

# 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 financial statements of **HLV Limited (Formerly Known as Hotel Leelaventure Limited)** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March, 2021, and Loss including Other Comprehensive Income, 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 financial statements: -

Note 34.1(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 31<sup>st</sup> March, 2021 cumulatively amounts to ₹ 8,000lakhs (Previous Year ₹ 6,592 lakhs).

Note 34.1(b) relating to the demands made by AAI relating to Royalty, Minimum Guarantee Fees in respect of 11000 sq. mts. of land in Mumbai cumulatively amounting to ₹ 80,705 lakhs up to 31<sup>st</sup> January, 2019 (Previous Year ₹ 28,537 lakhs up to 31<sup>st</sup> 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 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 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
Contingent Liabilities in respect of claim made by Airport Authority of India (AAI) (Ref. Note No.34.1	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, submissions made before them on various meetings.

### Information Other than the 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the aforesaid 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, 2021 taken on record by the Board of Directors out of six directors, two directors viz. Mr. Vinay Kapadia and Mr. Vijay Sharma are disqualified as on 31<sup>st</sup> March, 2021 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 financial statements (Refer Note 34.5 to the 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: 19<sup>th</sup> June, 2021





**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 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. However, due to 2nd wave of COVID-19 and Lockdown in Mumbai, final report is awaited. 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 Financial Statements are held in the name of the Company.

Particulars	Number of cases	Carrying value as on 31 <sup>st</sup> March, 2021 (₹ In lakhs)	Remarks
Land at Hyderabad	Five	1,269.01	Title deeds are under dispute
Building constructed on leasehold land at Mumbai	One	21,316.04	Lease agreement not renewed since 11 <sup>th</sup> January, 2016 (refer Note-34.1) to the 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 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable.

# VALUE RESEARCH PREMIUM

- (c) Details of disputed Sales Tax, Service Tax, Luxury Tax and Value Added Tax which have not been deposited as at 31<sup>st</sup> March, 2021 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	342.29	2007-08,2009-10 to 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	122.94	July 2012 to March 2015	CESTAT, 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.
Income Tax Act, 1961	TDS	74.83	2012-13	CIT Appeals, New Delhi

\* Net of amounts paid under protest.

- viii. (a) The Company has not defaulted in repayment of loans / dues to banks and financial institutions except few days delays.  
 (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 Bank 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 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

UDIN: 20035083AAAABO6834

Place: Mumbai

Date: 19<sup>th</sup> June, 2021

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**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 31<sup>st</sup> March, 2021 in conjunction with our audit of the 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 31<sup>st</sup> March, 2021, 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

UDIN: 20035083AAAABO6834

Place: Mumbai

Date: 19<sup>th</sup> June, 2021