AUDIT REPORT

FOR THE ACCOUNTING YEAR

2022 – 2023

OF

M/S MAJESTIC HOTELS LIMITED

REGD. OFFICE: MAJESTIC PARK PLAZA, BHAI BALA CHOWK, FEROZEPUR ROAD, LUDHIANA-141002

BY
AUDITORS :

R.S. KHERA & ASSOCIATES.
CHARTERED ACCOUNTANTS
Opp. Airtel Store, Near State Bank Of India, Gill Road, Ludhiana(Punjab)-141003
Phone : 9815136081, E-Mail : rskhera_1@yahoo.co.in

To the Members of
MAJESTIC HOTELS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **MAJESTIC HOTELS LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2023, and the statement of profit and loss, *(statement of changes in equity)* and statement of cash flows for the year then ended, 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit/loss, *(changes in equity)* and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 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.

"Information Other than the Financial Statements and Auditor's Report Thereon"

The Company's Board of Directors is responsible for the other information.

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 in the 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.

Management's Responsibility for the Financial Statements



The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a. 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.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. 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.

e. 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.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) Planning the scope of our audit work and in evaluating the results of our work; and
(ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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.

Emphasis of Matters

We draw attention to the following matters mentioned in the Notes to the financial Statements:

Due to spread of Covid-19, Coronavirus in India since March, 2020 and further reoccurrence of Delta variant of the same during FY 2021 -22, the only property of the company i.e. Hotel Majestic Park Plaza (A unit of Majestic Hotels Ltd.), Bhai Bala Chowk, Ludhiana had remained closed for a considerable period during both the financial years due to restrictions imposed by the Central Government as well as the State Government and therefore the revenues of the company took a nose dive leading to default in the payment of principal as well as interest dues to M/s UV Asset Reconstruction Company Ltd., New Delhi, consequently, the loan accounts of the company due to M/s UV Asset Reconstruction Company Ltd. had turned into NPA accounts. M/s UV Asset Reconstruction Company Ltd. has filed a suit for recovery of its debts with the Office of Debts Recovery Tribunal, Delhi and the next date of hearing in the case has been fixed for 19/09/2023. Further, M/s UV Asset Reconstruction Company Ltd. has also issued a notice to the



company as well as its directors etc. u/s 13(2) of SARFAESI Act, 2002. The status of the loan amounts availed by M/s Majestic Hotels Ltd from M/s UV Asset Reconstruction Company Ltd. as on 01/04/2020 was as under:

a) During the financial year 2017-18, the company had availed a term loan from M/s UV Asset Reconstruction Company Ltd. amounting to Rs. 1625 lakhs which is deemed as assigned term loan @ 20% P.A. interest payable monthly and repayment of principle amount in 42 equal monthly installments of Rs. 3,869,048/- commencing from Jan 2020 to June 2022 and also payable Rs. 284.37 lakhs in addition to interest free amount by 8 installments of Rs. 25 lakhs and last full and final installment of Rs. 8,437,500/- commencing from June 2020 to June 2022. All terms & conditions of loans executed with IFCI & TFCI as well as the securities, personal guaranties, pledge of shares shall remain the same and eventually UVARCL has stepped into the shoes of the financial institutions that is IFCI & TFCI which was taken over by it during the financial year 2017-18. DURING THE FY 2021-21, TOTAL SEVENTEEN INSTALLMENTS OF WHICH FIFTEEN AMOUNTING TO RS. 3,869,048 AND TWO AMOUNTING TO RS. 25 LAKHS EACH ARE DUE. THE REPAYMENT OF THIS LOAN IS PENDING TO THE EXTENT OF RS. 11060451/- SINCE JAN'2021 DUE TO IMPACT OF COVID-19 SPREAD IN THE WORLD SINCE DEC'20. THE OVERDUE AMOUNT DUE TO NON-PAYMENT FOR THE LAST QUARTER IS RS. 11,060,451/-. SINCE THEN DURING THE FINANCIAL YEARS 2021-22 & 2022-23, THE COMPANY HAS NOT MADE ANY PAYMENT TOWARDS THE OUTSATANDING AND THE ACCOUNT HAS BEEN CLASSIFIED AS NPA (NON PERFORMING ASSET) SINCE THEN.

b) During the financial year 2017 -18, the company had also availed a fresh working capital term loan of R s. 475 lakhs from UVARCL @ 20% P.A. (Rs.305.36 lakhs for the period Apr 2019 to June 2022 and Rs. 147.02 lakhs for the period March 2019 to March 20 20) interest payable monthly and repayment of the principle amount in 42 equal monthly installments of Rs.1, 130, 952 /- commencing from Jan 2020 to June 2022, the securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company. During the FY 2020-21, fifteen installments amounting to Rs. 1,130,952/- each are due. THE REPAYMENT OF THIS LOAN IS PENDING SINCE JAN'2021 DUE TO IMPACT OF COVID-19 SPREAD IN THE WORLD SINCE DEC'2021. THE OVERDUE AMOUNT DUE TO NON-PAYMENT FOR THE LAST QUARTER IS RS. 3,392,856/-. SINCE THEN DURING THE FINANCIAL YEARS 2021-22 & 2022-23, THE COMPANY HAS NOT MADE ANY PAYMENT TOWARDS THE OUTSATANDING AND THE ACCOUNT HAS BEEN CLASSIFIED AS NPA (NON PERFORMING ASSET) SINCE THEN.

c) During the financial year 2018 -19, the company has also availed a fresh working capital term loan of R s. 400 lakhs from UVARCL @ 20% P.A. (Rs.257.14 lakhs for the period Apr 2019 to June 2022 and Rs. 123.81 lakhs for the period March 2019 to March 20 20) interest payable monthly and repayment of the principle amount in 42 equal monthly installments of Rs. 952,381/- commencing from Jan 2020 to June 2022, the securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company. DURING THE FY 2021-21, FIFTEEN INSTALLMENTS AMOUNTING TO RS. 952,381 EACH ARE DUE. THE REPAYMENT OF THIS LOAN IS

R.S. KHERA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-002601N LUDHIANA

PENDING SINCE JAN'2021 DUE TO ADVERSE IMPACT OF COVID-19 SPREAD IN THE WORLD SINCE DEC'2021. THE OVERDUE AMOUNT DUE TO NON-PAYMENT FOR THE LAST QUARTER IS RS. 2,857,143/-. SINCE THEN DURING THE FINANCIAL YEARS 2021-22 & 2022-23, THE COMPANY HAS NOT MADE ANY PAYMENT TOWARDS THE OUTSATANDING AND THE ACCOUNT HAS BEEN CLASSIFIED AS NPA (NON PERFORMING ASSET) SINCE THEN.

d) During the financial year 2019 -20, the company was sanctioned a working capital term loan of Rs. 350 lakhs from UVARCL @ 20% p.a. in two parts that is Rs. 280 lakhs in Dec 2020 and Rs. 70 lakhs in Mar 2020 (R s. 178.89 lakhs for the period Apr 2021 to June 2022 and R s. 171.11 lakhs for the period Jan 2020 to March 2021) interest payable monthly and repayment of the principle amount in 3 installments of Rs. 933,333/- and 27 installments of Rs. 1,192,953/- commencing from Jan 2020 to June 2022. The securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company. THE REPAYMENT OF THIS LOAN IS PENDING SINCE JAN'2021 DUE TO ADVERSE IMPACT OF COVID-19 SPREAD IN THE WORLD SINCE DEC'2021. THE OVERDUE AMOUNT DUE TO NON-PAYMENT FOR THE LAST QUARTER IS RS. 2,799,999/-. SINCE THEN DURING THE FINANCIAL YEARS 2021-22 & 2022-23, THE COMPANY HAS NOT MADE ANY PAYMENT TOWARDS THE OUTSATANDING AND THE ACCOUNT HAS BEEN CLASSIFIED AS NPA (NON PERFORMING ASSET) SINCE THEN.

e) During the financial year ended on 31/03/2022, the company has credited a sum of Rs. 36,20,275/- to the assigned term loan of M/s UVARCL due to reversal of TDS payable by the company due to conversion in NPA Category. Further the total amount due to M/s UVARCL Term Loans including settlement amount was Rs. 23,14,62,235/- (Rs. 21,30,24,735/- Term Loans and a settlement amount of Rs. 1,84,37,500/-) as on 31/03/2022 and an interest amount of Rs. 103,724,038/- was due as per working provided by the company being interest on the loan amount for the period from April 2020 to March 2022 and thus an aggregate sum of Rs. 33,51,86,273/- is due to UVARCL as on 31/03/2022.

f) The Commissioner, Service tax department has raised demand of Rs. 296.07 Lakhs for service tax, interest of Rs. 209.58 Lakhs and penalty of Rs. 296.16 Lakhs , out of which service tax of Rs. 22.21 Lakhs and interest of Rs. 7.95 Lakhs has been deposited under protest against the demand raised, the company has files appeal with The Customs, Central Excise and Service Tax Appellate Tribunal, Chandigarh which is still pending and balance demand Rs. 771.65 Lakhs is shown as contingent liability in note no. 2.35.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, 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 Balance Sheet, the Statement of Profit and Loss, (the Statement of Changes in Equity) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(f) 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 A".

(g) 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:

a. The Company does not have any pending litigations EXCEPT AS STATED IN THE REPORT which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. i. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ii The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

iii Based on such audit procedures which we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.



e The company has not declared or paid any dividend during the year is in accordance with section 123 of the Companies Act 2013", Hence clause not applicable.

For R.S. KHERA & ASSOCIATES
Chartered Accountants

Place : LUDHIANA
Date: 01/09/2023
UDIN: 23085462BGXAGH6141

RAVINDER SINGH
FRN:0006698N
M.NO.: 085462

"Annexure A" to the Independent Auditor's Report of even date on the Financial Statements of M/s Majestic Hotels Limited Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in the paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

1. a) A) The company has maintained proper records showing full particulars, including quantitative detailsand situation of property, plant and equipment.
   B) The company has no intangible assets hence the clause is not applicable.

b) All property, plant and equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of 3 years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed. However fixed assets register is under updation/completion as on date of audit.

c) The title deeds of immovable properties (other than properties where the company is the lesseeand the lease agreements are duly executed in favor of the lessee) are held in the name of the company.

d) The company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2023.

e) No proceedings have been initiated during the year or are pending against the company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act,1988 (as amended in 2016) and the rules made thereunder.



2 a) The inventories were physically verified by the management during the year at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the company and the nature of its operations. No discrepancies of 10% or more in aggregate of each class of inventories were noticed on such physical verification of inventories when compared with the books of accounts.

b) The company has not been sanctioned any working capital limit from banks or financial institutions on the basis of security of current assets at any point of time during the year hence reporting under clause 3(ii)(b) of the Order is not applicable.

3) a) During the year, the company has not made investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms,limited liability partnerships or any other parties hence clause 3(iii)(a) to 3(iii) (f) is not applicable to the company.

4) The company has complied with the provisions of section 185 and 186 of the Companies Act,2013 in respect of loans granted, investments made and guarantee or securities provided as applicable.

5) The company has not accepted any deposit or amount which is deemed to be deposit. Hence, reporting under clause 3(v) of the Order is not applicable.

6) The maintenance of the cost records has not been specified for the activities of the company by the Central Government u/s 148(1) of the Companies Act, 2013. Hence reporting under clause 3(vi) of the Order is not applicable.

7) a) The company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income-tax, *duty of customs* cess and value added tax and any other statutory dues applicable to the company with the appropriate authorities. The provisions relating to *sales-tax, service tax, duty of excise, are not applicable tothe company.* According to the information and explanations given to us[GJA1] , no undisputed amounts payable in respect of these statutory dues were pending at the end of the year for a period of more than six months from the date they became payable.

b) There are no dues in respect of the statutory dues referred in foregoing paragraph vii) a) which have not been deposited on account of any dispute except the following:

Name of Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute pending	Remarks, if any
Service Tax, Interest, Penalty	Service Tax, Interest, Penalty	771.65 lacs	Fy 2016-17	Appropriate appellate authority, Chandigarh	Pending Fixation
Income Tax	Income Tax	575.55 lacs	Ay 2017-18	Cit Appeals Faceless	Pending Fixation

8) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Hence clause 3(viii) of the Order is not applicable to the company.

9) a) The company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon



to any lender during the year except as under:

Due to spread of Covid-19, Coronavirus in India since March, 2020 and further reoccurrence of Delta variant of the same during FY 2021 -22, the only property of the company i.e. Hotel Majestic Park Plaza (A unit of Majestic Hotels Ltd.), Bhai Bala Chowk, Ludhiana had remained closed for a considerable period during both the financial years due to restrictions imposed by the Central Government as well as the State Government and therefore the revenues of the company took a nose dive leading to default in the payment of principal as well as interest dues to M/s UV Asset Reconstruction Company Ltd., New Delhi, consequently, the loan accounts of the company due to M/s UV Asset Reconstruction Company Ltd. had turned into NPA accounts. M/s UV Asset Reconstruction Company Ltd. has filed a suit for recovery of its debts with the Office of Debts Recovery Tribunal, Delhi and the next date of hearing in the case has been fixed for 06/09/2022. Further, M/s UV Asset Reconstruction Company Ltd. has also issued a notice to the company as well as its directors etc. u/s 13(2) of SARFAESI Act, 20 02. The status of the loan amounts availed by M/s Majestic Hotels Ltd from M/s UV Asset Reconstruction Company Ltd. as on 01/04/2020 was as under:

i) During the financial year 2017 -18, the company had availed a term loan from M/s UV Asset Reconstruction Company Ltd. amounting to Rs. 1625 lakhs which is deemed as assigned term loan @ 20% P.A. interest payable monthly and repayment of principle amount in 42 equal monthly instalments of Rs. 3,869,048/- commencing from Jan 2020 to June 2022 and also payable Rs. 284.37 lakhs in addition to interest free amount by 8 instalments of Rs. 25 lakhs and last full and final instalment of Rs. 8,437,500/- commencing from June 2020 to June 2022. All terms & conditions of loans executed with IFCI & TFCI as well as the securities, personal guaranties, pledge of shares shall remain the same and eventually UVARCL has stepped into the shoes of the financial institutions that is IFCI & TFCI which was taken over by it during the financial year 2017-18.

ii) During the financial year 2017 -18, the company had also availed a fresh working capital term loan of R s. 475 lakhs from UVARCL @ 20% P.A. (Rs.305.36 lakhs for the period Apr 2019 to June 2022 and Rs. 147.02 lakhs for the period March 2019 to March 20 20) interest payable monthly and repayment of the principle amount in 42 equal monthly instalments of Rs.1, 130, 952 /- commencing from Jan 2020 to June 2022, the securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company. During the FY 2020-21, fifteen instalments amounting to Rs. 1,130,952/- each are due.

iii) During the financial year 2018 -19, the company has also availed a fresh working capital term loan of R s. 400 lakhs from UVARCL @ 20% P.A. (Rs.257.14 lakhs for the period Apr 2019 to June 2022 and Rs. 123.81 lakhs for the period March 2019 to March 20 20) interest payable monthly and repayment of the principle amount in 42 equal monthly instalments of Rs. 952,381/- commencing from Jan 2020 to June 2022, the securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company.

iv) During the financial year 2019 -20, the company was sanctioned a working capital term loan of Rs. 350 lakhs from UVARCL @ 20% p.a. in two parts that is Rs. 280 lakhs in Dec 2020 and Rs. 70 lakhs in Mar 2020 (R s. 178.89 lakhs for the period Apr 2021 to June 2022 and R s. 171.11 lakhs for the period Jan 2020 to March 2021) interest payable monthly and repayment of the



principle amount in 3 instalments of Rs. 933,333/- and 27 instalments of Rs. 1,192,953/- commencing from J an 2020 to June 2022. The securities & guaranties etc. as given in the assigned loan shall also cover this WCTL of the company.

During FY 2021 -22, the company has not made any payment to M/s UV Asset Reconstruction Company Ltd.

v) During the financial year ended on 31/03/2022, the company has credited a sum of rs. 36,20,275/- to the assigned term loan of M/s UVARCL due to reversal of TDS payable by the company due to conversion in NPA Category. Further the total amount due to M/s UVARCL Term Loans including settlement amount was Rs. 23,14,62,235/- (Rs. 21,30,24,735/- Term Loans and a settlement amount of Rs. 1,84,37,500/-) as on 31/03/2022 and an interest amount of Rs. 103,724,038/- was due as per working provided by the company being interest on the loan amount for the period from April 2020 to March 2022 and thus an aggregate sum of Rs. 33,51,86,273/- is due to UVARCL as on 31/03/2022.

b) The company has been declared wilful defaulter by M/s UVARCL during the Financial Year 2020-21.

c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year hence the reporting under clause 3(ix) c) is not applicable to the company.

d) According to the information and explanations given to us and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short term basis have been used for long term purposes by the company. However no fresh funds have been raised on short term basis during the year by the company.

e) According to the information and explanations given to us and an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures (as defined under the Companies Act 2013) during the year ended March 31, 2023. Hence clause 3(ix) (e) of the Order is not applicable.

f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiary, associates or joint venture (as defined under the Companies Act 2013) Hence clause 3(ix) (f) of the Order is not applicable.

10) a) Being a closely held public limited company, it has not raised money by way of initial public offer or further public offer (including debt instruments) hence the clause 3(x)(a) of the Order is not applicable.

b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year hence the clause 3(x)(b) of the Order is not applicable.

11) a) No fraud by the company or no fraud on the Company has been noticed or reported during the year.

b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.



c) The establishment of whistle blower mechanism is not applicable to the company hence reporting under clause 3(xi) (c) is not applicable to the company.

12) The Company is not a Nidhi Company as per the provisions of the Act. Accordingly, therequirement to report on clause 3(xii) of the Order is not applicable to the Company.

13) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

14) a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.

b) We have considered the internal audit report of the company issued till date for the period underaudit.

15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

16) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of IndiaAct, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3 (xvi)(b) of the Order is not applicable to theCompany.

c) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3 (xvi)(c) of the Order is not applicable to theCompany.

d) There is no group company /Core Investment Company. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

17) The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.

18) There has been no resignation of the statutory auditors during the year and accordingly,requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

19) On the basis of the financial ratios disclosed in notes to the Standalone Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying Financial Statements, our knowledge of the Board of Directors' and management's plans and based on our examination of the evidence supporting the assumptions, it has come to our attention, which causes us to believe that material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



20) Since the provisions of Section 135 of the Companies Act, 2013 with regard to corporate social responsibility are not applicable to the company hence clause 3(xx) of the Order is not applicable.

For R.S. KHERA & ASSOCIATES
Chartered Accountants



RAVINDER SINGH
FRN:0006698N
M.NO.: 085462

Place : LUDHIANA
Date: 01/09/2023
UDIN: 23085462BGXAGH6141

M/S MAJESTIC HOTELS LIMITED

MAJESTIC PARK PLAZA, FEROZPUR ROAD, BHAI BALA CHOWK, LUDHIANA, PUNJAB-141002

CIN : U55101PB1989PLC037667

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2023

PARTICULARS	YEAR ENDED 31/03/2023	YEAR ENDED 31/03/2022
CASH FLOW FROM OPERATING ACTIVITES		
Net Profit / Loss before Tax and Provisions	**-10597871**	**-21258551**
Adjustments for :		
Excess Liabilites Written back	0	-2724
Interest	3883345	4252140
Interest on FDR	-181330	-50515
Depreciation	12919462	14162235
Misc. Expenditure Amortised	18037920	18037920
Loss on Sale of Fixed Assets	0	0
Provision for Bonus, Gratuity and Leave Salary	-1649524	-1017772
Operating Profit before working captial changes	**22412002**	**14122733**
Adjustment for working captial changes		
Long-term Loans and Advances	0	0
Inventories	-21757	12524
Trade Receivable	-1381237	3799233
Short-term Loans and Advances	-3281415	-10720806
Long Term Liabilities	0	0
Other Current Liabilities	-5789051	-1838381
Trade Payable	4487595	-3748124
Cash Flow from operating Activities	**16426136**	**1627179**
Net Cash Flow from operating Activities (A)	**16426136**	**1627179**
CASH FLOW FROM INVESTING ACTIVITES		
Non-Current Investment	0	0
Interest Received of FDR	181330	50515
Purchase of Fixed Assets & Capital Work in Progress	-7943741	-399357
Sale of Fixed Assets	0	0
Net Cash Flow from Investing Activites (B)	**-7762411**	**-348842**

R.S. KHERA & ASSOCIATES CHARTERED ACCOUNTANTS FRN-006596N LUDHIANA

CASH FLOW FROM FINANCING ACTIVITES		
Interest Paid	-1646496	-2285290
Acceptance of Long term Borrowings	-5882120	1851355
Acceptance/(Repayment) of Short term Borrowings	-1562161	-836986
Net Cash Flow from Financing Activites (C)	**-9090777**	**-1270921**
Net Increase/ Decrease in Cash & Cash Equivalents (A+B+C)	**-427053**	**7416**
Cash & Cash Equivalents - Opening Balance	**1498582**	**1491166**
Cash & Cash Equivalents - Closing Balance	**1071528**	**1498582**
	-427053	**7416**

For R.S. KHERA & ASSOCIATES
Chartered Accountants

RAVINDER SINGH
FRN:0006698N
M.NO.: 085462

Place : LUDHIANA
Date: 01/09/2023
UDIN: 23085462BGXAGH6141

Significant accounting policies for the year ended 31st March, 2023:

A. Nature of operations
The company is engaged in Hotels, Restaurants and Hospitality services. The company operates from premises at Majestic Park Plaza, Ferozepur Road, Ludhiana.

B. Basis of preparation of financial statements:
a) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting policies, accounting standards laid by ICAI and the provisions of the companies Act, 2013 as adopted consistently by the company.

b) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

c) Disputed tax and insurance and other claims and claims etc. are accounted for on settlement/cash basis.

d) Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

C. Fixed Assets and Depreciation:
a) Fixed Assets are stated at cost, less accumulated depreciation. Cost is inclusive of freight, duties, taxes and any directly attributable cost of bringing the assets to their working condition for intended use.

b) Depreciation on fixed assets is provided on straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Accordingly, the unamortized carrying value is being depreciated / amortized over the revised/remaining useful lives.

c) An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

D. Inventories:
Inventories are valued at cost or net realizable value whichever is lower. The cost of inventories of items that are not ordinarily interchangeable are assigned by specific identification of their individual costs. Cost of other inventory items are computed by using the First-In-First-Out (FIFO) formula. The inventories has been taken, valued and certified by the management.

E. Cash Flow Statement:
Cash flow statement is prepared using the "Indirect method" set out in Accounting Standard 3
"Cash Flow Statements" and presents the cash flows by operating, investing and financial activities of the company. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

F. Sales:
Sales are treated as sales on issue of bill or Cash memo. Sales are net of Goods and Service Tax and represent



invoice value as reduced by quality claim & rebates.

G. Provisions, Contingent Liabilities and Contingent Assets:
Provision is recognized in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.
Contingent assets are neither recognized nor disclosed in the financial statements.

H. Accounting for Taxes on Income:
Since the company is running into losses, no provision for current tax has been made under the provisions of Income Tax Act, 1961.

Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

DEFERRED TAX LIABILITIES

MAJESTIC HOTELS LIMITED

DEFERRED TAX ASSETS/ LIABILITIES FOR ACCOUNTING YEAR ENDED 31.03.2023

PARTICULAR	**31/03/23**	**31/03/22**
DEFERRED TAX ASSETS/ LIABILITIES AS ON 31.03.2023		
W.D.V of Fixed Assets 31-3-2023 (As per Companies Act)	407,205,984	403,563,815
W.D.V of Fixed Assets 31-3-2023 (As per Income Tax Act)	164,685,255	166,541,402
Timing Differences as on 31.03.2022	**242,520,729**	**237,022,413**
Tax effect of timing differences as on 31.03.2022 (@ 25.75%)	**62,449,088**	**61,033,271**
(a) Provision for Leave Salary	631,739	712,487
Tax effect of timing difference (25.75%) i.e. 25% as deferred tax liability	162,673	183,465
(b) Provision for Gratuity	3,526,793	3,836,857
Tax effect of timing difference (25.75%) i.e. 25% as deferred tax liability	908,149	987,991
(c) Provision for Bonus	980,067	590,836
Tax effect of timing difference (25.75%) i.e. 25% as deferred tax liability	252,367	152,140



Deferred Tax at the end of the year	61,125,899	59,709,675
Less:		
Deferred Tax at the beginning of the year	59,709,675	59,067,712
Provision during the year	**1,416,224**	**641,963**

I. Disclosures Under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013:
The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, no case of sexual harassment was reported.

2 Company does not have any contracts or derivative contracts for which there may be any losses.

3 Company does not have any amount to be transferred to Investor Education and Protection Fund.

4. (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

A) Details of contracts or arrangements or transactions not at arm's length basis - NIL

(a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of the contracts / arrangements/transactions
(d) Salient terms of the contracts or arrangements or transactions including the value, if any
(e) Justification for entering into such contracts or arrangements or transactions
(f) date(s) of approval by the Board
(g) Amount paid as advances, if any
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

B) Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of the contracts / arrangements/transactions
(d) Salient terms of the contracts or arrangements or transactions including the value, if any
(e) Date(s) of approval by the Board, if any
(f) Amount paid as advances, if any

Key management personnel:

Raman Khangura — Director



Harbinder Singh Grewal Director

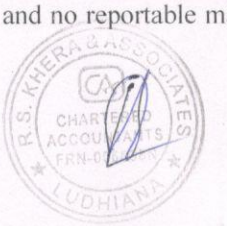
Relatives of Key Personnel:

Sr. No.	Description of the nature of transactions	FY 2022-23		FY 2021-22	
		Key management personnel	Relative of KMP	Key management personnel	Relative of KMP
1	**Remuneration**				
	Mr. Jasbir Singh Khangura	-	1,200,000	-	1,200,000
2	**Credit balance outstanding at the year end in respect of remuneration**				
	Mr. Jasbir Singh Khangura	-	155,748	-	360,538
3	**Acceptance of loans**				
		-	-	-	-
4	**Repayment of loans**				
	Mrs. Raman Khangura	3,630,771		2,768,920	
	Mr. Jasbir Singh Khangura		2,251,350		-
5	**Credit balance outstanding at the year end in respect of loans**				
	Mrs. Raman Khangura	107,523,390	-	111,154,160	-

5) Deposits:
The Company has not accepted any deposits during the year under review. The company does not have any deposit.

6) Particulars of loans, guarantees or investments under section 186:
Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 - NIL
During the year under review, the company has not given any such loans, guarantees or investments.

7) Details in respect of adequacy of internal financial controls with reference to the Financial Statements.
The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were



observed, however these controls are required to be further strengthened to make them more efficient.

8) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.
No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report, however during the year M/s UV Assets Reconstruction Co. Ltd. has filed a suit for recovery of its principle amount as well as interest and damages as reported in para one under other additional notes as mentioned above.

9) There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future except as reported in para one under other additional notes as above.

10) Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed, however these controls are required to be further strengthened to make them more efficient.

11) Risk management policies:

The company has in place appropriate risk management policy.

For MAJESTIC HOTELS LIMITED
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
MAJESTIC HOTELS LIMITED

HARBINDER SINGH GREWAL
Director
(DIN : 05289803)

RAMAN KHANGURA
Director
(DIN : 00586059)

In terms of our attached report of even date

For R.S. KHERA & ASSOCIATES
Chartered Accountants

RAVINDER SINGH
FRN:0006698N
M.NO.: 085462

Place : LUDHIANA
Date: 01/09/2023
UDIN: 23085462BGXAGH6141