to achieve the desired room occupancies resulting in good return on investment (ROI) in rooms division, and the conferences and meetings business is also expected to come back on track, which will further support the overall revenues of the hotel sector.

We are expecting a good growth for the Company in financial year 2023-24 and coming years, efforts are being made towards the same. The demand is going to rise and room rates are expected to further improve. The MICE (Meetings, Incentives, Conferences and Exhibitions) segment and Weddings segment have contributed significantly to improved revenues in food and beverages and is expected to perform better in the future.

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 whole hearted 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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Ms. Saija Nair	Director
Mrs. Salini Madhu Nair	Director
Ms. Amruda Nair	Director
Mr. Ashok Rajani	Director
Mr. Shereveer Vakil	Director
Ms. Niranjana Unnikrishnan	Director

KEY MANAGERIAL PERSONNEL

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Mr. Umesh Dombé	Chief Financial Officer
Ms. Savitri Yadav	Company Secretary

REGISTERED & CORPORATE OFFICE

The Leela

Sahar

Mumbai - 400 059

E-mail: investor.service@hlvlttd.com

Website: www.hlvlttd.com

STATUTORY AUDITORS

N. S. Shetty & Co.

Chartered Accountants

INTERNAL AUDITORS

Baker Tilly DHC Private Limited

Corporate Identity Number (CIN): L55101MH1981PLC024097

42nd Annual General Meeting

Date | Thursday, 3rd August, 2023

Time | 3.00 P. M.

For any assistance pertaining to • Room Reservations • Conferences • Weddings • Holiday Packages and Weekend Offers at The Leela Mumbai, please feel free to contact : T. +91 (22) 6691 1234 ; F. +91 (22) 6691 1212, Toll Free No. 1800 1031 444
Mail us at: reservations@theleela.com ; Website: www.hlvlttd.com

SOLICITORS & ADVOCATES

Cyril Amarchand Mangaldas

REGISTRAR & TRANSFER AGENTS

MCS Share Transfer Agent Limited

Unit: HLV Limited

3B3, 3rd Floor, B-Wing,

Gundecha Onclave Premises Co-op. Society Ltd.,

Kherani Road, Saki Naka, Andheri East,

Mumbai-400072

Tel. 022 – 2851 6021 / 22 / 022- 4604 9717

Email: helpdesknum@mcsregistrars.com

Website: <https://www.mcsregistrars.com>

CONTENTS

Directors' Report	1
Management Discussion and Analysis	14
Report on Corporate Governance	18
Financial Statements	
Independent Auditors' Report	38
Balance Sheet	46
Statement of Profit and Loss	47
Cash Flow Statement	48
Notes to Financial Statements	51
Notice	86

DIRECTORS' REPORT



Dear Members

Your Directors' present the 42nd Annual Report on the business and operations of your Company, together with the audited accounts for the year ended 31st March, 2023.

1. Financial Performance

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

₹ Lakhs

Particulars	Financial year 2022-23	Financial Year 2021-22
Revenue from Operations	17,288.32	7,299.71
Other Income	997.07	332.32
Total income	18,285.39	7,632.03
Less: Expenses other than finance costs and depreciation / amortization	15,700.10	9,374.96
Less: Finance costs	510.67	235.34
Less: Depreciation and amortisation expenses	1,114.36	1,276.37
Profit/(loss) before exceptional items and Tax	960.26	(3,254.64)
Exceptional items - Profit/(loss) (net)	(99.52)	(996.32)
Profit/(loss) before Tax	860.74	(4,250.96)
Tax expense	96.06	-
Profit/(loss) after Tax	764.68	(4,250.96)
Other comprehensive income / (loss), net of tax	(109.54)	301.66
Total comprehensive income for the year	655.15	(3,949.30)
Earnings Per Share (Basic and Diluted)	0.12	(0.66)

Your Company recorded a turnover of ₹ 18,285.39 Lakhs as against ₹ 7,632.03 Lakhs in previous financial year. The Company registered profit before tax of ₹ 860.74 Lakhs for the financial year ended 31st March, 2023 against a loss of ₹ 4,250.96 Lakhs in the previous financial year.

There has been no fundamental change in the nature of business of the Company during the financial year ended 31st March, 2023.

2. Share Capital

During the year, the Company has not issued or allotted any securities. The issued and paid up share capital of the Company as on 31st March, 2023 stands at ₹ 131,85,19,798/- (Rupees one hundred thirty one crores eighty five lakhs nineteen thousand seven hundred ninety eight only) divided into 65,92,59,899 (sixty five crores ninety two lakhs fifty nine thousand eight hundred ninety nine) Equity Shares of face value of ₹2/- (Rupees two only) each.

3. Dividend

Your directors do not recommend any dividend for the financial year ended 31st March, 2023.

4. Dividend Distribution Policy

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations], the Board of Directors of the Company had formulated a Dividend Distribution Policy which is available on the Company's website at https://www.hlvtd.com/assets/investors_relations/Dividend%20Distribution%20Policy.pdf.

5. 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

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year i.e. 31st March, 2023 and date of this Directors' Report.

6. 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.

7. Litigations against the Company

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

ITC Limited and its subsidiary Russel Credit Limited, members of the Company holding then 8.72% (at present 8.34%) 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. Though the case was listed from time to time, due to paucity of time the matter will be taken up in due course of time.

Two minority members i.e. ITC Limited and Life Insurance Corporation of India (LIC) had filed complaint with the Securities and 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 members against minority members. 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 Order, ITC filed an appeal before the Hon'ble Securities Appellate Tribunal ("SAT") challenging the findings in the 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 of time before the Supreme Court of India.

(ii) Litigations with Airports Authority of India

There are ongoing disputes regarding the exorbitant demand of lease rentals and royalty in the form of Minimum Guaranteed Amount with Airports Authority of India (AAI) [as referred in the Lease Deed executed between the Company and AAI] which is in relation to the Mumbai Hotel land, admeasuring 18,000 sq.m and the adjacent land of 11,000 sq.m. The Company initiated Arbitration proceedings in the High Court of Bombay in 2017. AAI simultaneously initiated Eviction Proceedings against the Company, which is still continuing before the Eviction Officer at Mumbai. However, there is a stay to the Eviction Proceedings, as granted by the Bombay High Court. There are a few litigations in this regard, pending in the Bombay High Court, Supreme Court and the Local District Court in Mumbai. The cases will be taken up in due course of time.

In the meantime, the Company has approached AAI to settle the matter, which is progressing before the Settlement Advisory Committee (SAC) that is duly constituted by the Board of AAI since December, 2019. The Company is awaiting the outcome of the same.

(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 which was dismissed. PBSAMP filed an Execution Petition before the City Civil Court, Hyderabad for execution of the said arbitral award. The Company paid an amount of ₹ 39,41,43,969/-, including interest, to PBSAMP. The matter is now kept for final arguments on the aforesaid amount before the City Civil Court in Hyderabad.

8. 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.7 of this Board Report.

9. Management

i. Directors

As on the date of this Report, the Company has Eight (8) Directors consisting of Four (4) Independent Directors, Two (2) Executive Directors and Two (2) Non-executive Directors.

(a) Appointment of Directors

The Board of Directors on the recommendation of Nomination and Remuneration Committee at their meeting held on 3rd October, 2022 have appointed Mr. Vivek Nair (DIN: 00005870) as the Chairman and Managing Director and Mr. Dinesh Nair (DIN: 00006609) as the Co-Chairman and Managing Director of the Company for a period of three years respectively commencing from 3rd October, 2022 upto 2nd October, 2025 and Mr. Shereveer Shereyar Vakil (DIN: 08068987) as an Additional Director in the capacity of Non-Executive, Independent Director of the Company to hold office for a period of five years from 3rd October, 2022 to 2nd October, 2027 not liable to retire by rotation. The members have approved the same via postal ballot on 20th November, 2022.

The Board of Directors on the recommendation of Nomination and Remuneration Committee vide their Circular Resolution dated 4th May, 2023 have appointed Ms. Niranjana Unnikrishnan (DIN: 10140976) as an Additional Director in the capacity of Non-Executive, Independent Director of the Company to hold office for a term of five years from 8th May, 2023 to 7th May, 2028 and at their meeting held on 29th May, 2023 have re-appointed Ms. Saija Ramchandran Nair (DIN: 03623949) as a Non-Executive Independent Director of the Company for the second consecutive term of five years commencing from 30th May, 2023 upto 29th May, 2028, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

We seek approval of members for appointment of Ms. Niranjana Unnikrishnan (DIN: 10140976) and Ms. Saija Ramchandran Nair (DIN: 03623949) as Non-Executive Independent Directors of the Company not liable to retire by rotation.



(b) Cessation of Directorship

Mr. Vinay Kapadia (DIN: 07958301) and Mr. Vijay Sharma (DIN 00138852), Independent Directors of the Company, their term of five years ended on 6th October, 2022 and 8th May, 2023 respectively.

(c) Director retiring by rotation

Mrs. Salini Madhu Nair (DIN 00011223) is liable to retire by rotation at the ensuing Annual General Meeting and offers herself for re-appointment.

We seek approval of members for appointment of Mrs. Salini Madhu Nair (DIN 00011223) as Non-Executive Director of the Company liable to retire by rotation.

(d) 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. Accordingly, the disqualification under the aforesaid provision got triggered on 30th September, 2017. The Company made a one-time settlement with the debenture holder in October, 2019.

Due to default as mentioned above, all the Directors on the Board as on 30th September 2017 and the directors appointed thereafter and before the settlement with the debenture holder in October 2019 became disqualified.

Mr. Vivek Nair (DIN 00005870), Mr. Dinesh Nair (DIN 00006609), Mrs. Anna Rajan Malhotra (DIN 00005903), Mr. Vinay Kapadia (DIN 07958301), Ms. Saija Nair (DIN 03623949) and Mr. Vijay Sharma (DIN 00138852) were disqualified during the abovementioned period. Mr. Vivek Nair, Mr. Dinesh Nair and Ms. Saija Nair their applications for removal of disqualification were approved by Ministry of Corporate Affairs. Mrs. Anna Rajan Malhotra passed away on 17th September, 2018.

During the year, the two remaining disqualified directors Mr. Vinay Kapadia and Mr. Vijay Sharma, completed their

term of five years as Independent Directors as permitted under Section 167(1)(a) of the Companies Act, 2013. Mr. Vinay Kapadia's term expired on 6th October, 2022 and that of Mr. Vijay Sharma expired on 8th May, 2023.

As on the date of this Report none of the Directors of the Company are disqualified under section 164 of the Companies Act, 2013.

(e) Declaration by Independent Directors and statement on compliance of code of conduct

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 Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and Company's "Code of Conduct for Board Members and Senior Management Personnel. The disqualified Independent Directors as mentioned in para 9(i)(d) have served their term of five years as permitted under Section 167(1)(a) of the Companies Act, 2013.

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

All of the Independent Directors have passed online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs notified under sub-section (1) of section 150 except Ms. Niranjana Unnikrishnan who was appointed with effect from 8th May, 2023.

(f) Woman Director

Your Company has complied with the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to appointment of woman director. Your Company has four women directors among them two are independent directors. Ms. Saija Nair and Ms. Niranjana Unnikrishnan are the Women Independent Directors of the Company.

ii. Key Managerial Personnel (KMP)

The Company has following persons as Key Managerial Personnel in accordance with section 203 of the Companies Act, 2013 read

with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Sr. No.	Name of the Person	Designation
1	Mr. Vivek Nair	Chairman and Managing Director
2.	Mr. Dinesh Nair	Co-Chairman and Managing Director
3.	Mr. Umesh Dombé	Chief Financial Officer
4.	Ms. Savitri Yadav	Company Secretary

iii. 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.

During the Financial Year, the Board of Directors met five times i.e. on 27th May, 2022, 10th August, 2022, 3rd October, 2022, 11th November, 2022 and 6th February, 2023. Detailed information on the meetings of the Board is included in the 'Report on Corporate Governance', which forms part of this Annual Report.

iv. Audit Committee

The Audit Committee met five 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 four Directors, i.e. three Independent Directors and a Non- executive Non-Independent 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.

v. Nomination and Remuneration Committee

The Nomination and Remuneration Committee met twice during the year under review. As on the date of this Report, the Committee comprises of four Directors, i.e. three Independent Directors and one Non-Executive Non-Independent Director as members.

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.

vi. 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 four Directors, i.e. three Independent Directors and one Non Executive – Non Independent Director as members.

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.

vii. Risk Management Committee

The Risk Management Committee is constituted in accordance with the provisions of Regulation 21 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee met twice during the year under review. As on the date of this Report, the Committee comprises of two Independent Directors, one Non-Executive Non-Independent Director and one Senior executive who is Chief Financial Officer of the Company as members.

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.

viii. Policy on Directors' Appointment and Remuneration

The Company has formulated and adopted the "Nomination, Appointment and Remuneration Policy" for Directors, Key Managerial Personnel and Senior Management Personnel of the Company in accordance with the provisions of Companies Act, 2013 read with the Rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Policy of the Company, provides for Criteria for determining qualifications, positive attributes and independence of a director, Policy on Diversity of Board of Directors, Policy on Remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company, Succession Plan for Board of Directors and Senior Management.

The Policy on Remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company as well as the weblink of the same is provided in the 'Report on Corporate Governance'.

ix. Performance Evaluation of the Board

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 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.

10. Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013, the Directors, hereby state and confirm that:

- (a) in the preparation of the annual accounts for the financial year ending 31st March, 2023, 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.

11. Report on Corporate Governance

A Report on Corporate Governance for the year under review, as required under Regulation 34 read with Schedule V, Part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this annual report.

12. Whistle Blower Policy / Vigil Mechanism

The Company has a Whistle Blower Policy / Vigil Mechanism for directors and employees to report genuine concerns or grievances. The details of which are available in 'Report on Corporate Governance' forming part of this Annual Report.

13. Risk Management

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan and policy for the Company. The Committee is responsible to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems. The Audit Committee has additional oversight in the area of financial

risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Management Policy of the Company includes a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee, measures for risk mitigation including systems and processes for internal control of identified risks and business continuity plan.

14. Contracts or Arrangements with Related Parties

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. As per the policy on Related Party Transactions, the Audit Committee granted omnibus approval for the transactions which are repetitive in nature. The related party transactions were placed before the Audit Committee on quarterly basis for review, pursuant to omnibus approval.

During the year under review, your Company had entered into material related party transactions and these transactions too were in the ordinary course of business of your Company and were on arm's length basis, details of which are disclosed in Form AOC-2 as **Annexure I** pursuant to the requirements of section 134(3)(h) of the Companies Act, 2013, which forms part of this Report.

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if any, related party transaction(s) exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statement whichever is lower, would be considered as material and would require Members approval even if the transactions are in the ordinary course of the business of the Company and at arms' length basis. During the year the Company paid Rent and Royalty to Leela Lace Holdings Private Limited (LLHPL), a promoter Group Company in excess of the 10% of the annual turnover of the Company as per the last audited financial statements for use of leasehold land for Hotel Building and commercial building for corporate office and administration office owned by LLHPL, for which prior approval of members could not be obtained. The reason for the same is that, the Company pays royalty to LLHPL monthly, based on the revenues for the relevant month. Therefore, total amount of royalty for the entire financial year cannot be ascertained in advance. The turnover had fallen during the financial year 2021-22 due to Covid 19 pandemic, but improved to ₹ 172.88 Crores in the financial year 2022-23. Therefore, the Company had to pay higher amount of royalty which at the end of the financial year exceeded the threshold limits prescribed under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

The above transactions are approved by Audit Committee and Board. Necessary approval of members is being sought at the ensuing Annual General Meeting (AGM). Details of the transactions are provided in the explanatory statement to the Notice of AGM.

The policy on related party transactions as approved by the board of directors has been uploaded on the website of the company.

The web link of the same has been provided in the 'Report on Corporate Governance'.

15. 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 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.

16. Annual Return

The annual return of the Company as required under section 92 (3) and section 134 (3) (a) of the Companies Act, 2013 will be available on the website of the Company at https://www.hlvlt.com/investor_relation.html.

17. Loans, Guarantees or Investments

During the year under review, the Company has not granted any loan or given any guarantee or made any investments under Section 186 of the Companies Act, 2013.

18. 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.

19. 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 41st Annual General Meeting of the Company held on 24th August, 2022, had re-appointed M/s. N. S. Shetty & Co., Chartered Accountants, as the Statutory Auditors for the second consecutive term of five years, from the conclusion of the 41st Annual General Meeting till the conclusion of the 46th Annual General Meeting of the Company to be held in the year 2027.

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. 36.1 and 36.3 of the 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 R. Bhandari & Co., Practicing Company Secretaries, as its Secretarial Auditor to conduct the secretarial audit of the Company for the FY 2022-23.

The report of Secretarial Auditor for the FY 2022-23 is annexed to this report as **Annexure II**.

The Secretarial Auditor has made certain observations in his report. Para 7, 9(i)d) and 14 of the Board Report explain the status and the same may also be treated as the response to the Secretarial Auditors' observations.

(c) Compliance with Secretarial Standards

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

(d) 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.

20. 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 up to the date of ensuing Annual General Meeting. 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.

21. 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: