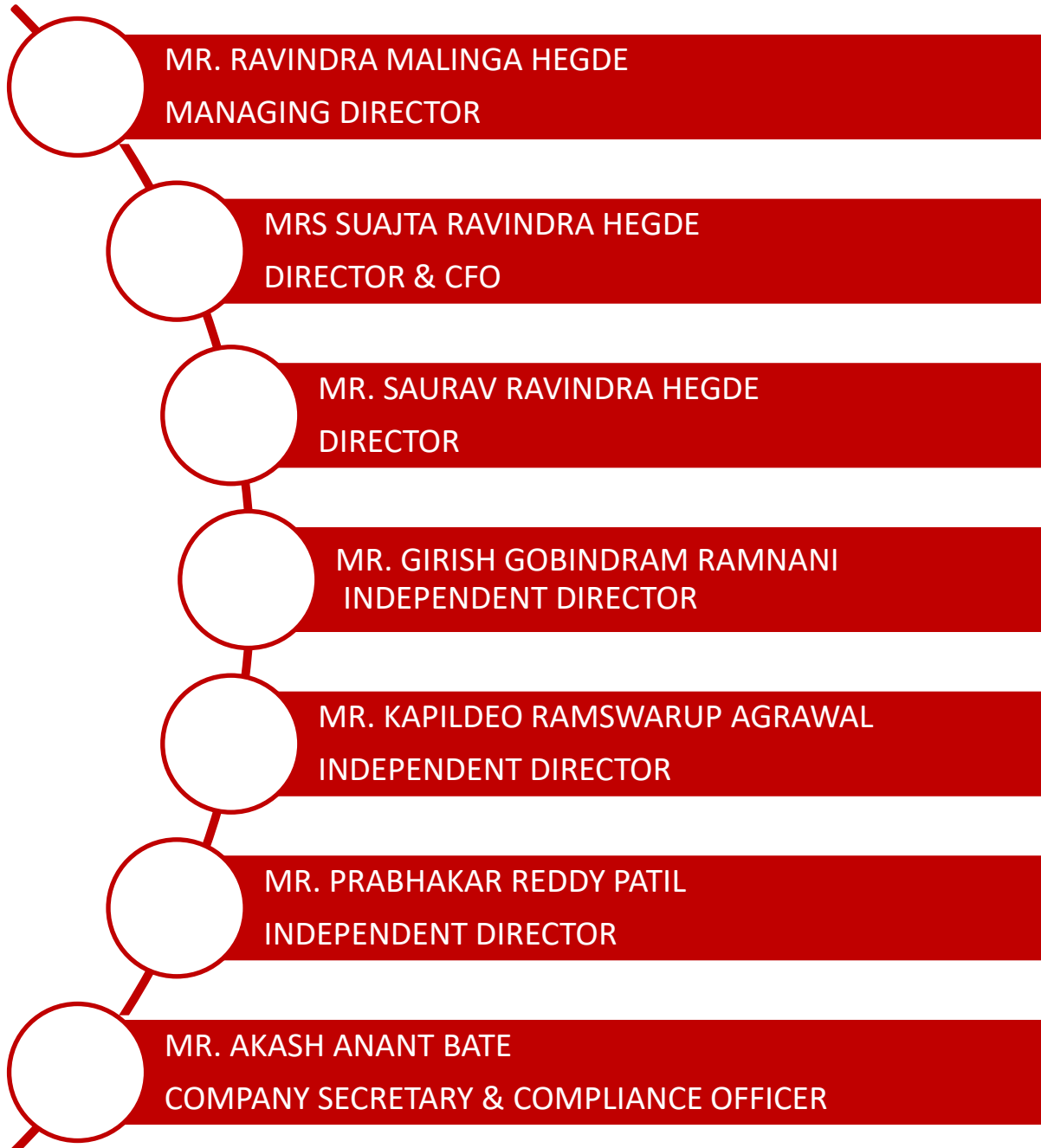


ANNUAL REPORT 2023-24

BOARD OF DIRECTORS & KMP



KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN: L74930MH2006PLC159290

Registered Office: 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East),
Mumbai- 400059

Tel: +91 22 2851 1234 **Fax:** +91 22 2859 1483

Website: www.khfm.in, **Email:** cs@khfm.in/sales@khfm.in,

AUDITORS

Statutory Auditor

M/s. GTA & Co LLP
Chartered Accountants
(Resigned w.e.f. 19th
August, 2024)

Cathedral Bldg, 1st Flr, Off –
06, Opp Liberty Talkies,
Residency Road, Nagpur -
440001.

Internal Auditor

C.C. Talreja & Co.
Chartered Accountants

Shop No. 15, Mona Market,
Near Fish Market,
Ulhasnagar, Thane-421001.

Secretarial Auditor

Mishra & Associates
Practicing Company
Secretaries

B/31, 6th Floor, Chaddha
Apartment, Teli Galli Cross
Lane, Near GK Gokhale
Bridge, Andheri (E), Mumbai
– 400069

REGISTRAR AND SHARE TRANSFER AGENTS

BIG SHARE SERVICES PRIVATE LIMITED

Office No S6-2, 6th floor Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East), Mumbai - 400093, India.

Tel:[+91-022-62638200](tel:+91-022-62638200), **Fax:** +91-022-62638299,

Email: investor@bigshareonline.com

DEPOSITORIES

National Securities Depository
Limited (NSDL)
Central Depository Services
(India) Limited (CDSL)
ISIN No: INE00UG01014

BANKERS

Apna Sahakari Bank,
Bank of India
Central Bank of India
State Bank of India

SHARE LISTED AT

SME Platform of National
Stock Exchange of India
Limited i.e. NSEmerge
Scrip Code- **“KHFM”**

CONTENT OF THE REPORT





Dear Shareholders,

I warmly welcome each of you to the 18th Annual General Meeting of KHFM Hospitality and Facility Management Services Limited. It is truly a privilege to have you with us as we review the company's performance for the Financial Year 2023-24 and explore our future opportunities.

Over the past year, our company undertook a significant financial initiative that has greatly influenced our future outlook. As you know, last year we executed a Rights Issue, offering 1,00,19,200 fully paid-up equity shares. This year, we allotted equity shares and share warrants on a preferential basis to both Promoter and Non-Promoter Shareholders.

I would like to extend my sincere thanks to each of you. Your participation in this preferential allotment has provided the essential capital we need to pursue growth, drive innovation, and continue delivering value to our shareholders. Your steadfast support enables us to move forward with confidence, knowing that our shareholders are not just investors but partners in our journey.

I must also acknowledge the unwavering dedication of our staff and associates, particularly during these challenging times. Their efforts have not only sustained our business but also earned the trust and goodwill of our customers. Our leadership team has played a crucial role in navigating this path, and I am deeply grateful to each one of them.

The macro picture

India's facility management sector, traditionally dominated by internal service providers, is increasingly shifting towards outsourcing, contributing to the industry's growth. The rising demand for comprehensive facility management solutions is a key driver of this expansion. As the industry becomes more organized, the integrated services segment is poised for further development. Although the sector remains fragmented with numerous smaller, informal players, larger companies are gradually acquiring these entities, leading to greater consolidation.

The commercial sector leads the Indian facility management market, followed by the industrial and other sectors. This concentration is particularly strong in Tier 1 cities, with cities like Pune and Mumbai expected to experience significant growth soon. Between 2023 and 2028, the Indian facility management market is forecasted to grow at a Compound Annual Growth Rate (CAGR) of 17%.

Globally, the facility management industry is also growing rapidly, driven by the trend towards outsourcing. The rise of integrated facility management services is particularly notable in the Asia-Pacific region, home to fast-growing economies like India and China. The region's large and growing population further fuels market expansion.

Your Company's Performance

For the financial year ending March 31, 2024, your company's standalone revenue from operations reached Rs. 10,744.51 lakh, compared to Rs. 8,889.78 lakh in the previous year. The company achieved a standalone EBIDTA (including other income) of Rs. 1,042.27 lakh for FY 2024, up from Rs. 928.62 lakh

in FY 2023. Standalone profit before tax for the year stood at Rs. 476.07 lakh, an improvement from Rs. 301.39 lakh in the previous year.

The company has already secured work orders amounting to ₹261 crore, which are scheduled to be executed over a span of three years. These orders provide a strong pipeline of projects that ensure sustained operations and revenue generation for the company during this period. With a robust order book, the company is well-positioned to focus on timely delivery, project execution, and maintaining quality standards, while also exploring new business opportunities. This orders of work demonstrates the company's strong market presence and the trust placed in it by its clients.

I would like to take a moment to commend the hard work and dedication of our outstanding employees. Their relentless pursuit of excellence continues to drive our success. I also extend my gratitude to all of you for your ongoing support, trust, and commitment as we continue this journey together.

Furthermore, I would like to thank our colleagues, Board Members, Management, Regulatory Authorities, and stakeholders for their continuous support as we strive towards sustainable growth and value creation for all.

In conclusion, I wish you and your families a safe and healthy year ahead. I look forward to sharing more of our progress and achievements in the times to come..

Yours Sincerely

Sd/-

Ravindra Malinga Hegde
Managing Director



KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN: L74930MH2006PLC159290

Registered Office: 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East) Mumbai– 400059

Tel: +91 22 2851 1234 **Fax:** +91 22 2859 1483

Website: www.khfm.in, **Email:** cs@khfm.in/sales@khfm.in,

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Members of KHFM Hospitality and Facility Management Services Limited will be held on Monday, 30th September, 2024 at 04:00 P.M. through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
 - (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2024, the reports of Statutory Auditor thereon; and
 - (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2024 and report of Statutory Auditor thereon, and in this regard,
2. To declare a final dividend Rs. 0.50/- (Fifty Paise Only) per Equity Share for the Financial Year 2023-2024 as recommended by the Board of Directors.
3. To approve re-appointment of Mr. Saurav Ravindra Hegde (DIN: 08116567), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Appointment of Statutory Auditor to fill the Casual Vacancy.

To appoint Statutory of the Company to and to fix their remuneration and if thought fit, to pass the with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139, 142 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or enactment thereof for the time being in force), upon the recommendation of the Audit Committee, M/s YRKDAJ and Associates LLP (FRN: W100288), be and is hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. GTA and Co. LLP, Chartered Accountants (FRN: 105482W/W100817), at such remuneration and terms and conditions as may be determined and recommended by Audit Committed in consultation with Auditor and duly approved the Board of Directors of the Company.

RESOLVED FURTHER THAT M/s YRKDAJ and Associates LLP (FRN: W100288), be and is hereby appointed as statutory auditor of the Company to hold office until the conclusion of 18th Annual General Meeting of the Company.

RESOLVED FURTHER THAT any Director/ Key Managerial Personnel of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary e-forms with the Registrar of Companies.”

5. Appointment of Statutory Auditor for the period of Five (5) Years.

To appoint Statutory of the Company to and to fix their remuneration and if thought fit, to pass the with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Section 139, 142 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or enactment thereof for the time being in force), upon the recommendation of the Audit Committee, M/s YRKDAJ and Associates LLP (FRN: W100288), be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 18th Annual General Meeting for a period of Five (5) Years till the conclusion of 23rd Annual General Meeting at such remuneration and terms and conditions as may be determined and recommended by Audit Committed in consultation with Auditor and duly approved the Board of Directors of the Company.

RESOLVED FURTHER THAT any Director/ Key Managerial Personnel of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary e-forms with the Registrar of Companies.”

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**Sd/-
RAVINDRA MALINGA HEGDE
MANAGING DIRECTOR
DIN: 01821002**

DATE: SEPTEMBER 06, 2024

PLACE: MUMBAI

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.
2. Ministry of Corporate Affairs (MCA), vide General Circular No. 10/2022 dated December 28, 2022 & Securities and Exchange Board of India vide circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, has allowed the Companies to conduct AGM through VC/OAVM on or before September 30, 2023, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI LODR, 2015 and MCA Circulars & SEBI Circulars, the AGM of the Company is being held through VC/OAVM.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total Share Capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
4. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company a certified true copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated, are provided.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September, 2024 to 30th September, 2024 (both days inclusive) in the terms of the provisions of the Companies Act, 2013 and the Listing Agreement for the purpose of the Annual General Meeting.
8. The voting rights of member(s) shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Monday, 23rd September, 2024. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Monday, 23rd September, 2024 only shall be entitled to avail the facility of remote e-voting. A person who is not member as on the cut-off date should treat this notice for information purpose only.

9. The Annual General Meeting notice will also be available on the website of the Company www.khfm.in under the investor section.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.
11. All documents referred to in the Notice as available for inspection will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of the AGM i.e. 30th September, 2024. Members seeking to inspect the documents can send an email to cs@khfm.in.
12. Notice of the Meeting is being sent by electronic mode to those member(s) whose e-mail IDs are registered with the Company/Depository Participant(s) unless any member has requested for physical copy of the same. For member(s) who have not registered their e-mail IDs, physical copy of the Notice of the Meeting is being sent in the permitted mode.
13. Record Date and Dividend: The Record Date for the purpose of payment of dividend for the financial year ended March 31, 2024, is September 23, 2024. The dividend of Rs. 0.50 per equity share of Rs. 10 each, (5%) if approved by the Members at the AGM, will be paid subject to deduction of tax at source ('TDS'), on or after 30th September, 2024, by way of electronic mode as under: Since the entire shareholding of the company is in dematerialized form, dividend will be payable to all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by Depositories at the close of business hours on September 23, 2024.
14. Updating of mandate for receiving dividend directly in bank account through Electronic Mode or any other means in a timely manner: Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, PAN, mandates, nomination, power of attorney, bank details, bank account number, MICR code, IFSC, etc. as under: Members holding shares in electronic form may please note that their bank details as furnished by the respective DPs to the Company will be considered for remittance of dividend as per the applicable regulations of the DPs and the Company will not be able to accede to any direct request from such Members for change/addition/deletion in such bank details. Accordingly, Members holding shares in electronic form are requested to ensure that their Electronic Bank Mandate is updated with their respective DPs by September 30, 2024
15. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately:
16. The change in the residential status on return to India for permanent settlement.
17. The particulars of the NRE Account with a Bank in India, if not furnished earlier.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts.
19. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and the Regulation 31(1)(b) of the SEBI (LODR) Regulation, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Bigshare, Resolution(s) passed by Members through e-voting is deemed to have been passed as if they have been passed at the AGM.
20. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
21. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
22. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at and cast their votes through e-voting.
23. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
24. The attendance of the Members attending the EGM/AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
25. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the

business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with Bigshare Services Private Limited (Bigshare) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the EGM/AGM will be provided by Bigshare.

26. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at <https://www.khfm.in/annual-reports/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of Bigshare (agency for providing the Remote e-Voting facility).
27. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Friday, September 27, 2024 at 09:00 A.M. and ends on Sunday, September 29, 2024 at 05:00 P.M. The remote e-voting module shall be disabled by Bigshare for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Monday, September 23, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Monday, September 23, 2024.

- i. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- ii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to

register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iii. In terms of SEBI circular no. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

1. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none">1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of BIGSHARE the e-Voting service provider and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. BIGSHARE, so that the user can visit the e-Voting service providers' website directly.3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress, and also able to directly access the system of all e-Voting Service Providers. Click on BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name BIGSHARE and you will be redirected to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

2. Login method for e-Voting for shareholder other than individual shareholders holding shares in Demat mode & physical mode is given below:

- You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>
- Click on “**LOGIN**” button under the ‘**INVESTOR LOGIN**’ section to Login on E-Voting Platform.
- Please enter you ‘**USER ID**’ (User id description is given below) and ‘**PASSWORD**’ which is shared separately on you register email id.
 - Shareholders holding shares in **CDSL demat account should enter 16 Digit Beneficiary ID** as user id.
 - Shareholders holding shares in **NSDL demat account should enter 8 Character DP ID followed by 8 Digit Client ID** as user id.
 - Shareholders holding shares in **physical form should enter Event No + Folio Number** registered with the Company as user id.

Note If you have not received any user id or password please email from your registered email id or contact i-vote helpdesk team. (Email id and contact number are mentioned in helpdesk section).

- Click on **I AM NOT A ROBOT (CAPTCHA)** option and login.
NOTE: If Shareholders are holding shares in demat form and have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any company then they can use their existing user id and password to login.
- If you have forgotten the password: Click on ‘**LOGIN**’ under ‘**INVESTOR LOGIN**’ tab and then Click on ‘**Forgot your password?**’
- Enter “**User ID**” and “**Registered email ID**” Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on ‘**Reset**’.

(In case a shareholder is having valid email address, Password will be sent to his / her registered e-mail address).

Voting method for shareholders on i-Vote E-voting portal:

- After successful login, **Bigshare E-voting system** page will appear.
- Click on “**VIEW EVENT DETAILS (CURRENT)**” under ‘**EVENTS**’ option on investor portal.
- Select event for which you are desire to vote under the dropdown option.
- Click on “**VOTE NOW**” option which is appearing on the right hand side top corner of the page.
- Cast your vote by selecting an appropriate option “**IN FAVOUR**”, “**NOT IN FAVOUR**” or “**ABSTAIN**” and click on “**SUBMIT VOTE**”. A confirmation box will be displayed. Click “**OK**” to confirm, else “**CANCEL**” to modify. Once you confirm, you will not be allowed to modify your vote.
- Once you confirm the vote you will receive confirmation message on display screen and also you will receive an email on your registered email id. During the voting period, members can login any number of times till they have voted on the resolution(s). Once vote on a resolution is casted, it cannot be changed subsequently.
- Shareholder can “**CHANGE PASSWORD**” or “**VIEW/UPDATE PROFILE**” under “**PROFILE**” option on investor portal.

3. Custodian registration process for i-Vote E-Voting Website:

- You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>
 - Click on “**REGISTER**” under “**CUSTODIAN LOGIN**”, to register yourself on Bigshare i-Vote e-Voting Platform.
 - Enter all required details and submit.
 - After Successful registration, message will be displayed with “**User id and password will be sent via email on your registered email id**”.
- NOTE:** If Custodian have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any company then they can use their existing user id and password to login.
- If you have forgotten the password: Click on ‘**LOGIN**’ under ‘**CUSTODIAN LOGIN**’ tab and further Click on ‘**Forgot your password?**’
 - Enter “**User ID**” and “**Registered email ID**” Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on ‘**RESET**’.

(In case a custodian is having valid email address, Password will be sent to his / her registered e-mail address).

Voting method for Custodian on i-Vote E-voting portal:

- After successful login, **Bigshare E-voting system** page will appear.

Investor Mapping:

- First you need to map the investor with your user ID under “**DOCUMENTS**” option on custodian portal.
 - Click on “**DOCUMENT TYPE**” dropdown option and select document type power of attorney (POA).
 - Click on upload document “**CHOOSE FILE**” and upload power of attorney (POA) or board resolution for respective investor and click on “**UPLOAD**”.

Note: The power of attorney (POA) or board resolution has to be named as the “**InvestorID.pdf**” (Mention Demat account number as Investor ID.)

- Your investor is now mapped and you can check the file status on display.

Investor vote File Upload:

- To cast your vote select “**VOTE FILE UPLOAD**” option from left hand side menu on custodian portal.
- Select the Event under dropdown option.
- Download sample voting file and enter relevant details as required and upload the same file under upload document option by clicking on “**UPLOAD**”. Confirmation message will be displayed on the screen and also you can check the file status on display (Once vote on a resolution is casted, it cannot be changed subsequently).
- Custodian can “**CHANGE PASSWORD**” or “**VIEW/UPDATE PROFILE**” under “**PROFILE**” option on custodian portal.

Helpdesk for queries regarding e-voting:

Login type	Helpdesk details
Shareholder's other than individual shareholders holding shares in Demat mode & Physical mode.	In case shareholders/ investor have any queries regarding E-voting, you may refer the Frequently Asked Questions ('FAQs') and i-Vote e-Voting module available at https://ivote.bigshareonline.com , under download section or you can email us to ivote@bigshareonline.com or call us at: 1800 22 54 22.

4. Procedure for joining the AGM/EGM through VC/ OAVM:

For shareholder other than individual shareholders holding shares in Demat mode & physical mode is given below:

- The Members may attend the AGM through VC/ OAVM at <https://ivote.bigshareonline.com> under Investor login by using the e-voting credentials (i.e., User ID and Password).
- After successful login, **Bigshare E-voting system** page will appear.
- Click on “**VIEW EVENT DETAILS (CURRENT)**” under ‘**EVENTS**’ option on investor portal.
- Select event for which you are desire to attend the AGM/EGM under the dropdown option.
- For joining virtual meeting, you need to click on “VC/OAVM” link placed beside of “**VIDEO CONFERENCE LINK**” option.

- Members attending the AGM/EGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

The instructions for Members for e-voting on the day of the AGM/EGM are as under:-

- The Members can join the AGM/EGM in the VC/ OAVM mode 15 minutes before the scheduled time of the commencement of the meeting. The procedure for e-voting on the day of the AGM/EGM is same as the instructions mentioned above for remote e-voting.
- Only those members/shareholders, who will be present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM/EGM.
- Members who have voted through Remote e-Voting will be eligible to attend the EGM. However, they will not be eligible to vote at the AGM/EGM.

Helpdesk for queries regarding virtual meeting:

In case shareholders/ investor have any queries regarding virtual meeting, you may refer the Frequently Asked Questions ('FAQs') available at <https://ivote.bigshareonline.com>, under download section or you can email us to ivote@bigshareonline.com or call us at: 1800 22 54 22.

EXPLANATORY STATEMENT UNDER SECTION 102 OF COMPANIES ACT, 2013 FOR ITEM NUMBER 4 AND 5

Appointment of M/s YRKDAJ and Associates LLP (FRN: W100288), as Statutory Auditors of the Company:

Based on the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on September 06, 2024 has appointed Based on the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on September 06, 2024 has appointed M/s YRKDAJ and Associates LLP (FRN: W100288) as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s GTA and Co. LLP, Chartered Accountants (FRN: 105482W/W100817) w.e.f. 19.08.2024. In this connection this is to inform the members that in accordance with the provisions of Section 139 (8) of the Companies Act, 2013, such appointment shall also be approved by the members of the Company at a general meeting convened within three (3) months of the recommendation of the Board and he shall hold the office till the conclusion of the forthcoming annual general meeting.

Also, the Board considered various parameters like capability of M/s YRKDAJ and Associates LLP (FRN: W100288) to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc. The Board found M/s Ravi Rajan & Co. LLP (FRN: 009073N/N500320) to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. Therefore, considering the experience and expertise of M/s Ravi Rajan & Co. LLP (FRN: 009073N/N500320), in compliance with the provisions of Section 139 of the Companies Act, 2013 the Board, considering the recommendation of the Audit Committee, recommended the proposal to appoint them as Statutory Auditors of the Company for a period of Five (5) consecutive years commencing from August 06, 2024 till the conclusion of the AGM to be held in the year 2029.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**DATE: SEPTEMBER 06, 2024
PLACE: MUMBAI**

**Sd/-
RAVINDRA MALINGA HEGDE
MANAGING DIRECTOR
DIN: 01821002**

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT/CHANGE IN REMUNERATION AT THE
FORTHCOMING ANNUAL GENERAL MEETING**

(Pursuant to the provisions of Regulation 36(3) of SEBI (LODR), 2015 and Secretarial Standards on
General Meetings ("SS-2") issued by ICSI)

**Item 3: To appoint a Director in place of Mr. Saurav Ravindra Hegde (DIN: 08116567), who retires by
rotation and being eligible, offers herself for re-appointment as a Director**

Name of the Director	Saurav Ravindra Hegde
Date of Birth	24/04/1996
Date of First Appointment	April 23, 2018
Qualification & Expertise	Graduate
No. of Equity Share held in the Company as on 31st March, 2024	6,303 Shares
Relationship with Other Directors of the Company & Their Shareholding in the company	He is Son of Mrs. Sujata Ravindra Hegde and Mr. Ravindra Malinga Hegde holding 10,32,300 Shares and 64,78,778 Shares respectively
Year of Experience	6 Years
Remuneration Last Drawn by such person, if any	9 Lakhs
Terms and conditions of appointment/ re- appointment & Remuneration sought for	N.A.
Area of expertise in specific functional areas/ Brief resume of Director	He has been the Director of the Company since 2018. He has experience of around 6 years of handling Financial and Administrative activities of our Company.
No. of Meeting of the Board attended during the year	5
List of outside Directorship held in other companies	NIL
Chairman/Member of the Committee of the Board of Directors of other Companies	Member in Stakeholder's Relationship committee

Dear Members,

Your Director's are pleased to present the **18th Annual Report** on the affairs of the Company together with the Audited Financial Statements for the financial year ended on **March 31, 2024**.

1. FINANCIAL HIGHLIGHTS/ PERFORMANCE OF THE COMPANY:

The Company's financial performance (Standalone and Consolidated) during the financial year ended **31st March, 2024** are summarized in the following table:

(In Rs. Lakhs)

PARTICULARS	Standalone		Consolidated	
	Year ended 31.03.2024	Year ended 31.03.2023	Year ended 31.03.2024	Year ended 31.03.2023
Turnover	10744.51	8,889.78	11209.48	9,023.49
Other Income	66.55	81.28	67.33	81.28
Profit Before Depreciation, Interest and Tax	1042.26	928.59	11276.81	941.23
Interest	507.76	594.12	532.81	597.32
Profit Before Depreciation and Tax	534.51	334.47	510.71	343.91
Depreciation and amortization expense	58.44	33.11	58.65	33.19
Profit Before Tax	476.06	301.36	452.06	310.72
Tax Expenses:				
Current Tax	(82.04)	8.07	(74.16)	11.23
Reversal of Provision of Income Tax	64.17	81.39	63.79	81.39
Deferred Tax	147.48	(74.65)	147.51	(74.65)
Profit / (Loss) for the Year	346.46	286.58	314.92	292.76

2. COMPANY'S PERFORMANCE REVIEW:

The audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended 31st March, 2024, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Act, read with relevant rules and other accounting principles.

Your Company's standalone revenue from operations for the financial year ending 31st March, 2024 stood at Rs. 10744.51 Lakh as compared to previous year Rs. 8889.78 Lakh during the previous financial year. The Company has achieved Standalone EBIDTA (including other income) of Rs. 1042.27 Lakh during the financial year 2024 as against that of EBIDTA of Rs. 928.62 Lakh for the previous financial year 2023. The Standalone profit before tax for the financial year under review is 476.07 Lakh as compared to previous year Rs. 301.39 Lakh.

Your Director's express their satisfaction on the overall financial performance and the progress made by the Company during the year under review.

3. DIVIDEND

Your Directors has declared a Final Dividend of Rs. 0.50 per Equity Share of face value of Rs. 10/- each for the financial year ended on March 31, 2024, subject to approval of the Shareholders at the ensuing Eighteenth Annual General Meeting of the Company ("18th AGM") which if approve will absorb Rs. 104.39 Lakhs

4. UNPAID DIVIDEND & IEPF:

The Company is not required to transfer any amount to the Investor Education & Protection Fund (IEPF) and have unclaimed dividend which remains to be transferred to Investor Education & Protection Fund (IEPF).

Financial Year	Type of Dividend	Rate (%)	Date of Declaration	Date of Transfer to IEPF	Amount Transferred to Unpaid Dividend Account	Unclaimed
2018-19	Final Dividend	5%	25/09/2019	02/10/2026	4500/-	
2019-20	Final Dividend	2.5%	30/09/2020	07/10/2027	6438/-	

5. TRANSFER TO RESERVES

No amount has been transferred to reserves and the profit for the year has been retained in the profit and loss account.

6. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF THE FINANCIAL YEAR TILL THE DATE OF THE REPORT

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

7. CHANGES IN NATURE OF THE BUSINESS, IF ANY

The Company Continued to carry Business of Integrated Hospitality and Facility Management and hence, there was no change in the nature of business or operations of the Company which impacted the financial position of the Company during the year under review.

8. SHARE CAPITAL

During the Year under review, Company in their Extra – Ordinary General Meeting of Shareholders have passed the resolution to increase the Authorised Share Capital of the Company from Rs. 21,00,00,000/- (Rupees Twenty Crores) to Rs. 25,00,00,000/- (Rupees Twenty Five Crores).

Also, Shareholders have approved:

- Issue of 1,51,900 Equity Shares to Mr. Ravindra Malinga Hegde by Way of Conversion of Loan to Equity.
- Issue of 7,68,800 Fully Paid Equity Shares on Preferential Basis to the Non-Promoter Category.
- Issue of 22,32,000 Warrants (Equity Convertible Warrants) on Preferential Basis to Entities Belonging to the Promoter & Non-Promoter Category.

Company in their Board Meeting held on 2nd May, 2024 have allotted 1,51,900 Equity Shares to Mr. Ravindra Malinga Hegde by Way of Conversion of Loan to Equity and 6,85,100 Equity Shares to Non – Promoter Shareholders.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of Loan, Guarantees and Investments covered under section 186 of the Companies have been disclosed in Notes to the Financial Statement.

10. PUBLIC DEPOSITS

During the year under review your company has not accepted any deposits falling within the meaning of Section 73 of Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review all the related party transactions/contracts/arrangements that were entered into by the Company during the year under review were on an arm's length basis and were in compliance with the applicable provisions of the Act and the Listing Regulations. There are no material significant related party transactions entered into by the Company with its Promoters, Directors, KMP or Senior Management Personnel which may have a potential conflict with the interest of the Company at large. All related party transaction as required under AS-18 are reported in the notes to financial statement of the Company. **Form AOC - 2** forming part of this Directors Report is attached herewith as **Annexure I**.

All related party transactions were placed before the Audit Committee for its approval and noting on quarterly basis. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseen and of a repetitive nature.

12. REPORT ON THE PERFORMANCE OF SUBSIDIARIES, ASSOCIATES COMPANIES, AND JOINT VENTURES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

During the FY 2023-24, the Company had One (1) Subsidiary. The Company does not have any Associate Companies and Joint Venture Company.

The performance and financial position of each of the subsidiaries and associates for the year ended March 31, 2024 in the prescribed format of **Form AOC-1** is attached as **“Annexure II”** to the Board's Report of the Company and forms a part of this Annual Report.

There is no material change in the nature of the business of Subsidiaries or Associate Companies during the year under review.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Ravindra Malinga Hegde have been re-appointed as Managing Director of the Company for further period of Five Years with effect from August 24, 2023 for a period of Five (5) Years till August 23, 2028. Further, Mr. Prabhakar R. Patil, have been appointed as Non – Executive Independent Director of the Company with effect from September 04, 2023 and Mr. Brahm Pal Singh have resigned from the post of Non – Executive Independent Director with effect from October 04, 2023.

Mr. Rahul Krishna Pathak, have resigned from the post of Company Secretary & Chief Financial Officer with effect from February 17, 2024.

Mr. Akash Anant Bate have been appointed as company secretary and Mrs. Sujata Ravindra Hegde have been appointed as CFO on the board of the company with effect from 14th May 2024.

i. The Directors and Key Managerial personnel of the Company as on 31st March, 2024 are as below:

Sr.No.	Name	Designation	DIN/PAN
1.	Ravindra Malinga Hegde	Managing Director	01821002
2.	Sujata Ravindra Hegde	Executive Director	01829352
3.	Saurav Hegde	Executive Director	08116567
4.	Girish Ramnani	Independent Director	09362318
5.	Kapildeo Agrawal	Independent Director	09679952
6.	Prabhakar Patil	Independent Director	00377406

ii. Retire by Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, the Office of Mr. Saurav Ravindra Hegde (DIN: 01829352), Director liable to retire by rotation at this Annual General Meeting, and being eligible, he has offered himself for re-appointment. Accordingly, the proposal for his re-appointment has been included in the Notice convening the Annual General Meeting of the Company.

A brief resume of Director seeking appointment/re-appointment consisting nature of expertise in specific functional areas and name of Companies in which they hold directorship and/or membership/chairmanships of the Committees of the respective Boards, Shareholding and relationship between Directorship inter-se as stipulated under Reg. 36(3) of SEBI (LODR) Regulations, 2015 are given in Section of the notice of AGM forming part of the Annual Report.

iii. Declaration under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from Independent Directors:

The Company has duly complied with the definition of 'Independence' in according to the provisions of Section 149(6) of, read with Schedule IV- Code of Independent Directors to, the Companies Act, 2013 and Regulation 16 (1) (b) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended). All the Independent Director/s, have submitted a declaration that he/she meets the criteria of independence and submits the declaration regarding the status of holding other directorship and membership as provided under law. The Independent Directors have also confirmed that they have complied with the Company's code of conduct for Board and Senior Management as per Regulation 26(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Independent Directors affirmed that none of them were aware of any circumstance or situation which could impair their ability to discharge their duties in an independent manner.

iv. Company's Policy on Directors' Appointment and Remuneration etc.

The Company has devised, inter alia, a policy on Director's appointment and Remuneration including Key Managerial Personnel and other employees. This policy outlines the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, while considering their appointment as Directors of the Company and that remuneration is directed towards rewarding performance based on Individual as well as Organizational achievements and Industry benchmarks.

There has been no change in the policy during the year under review.

The aforesaid policy is available on the website of the Company at <https://www.khfm.in>

v. Disqualification of Directors:

During the financial year 2023-2024 under review the Company has received Form DIR-8 from all Directors as required under the provisions of Section 164(2) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014.

14. COMMITTEES OF THE BOARD

As on March 31, 2024, the Board has constituted various committees in accordance with the provisions of the Companies Act, 2013, the details of which are given as under:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stakeholder Relationship Committee

i. Audit Committee:

Your Company has constituted an Audit Committee ("Audit Committee") as per section 177 of the Companies Act, 2013.

The composition of the Audit committee as follows: -

Name of the Director/Member	Designation	Nature of Directorship
Mr. Girish Ramnani	Chairperson	Independent & Non - Executive Director
Mr. Kapildeo Agrawal	Member	Independent & Non - Executive Director
Mr. Ravindra Malinga Hegde	Member	Managing Director

All members of the Audit Committee have the requisite qualification for appointment on the committee and possess sound knowledge of finance, accounting practices and internal controls. All the recommendations made by the Audit Committee were accepted by the Board. The Company Secretary acts as a secretary to the Committee.

During the Financial Year 2023-24, the Audit Committee of the Board of Directors met Five times viz 30.05.2023, 04.09.2023, 04.10.2023, 09.11.2023 and 15.02.2024.

The Role and powers of the committee are as under:

- 1) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Directors Responsibility Statement in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.

- d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Modified opinion(s) in the draft audit report.
- 5) Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval.
 - 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - 7) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
 - 8) Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof.
 - 9) Scrutiny of inter-corporate loans and investments.
 - 10) Valuation of undertakings or assets of the Company, wherever it is necessary.
 - 11) Evaluation of internal financial controls and risk management systems.
 - 12) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - 14) Discussion with internal auditors on any significant findings and follow up there on.
 - 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - 18) To review the functioning of the Whistle Blower mechanism, in case the same exists.
 - 19) Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
 - 20) To overview the Vigil Mechanism of the Company and take appropriate actions in case of repeated frivolous complaints against any Director or Employee.
 - 21) To implement Ind AS (Indian Accounting Standards), whenever required.
 - 22) Monitoring the end use of funds raised through public offers and related matters.

The Audit Committee shall mandatorily review the following information:

- a. Management Discussion and Analysis of financial condition and results of operations.

- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors.
- d. Internal Audit Reports relating to Internal Control Weaknesses.
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.

23) Statement of deviations:

- a. Half yearly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Powers of the Audit Committee:

- ❖ Investigating any activity within its terms of reference;
- ❖ Seeking information from any employee;
- ❖ Obtaining outside legal or other professional advice; and
- ❖ Securing attendance of outsiders with relevant expertise, if it considers necessary.

ii. Nomination & Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013.

The Composition of the Nomination and Remuneration Committee are as under:

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Name of the Director/Member	Designation	Nature of Directorship
Mr. Prabhakar R.Patil	Chairman	Independent & Non - Executive Director
Mr. Girish Ramnani	Member	Independent & Non - Executive Director
Mr. Kapildeo Agrawal	Member	Independent & Non - Executive Director

During the Financial Year 2023-2024, the Nomination and Remuneration Committee of the Board of Directors met Five times viz 30.05.2023, 04.09.2023, 04.10.2023, 09.11.2023 and 15.02.2024.

ROLE OF THE COMMITTEE:

Role of Nomination and Remuneration Committee are as under:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other associates.
- b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- c) Devising a policy on diversity of Board of Directors.
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- e) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- f) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

iii. Stakeholders Relationship Committee

The Company has constituted a stakeholders relationship committee to redress the complaints/grievances of its shareholders/investors related to non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of shares and other related complaints. The stakeholder relationship committee was constituted as per the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The composition of the Stakeholders Relationship Committee is as under:

Name of the Director/Member	Designation	Nature of Directorship
Mr. Girish Ramnani	Chairman	Independent & Non - Executive Director
Mr. Sujata Ravindra Hegde	Member	Executive Director
Mr. Suarav Ravindra Hegde	Member	Executive Director

During the Financial Year 2023-2024, the Stakeholders Relationship Committee of the Board of Directors met Two times viz 04.10.2023 and 15.02.2024.

The Stakeholder Relationships Committee shall oversee all matters pertaining to investors of our Company.

The terms of reference of the Investor Grievance Committee include the following:

- a. Redressal of shareholders'/investors' complaints;
- b. Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
- c. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- d. Non-receipt of declared dividends, balance sheets of the Company; and

- e. Carrying out any other function as prescribed under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The details of Investors' complaints received and resolved during the year 2023-2024 are as under:

No. of Investors' Complaints received during the year 2023-24	No. of Investors' Complaints resolved during the year 2023-24	No. of Investors' Complaints pending as on 31st March, 2024
0	0	0

15. BOARD MEETINGS HELD DURING THE YEAR

The Board oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stakeholders are being served in order to effectively perform its responsibility of oversight. In compliance with the statutory requirements, and to provide a focused discharge of its responsibilities, the Board has constituted various committees with necessary terms of reference.

During the year 2023-24, Five (5) Board Meetings were held on 30th May, 2023, 4th September, 2023, 4th October, 2023, 9th November, 2023, and 15th February, 2024. The maximum interval between any two meetings was not more than 120 (one hundred and twenty) days, as stipulated under Section 173(1) of the Act, Regulation 17(2) of the Listing Regulations and the Secretarial Standards-1 issued by Institute of Company Secretaries of India.

Sr. No.	Name of the Director	No. of Board Meetings	
		Entitled to attend	Attended
1.	Ravindra Malinga Hegde	5	5
2.	Sujata Ravindra Hegde	5	5
3.	Saurav Hegde	5	5
4.	Girish Ramnani	5	5
5.	Kapildeo Agrawal	5	5
6.	Prabhakar Patil	3	3

16. FORMAL ANNUAL EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Sections 134, 178 and Schedule IV of the Companies Act, 2013. Evaluation was done 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, performance of specific duties, independence, ethics and values, attendance and contribution at meetings etc.

The performance of the Independent Directors was evaluated individually by the Board after seeking inputs from all the directors on the effectiveness and contribution of the Independent Directors.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board reviewed the performance of the individual Directors on the basis of the contribution of the individual Director during Board and Committee meetings.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, and the performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, frequency and timeliness of flow of information between the Board and the management that is necessary for effective performance.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The audited accounts for the year under review are in conformity with the requirements of the Companies Act, 2013 and the Accounting Standards. The financial statements reflect fairly the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations.

Pursuant to Section 134 (3) (C) of the Companies Act, 2013 the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) The accounting policies selected have been applied consistently, and judgements and estimates are made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at 31st March 2024 and of the profit of your Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of your Company, and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a going concern basis;
- e) Your company has laid down proper internal financial controls and that such internal financial controls are adequate and were operating effectively;
- f) Your Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2024 is given below:

A. CONSERVATION OF ENERGY:

- **The Steps taken or impact on conservation of energy:**

The operations of the Company do not involve high energy consumption. However, the Company has for many years now been laying great emphasis on the Conservation of Energy and has taken several measures including regular monitoring of consumption, implementation of viable energy saving proposals, improved maintenance of systems etc.

- **The Steps taken by Company for utilizing alternate source of energy: Nil**

- **The capital investment on energy conservation equipment's: Nil**

B. TECHNOLOGY ABSORPTION:

- **The efforts made towards technology absorption: Nil**

- **The benefits derived like product improvement, cost reduction, product development or import substitution: Nil**

- **In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):**

a) the details of technology	NIL
b) the year of Import	
c) whether the technology been fully absorbed	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of the Company is limited to the Indian boundaries. Hence, there are no Foreign Exchanges earnings or outgo.

19. EXTRACT OF THE ANNUAL RETURN

As per the amendment in Rule 12 of Companies (Management and Administration) Rules, 2014, a company shall not be required to attach the extract of annual return with the Board's Report in Form No. MGT-7, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of section 92 of the Companies Act, 2013.

The Annual Return for the financial year 2023-24 as per provisions of the Act and Rules thereto, is available on the Company's website at <https://www.khfm.in/>.

20. CORPORATE GOVERNANCE

Since the Company's securities are listed on SME Platform of NSE (i.e. SME Emerge), by virtue of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the corporate governance provisions as specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of schedule V are not applicable to the Company. Hence Corporate Governance does not form part of this Board's Report.

21. COMPLIANCES OF SECRETARIAL STANDARDS

The Board of Directors confirms that the Company, has duly complied and is in compliance, with the applicable Secretarial Standard/s, namely Secretarial Standard – 1 ('SS-1') on Meetings of the Board of Directors and Secretarial Standard - 2 ('SS-2') on General Meetings, during the FY 2023-24.

22. RISK MANAGEMENT

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

23. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has its internal financial control systems commensurate with the size and complexity of its operations, to ensure proper recording of financials and monitoring of operational effectiveness and compliance of various regulatory and statutory requirements. The management regularly monitors the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records including timely preparation of reliable financial information.

24. PARTICULARS OF EMPLOYEES

The Company has no employee, who is in receipt of remuneration of Rs 8,50,000/- per month or Rs. 1,02,00,000/- per annum and hence the Company is not required to give information under sub rule 2 and 3 of rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further the following details forming part of **Annexure III** to the Board Report.

- Pursuant to Rule 5(2) of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014 statement containing the names and other particulars of Top Ten employees in terms of remuneration drawn by them
- Disclosure Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

25. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under Regulation 34 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished as an **Annexure IV**.

26. AUDITORS

(a) Statutory Auditor

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s GTA & Co LLP., Chartered Accountants (Firm Registration Number: 105482W/W100817) have been appointed as Statutory Auditor of the Company for a period of five consecutive years, till the conclusion of the 22nd Annual General Meeting of the Company, to be held in the year 2028. However, M/s GTA & Co LLP, have tendered their resignation vide Letter dated 19th August, 2024.

Board of Directors in their meeting held on 6th September, 2024 have proposed to appoint M/s. YRKDAJ and Associates LLP (FRN: W100288) as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. GTA & Co LLP. Also proposed to appoint them for the period of five years in upcoming Annual General Meeting of the Company.

(b) Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has re-appointed M/s. Mishra & Associates, Practicing Company Secretaries of Mumbai, to conduct the secretarial audit for FY 2024-25. The Secretarial Audit Report, issued by M/s. Mishra & Associates, Company Secretaries for the FY 2023-24, is set out in **Annexure V** to this Report.

(c) Internal Auditor

Pursuant to the provisions of section 138(1) of the Companies Act, 2013, as amended from time to time, M/s C.C. Talreja & Co., Chartered Accountants (Firm Registration Number: 157820W) was appointed as internal Auditor of the Company for the financial year 2021-22. The Board of Directors has re-appointed him as Internal Auditor of the Company for the financial year 2024-25.

27. DETAILS OF SIGNIFICANT AND MATERIAL ORDER PASSED BY THE REGULATOR OR COURT OR TRIBUNAL

There were no significant and material orders issued against the Company by a regulating authority or court or tribunal that could affect the going concern status and company's operation in future.

28. VIGIL MECHANISM

Your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of your Company, which is in compliance of the provisions of section 177 of the Companies Act, 2013, read with rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations. The Policy provides for framework and process whereby concerns can be raised by

its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. Adequate safeguards are provided against victimization to those who avail of the mechanism, and access to the Chairman of the Audit Committee, in exceptional cases, is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report, which forms part of this Annual Report and the Whistle Blower Policy has been uploaded on the website of your Company, www.khfm.in under the head investor section.

29. REPORTING OF FRAUD BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor have reported to the Audit Committee under section 143(12) of the Companies Act, 2013 any instances of fraud committed against your Company by its officers and employees, details of which would need to be mentioned in the Board's Report. There were no frauds disclosed during the Financial Year.

30. CODE OF CONDUCT

The Board has laid down a specific code of Conduct for all Board Members and Senior Management of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis.

31. PREVENTION OF INSIDER TRADING

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has formulated and adopted the "Code of Conduct to regulate, monitor and report trading by designated persons in Listed" of the Company ("the Insider Trading Code"). The object of the Insider Trading Code is to set framework, rules and procedures which all concerned should follow, both in letter and spirit, while trading in listed securities of the Company.

The Company has also adopted the Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information („the Code") in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Amendment Regulations, 2018 and formulated a Policy for determination of, legitimate purposes as a part of the Code. The Code also includes policy and procedures for inquiry in case of leakage of Unpublished Price Sensitive Information (UPSI) and aims at preventing misuse of UPSI. The mechanism for monitoring trade in the Company's securities by the "Designated Employees" and their relative's helps in real time detection and taking appropriate action, in case of any violation/non-compliance of the Company's Insider Trading Code.

32. MEANS OF COMMUNICATION

The Board believes that effective communication of information is an essential component of Corporate Governance. The Company regularly interacts with its shareholders through multiple channels of communication such as Company's Website and stipulated communications to Stock Exchange where the Company's shares are listed for announcement of Financial Results, Annual Report, Notices, Outcome of Meetings, Company's Policies etc.

33. PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE

Your Company has zero tolerance for sexual harassment at workplace. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the rules framed thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the Financial Year 2023-24, the company has received no complaints on sexual harassment.

34. HUMAN RESOURCE

Your Company's human resources is the strong foundation for creating many possibilities for its business. During the year under review, your Company added greater employee talent through seamless integration of acquired assets. Continuous people development for developing knowledge and skills coupled with the Talent Management practices will deliver the talent needs of the organization. Your Company treats its "Human Resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on ongoing basis. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

35. WEBSITE

The Company has a website addressed as www.khfm.in. Website contains the basic information about the Company - details of its Business, Financial Information, Shareholding Pattern, Contact Information of the Designated Official of the Company who is responsible for assisting and handling investors grievances and such other details as may be required under sub regulation (2) of Regulation 46 of the Listing Regulations, 2015. The Company ensures that the contents of this website are periodically updated.

36. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

A policy known as "Appointment criteria for Directors & Senior Management and their Remuneration Policy" approved by the Nomination and Remuneration Committee and Board is followed by the Company on remuneration of Directors and Senior Management employees as required under Section 178(3) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Policy aims at attracting and retaining high caliber personnel from diverse educational fields and with varied experience to serve on the Board for guiding the Management team to enhanced organizational performance.

37. CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 and rules made thereunder are not applicable to the Company during the Financial Year 2023-24.

38. OTHER DISCLOSURE

- There has been no change in the nature of business of the Company during the year under review.

- No Director of the Company is in receipt of any remuneration or commission from any of its subsidiaries.
- The Company does not have any scheme or provision of providing money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- The Company has not accepted any public deposit during the year under review.
- There has been no issuance of shares (including sweat equity shares) to employees of the Company under any scheme.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one-time settlement with any Bank or Financial Institution.

39. ACKNOWLEDGEMENT

Your Director's express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments for their co-operation and support and look forward to their continued support in future.

Your Director's very warmly thank all our employees for their contribution to your Company's performance. We applaud them for their superior levels of competence, dedication and commitment to your Company. We have immense respect for every person who risked their lives and safety to fight this pandemic.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**DATE: SEPTEMBER 06, 2024
PLACE: MUMBAI**

**Sd/-
RAVINDRA MALINGA HEGDE
MANAGING DIRECTOR
DIN: 01821002**

ANNEXURE I**FORM NO. AOC-2**

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

DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS

(a) Name(s) of the related party and nature of relationship

Sr. No.	Related Party	Relationship
	NIL	

(b) Nature of contracts/arrangements/transactions

Sr. No.	Particulars	Amount
	NIL	

(c) Duration of contracts/arrangements/transactions

Sr. No.	Contracts/arrangements/transactions	From	To
	NIL		

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: NIL

(f) date(s) of approval by the Board

Sr. No.	Particulars	Amount
	NIL	

(g) Amount paid as advances, if any:

contracts or arrangements or transactions	Amount of Advance (Rs.)
NIL	

DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

(a) Name(s) of the related party and nature of relationship

Sr. No.	Related Party	Relationship
1.	Mr. Ravindra Malinga Hegde	Managing Director
2.	Mrs. Sujata Ravindra Hegde	Director
3.	Mr. Saurav Hegde	Director
4.	KHFM HR Consultancy Private Limited	Companies under Common Management

(b) Nature of Contracts/Arrangements/Transactions

Sr. No.	Particulars	Amount (Rs.in Lakhs)
1.	Remuneration to Mr. Ravindra Malinga Hegde	12.00
2.	Remuneration to Mrs. Sujata Ravindra Hegde	9.00
3.	Remuneration to Mrs. Saurav Ravindra Hegde	7.20
4.	Rent paid to Mr. Ravindra Malinga Hegde	10.80
5.	Interest Paid to Mrs. Sujata Ravindra Hegde	0.58

6.	Interest Paid to Mr. Ravindra Malinga Hegde	4.63
7.	Loan to KHFM HR Consultancy Private Limited	0.10
(c) Duration of contracts/arrangements/transactions		
Sr. No.	Contracts/Arrangements/Transactions	From To
1.	Transactions	01/04/2023 31/03/2024
(d) Salient terms of the contracts or arrangements or transactions including the value, if any		
All the Transactions are entered in the Ordinary Course of Business		
e) Justification for entering into such contracts or arrangements or transactions		
Not Applicable		
(f) date(s) of approval by the Board: 30 th May,2023		
(g) Amount paid as advances, if any: NA		

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**Sd/-
RAVINDRA MALINGA HEGDE
DIRECTOR
DIN: 01821002**

**DATE: SEPTEMBER 06, 2024
PLACE: MUMBAI**

ANNEXURE II
Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

(Amounts in Rs. Lakh)

Sl. No.	Particulars	Name of the Company
1.	Name of the subsidiary	KHFM Infra Projects Pvt Ltd
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2023-March 31, 2024
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	1
5.	Reserves & surplus	15.21
6.	Total assets	225.02
7.	Total Liabilities	208.81
8.	Investments	-
9.	Turnover	465.76
10.	Profit before taxation	16.54
11.	Provision for taxation	7.52
12.	Profit after taxation	9.02
13.	Proposed Dividend	-
14.	% of shareholding	99%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part “B”: Associates and Joint Ventures- N.A.

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: NA

- Names of associates or joint ventures which are yet to commence operations: NA
- Names of associates or joint ventures which have been liquidated or sold during the year: NA

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**DATE: SEPTEMBER 06, 2024
PLACE: MUMBAI**

**Sd/-
RAVINDRA MALINGA HEGDE
MANAGING DIRECTOR
DIN: 01821002**

ANNEXURE – III

Disclosure as per Section 197(12) of Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ending March 31, 2024 and The Percentage Increase in Remuneration of Each Director, Chief Financial Officer and Company Secretary during the Financial Year ending on March 31, 2024.

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2023-24
Mr. Ravindra Malinga Hegde	Managing Director	116.13	No Change
Mrs. Sujata Ravindra Hegde	Executive Director	69.68	No Change
Mr. Saurav Ravindra Hegde	Executive Director	87.10	20%
Mr. Rahul Pathak (Resigned w.e.f. 17 th February, 2024)	Company Secretary & CFO	83.91	16.96%
Mr. Girish Ramnani	Non-Executive Independent Director	Not Received any Remuneration during the F.Y. 2023-24	NA
Mr. Kapildeo Agrawal	Non-Executive Independent Director		NA
Mr. Prabhakar Reddy Patil	Non-Executive Independent Director		NA

- b) The percentage increase/(decrease) in the median remuneration of employees in the financial year 2023-24 is (93.24%).
- c) The median remuneration of employees of the Company during the financial year was: Rs. 10,333/-
- d) The Total number of employees on the rolls of the Company in the financial year 2023-24 is 3738.
- e) Comparison of average percentile increase in salaries of employees other than managerial personnel and the percentile increase in the managerial remuneration: NA
- f) It is hereby affirmed that that the remuneration paid is as per the remuneration policy of the Company.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR KHFM HOSPITALITY AND FACILITY
MANAGEMENT SERVICES LIMITED**

**DATE: SEPTEMBER 06, 2024
PLACE: MUMBAI**

**Sd/-
RAVINDRA MALINGA HEGDE
MANAGING DIRECTOR
DIN: 01821002**

ANNEXURE - IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward looking statement - Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 the Listed Companies are required to furnish Management Discussion and Analysis Report (MDAR) as a part of Director's Report to the Shareholders.

As per Schedule V of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, Annual Report shall contain the below points in the Management Discussion and Analysis Report (MDAR):

- Industry Structure and developments.
- Opportunities and Threats.
- Segment- Wise or Product- wise performance.
- Outlook.
- Risk and Concern.
- Internal Control System and their adequacy.
- Discussion on Financial performance with respect to operational performance.
- Material developments in Human Resources/ Industrial Relations front, including number of people employed.

1. ECONOMIC ENVIRONMENT - AN OVERVIEW

Global Economy

Global growth is projected to stay at 3.1 percent in 2024 and rise to 3.2 percent in 2025. Elevated central bank rates to fight inflation and a withdrawal of fiscal support amid high debt weigh on economic activity. Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and 4.4 percent in 2025, with the 2025 forecast having been revised down.

The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025 will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now at 3.1 percent is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024

and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually. The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability. Changes in mortgage and housing markets over the prepandemic decade of low interest rates moderated the near-term impact of policy rate hikes.

Services inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher for even longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. The policy mix should thus be sequenced carefully to achieve price stability and replenish diminished buffers.

INDIAN ECONOMY

The World Bank has upwardly revised India's GDP growth forecast for the current financial year 2024-25 by 20 basis points to 6.6 per cent from its earlier projection of 6.4 per cent made in January. The World Bank said that India will continue to be the fastest-growing among the world's largest economies, though its pace of expansion is expected to moderate.

The international financial institution attributed the revision in India's growth projections to strong public investment accompanied by private capex and rise in private consumption.

Growth in India's industrial activity, including manufacturing and construction, was stronger than expected, alongside resilient services activity, which helped offset a slowdown in agricultural production partly caused by monsoons.

As per the World Bank projection Growth of domestic demand in India remained robust, with a surge in investment, including in infrastructure, offsetting a moderation of consumption growth as post-pandemic pent-up demand eased.

World Bank report further stated that "India's economy has been buoyed by strong domestic demand, with a surge in investment, and robust services activity. It is projected to grow an average of 6.7 percent per fiscal year from 2024 through 2026—making South Asia the world's fastest-growing region"

According to World Bank official data, India's GDP grew at an accelerated rate of 8.2 percent during the financial year 2023-24, maintaining its position as the fastest-growing major economy. The country's economy grew by 7.2 percent in 2022-23 and 8.7 percent in 2021-22.

India is one of the fastest growing economies of the world and is poised to continue on this path, with aspirations to reach high middle income status by 2047, the centenary of Indian independence. It is also committed to ensuring that its continued growth path is equipped to deal with the challenges of climate change, and in line with its goal of achieving net-zero emissions by 2070.

FACILITY MANAGEMENT

The Facilities Management Services sector, mainly consisting of security, housekeeping and engineering, faced problems on account of the closure of offices, commercial establishments, and several other facilities that require support services. The industry is expected to grow at a faster pace on account of continued urbanisation and industrialisation.

Each of these facilities is a complex organization of people, teams, departments, spaces, technology equipment and more. It is the coordination of everything within the facility so operations run smoothly.

The India Facility Management Market size is estimated at USD 148.65 billion in 2024, and is expected to reach USD 212.12 billion by 2029, growing at a CAGR of 7.37% during the forecast period (2024-2029). Facility management in India is increasingly gaining popularity due to rapid urban development, the booming construction sector, increasing emphasis on green buildings, and a growing awareness of advantages arising from outsourcing non-core business activities.

Integrated Facilities Management (IFM) refers to a coordinated effort involving space and people to maintain buildings and properties. In other words, it is the outsourcing of services and functions which are considered as non-core activities for a business. It comprises of hard services or building operation and maintenance and soft services or support services, and energy management services. Hard services include electrical, electromechanical, mechanical, water management and energy management. Soft services include housekeeping, security, catering, transportation, and horticulture and landscaping. The global Facility Management (FM) market is witnessing a major transformation driven by technology innovation, new business models, emerging value propositions, competitive disruption, and new service offerings as value propositions are shifting to service outcomes, user experience, and business productivity.

2. OPPORTUNITY & THREATS

❖ Opportunity:

The growth of the facility management market is being driven by the increasing trend of outsourcing building management activities. Organizations are opting to outsource services like HVAC, catering, security, and other support services, allowing them to focus on their core business activities. This is particularly evident in end-user segments like healthcare, infrastructure, and retail, where outsourcing facility management services can help reduce training and operational costs, leading to enhanced profitability.

Technological advancements are also playing a pivotal role in shaping the facility management landscape. The integration of technology is opening up new avenues for providers to streamline their operations and enhance their offerings. Intelligent security monitoring systems, advanced building control systems, and robotics are key technological trends that are anticipated to significantly influence the market's trajectory.

However, challenges persist. Employee attrition and the lack of proper training are hindrances in the market's growth. The shortage of skilled and semi-skilled workers, especially those with technical expertise, poses difficulties in providing facility management services that require specialized knowledge. This issue limits supplier options and impacts labor retention.

The Indian real estate sector is undergoing significant growth, largely driven by changing preferences towards safe and secure environments. Green building concepts and the enactment of regulations like the Real Estate (Regulation and Development) Act (RERA) 2016 are bolstering the real estate sector, consequently boosting demand for facility management services. The rise of the IT sector and e-commerce platforms is also contributing to the need for organized spaces and infrastructure.

The utilization of technologies like Artificial Intelligence (AI) and the Internet of Things (IoT) for energy efficiency audits is a growing trend. The Indian government's Smart Cities Mission is further promoting the need for professional facility management services, as investments in the infrastructure sector increase.

Post-pandemic considerations, including hybrid workspaces and return-to-work strategies, are driving demand for facility management services. The focus on safety, health, and productivity in the workplace is spurring the demand for comprehensive facility management solutions.

In summary, the facility management market in India is evolving in response to a range of factors, including outsourcing trends, technological advancements, real estate growth, regulatory changes, and post-pandemic dynamics. The industry is adapting to these changes and leveraging them to provide enhanced services and support to various sectors across the country.

❖ Threats:

The current state of the industry is marked by a range of challenges & threats that have emerged in the wake of the post-pandemic world.

- **Safe Return to the Office:** With the majority of organizations transitioning back to physical workspaces after an extended period of remote work, ensuring a safe and secure environment is of paramount importance. Establishing and maintaining stringent health and safety protocols is a critical necessity. In addition to preparing COVID safety measures and improving hygiene practices, there is the complex task of assessing the condition and functionality of equipment that has been dormant during the pandemic.
- **Hybrid Work Model and Space Utilization:** The adoption of hybrid work models, combining remote work with office presence, has introduced a new challenge in terms of optimizing space utilization. As employees divide their time between remote and on-site work, facilities need to be configured to accommodate flexible occupancy needs. Reconfiguring workspaces to encourage collaboration while adhering to safety guidelines presents a unique challenge.
- **Integration of Workplace Technology:** The lockdowns underscored the importance of technology in managing facilities remotely. Particularly for organizations with diverse portfolios across multiple locations, facility management technology tools have become essential for remote management and reporting of facility-related operations. Implementing and effectively managing these technologies pose a new set of challenges.

- **Balancing Cost and Employee Experience:** Facility management plays a direct role in shaping the employee experience and, in turn, impacting employee retention. Organizations are dedicated to providing top-notch facilities and amenities to retain their workforce. However, this comes with additional costs. Striking a balance between providing a high-quality employee experience and adhering to cost optimization objectives is a complex challenge for facility management organizations.

In navigating these challenges, it is crucial for facility management professionals to adopt innovative approaches, stay updated on industry best practices, leverage technology effectively, and collaborate closely with stakeholders to ensure a safe, efficient, and productive work environment. The evolution of the industry in response to these challenges will play a pivotal role in shaping the future of facility management.

3. SEGMENT - WISE OR PRODUCT- WISE PERFORMANCE

We are one of the reputed integrated business services providers focused on providing integrated hospitality and facility management services (IHFM). We provide the entire range of hospitality and facility management services including mechanized housekeeping, guesthouse management, pest control, gardening and security service, etc. The IHFM segment of our services provide integrated hospitality and facility management solutions to corporates including MNCs, government organizations like Railways, Municipal Corporations Public Sector Undertakings (PSUs) and other commercial establishments.

Our service offerings include the following broad services which are offered by our Company as indicated below:



Facility Management Services



Hospitality & Catering Services



Horticulture, Manpower Outsourcing & Security Services

4. OUTLOOK

The current landscape of the Indian facility management industry is primarily dominated by in-house service providers. However, there is a growing trend of outsourcing these services, contributing to the industry's expansion. The increasing demand for integrated facility management solutions is a significant driver of this growth. The integrated sector within the industry is expected to experience further expansion as the industry transitions toward a more organized structure. Although the sector is presently characterized by fragmentation, with a prevalence of small, unorganized operators, larger players are progressively acquiring smaller ones, leading to increased organization within the sector. Among end-use industries, the commercial sector holds a prominent position in the Indian market, followed by industrial and other sectors. Industries such as IT, BPO, and BFSI are increasingly outsourcing their facility management services, contributing to the growth of the industry. The concentration of the industry is primarily observed in Tier 1 and metro cities, with Pune and Mumbai expected to witness significant growth in the coming years.

The Indian facility management market is poised for substantial growth in the forecast period from 2023 to 2028, with a projected Compound Annual Growth Rate (CAGR) of 17%.

On a global scale, the facility management industry is experiencing rapid growth, fueled by the outsourcing trend adopted by companies. The rise of integrated facility management services is particularly prominent in the Asia Pacific region. This region, including rapidly growing economies like India and China, is a major contributor to the global growth of the industry. The Asia Pacific region, characterized by its burgeoning population, further boosts the market's expansion.

In conclusion, the Indian facility management market is on a trajectory of rapid growth, driven by factors such as increasing outsourcing, demand for integrated solutions, and expansion of organized players. Similarly, the global industry is witnessing accelerated growth, with the Asia Pacific region leading the charge, propelled by demand for outsourced facility management services and growing economies.

5. RISK AND CONCERN

Risks	Risk Mitigation
Economic Risk	The company has been expanding its services and augmenting its revenues from promising areas to proactively minimize the impact.
People Risk	The company has developed strong recruitment teams to overcome the attrition risk.
Financial Risk	The company presents a healthy balance sheet with prudent working capital management. In recent years, the company has offloaded unviable customer accounts, to reduce debtors' outstanding.
Competition Risk	The company has deployed modern practices and processes to retain its competitive advantage and ensure loyalty among the workforce.

Covid-19	We are focusing on pivoting to new areas that have potential for high-growth and away from low-growth areas.
Efficiency Risk	The company trains its talent to increase their competence in better discovering and serving market needs

6. INTERNAL CONTROL SYSTEM

Our company has put in place standard operating procedures that ensure effective and transparent internal controls for efficient delivery of services. We follow strict procedures with regard to recording and providing reliable financial and operational information and complying with all statutory regulations and standards applicable to our business segments.

We have been refining our management methodologies by way of periodical reviews so as to realign our tactics to meet the changes on the ground. Thus we hope to achieve the goals both in the short run and long run. The Company's system of continuous internal audits ensures that established processes and practices are followed and complied with and that quality processes are strictly adhered to. Financial discipline is emphasized at all levels of the business and adherence to quality systems and focus on customer satisfaction is critical for the Company to retain and attract customers and business and these are followed rigorously.

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company's standalone revenue from operations for the financial year ending 31st March, 2024 stood at Rs. 10744.51Lakh as compared to previous year Rs. 8,889.78Lakh during the previous financial year. The Company has achieved Standalone EBIDTA (including other income) of Rs. 1042.26 Lakh during the financial year 2024 as against that of EBIDTA of Rs. 928.59Lakh for the previous financial year 2023. The Standalone profit before tax for the financial year under review is 476.06Lakh as compared to previous year Rs. 301.36 Lakh.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

Your Company firmly believes that its human resources are the key enablers for the growth of the Company and important asset. Hence, the success of the Company is closely aligned to the goals of the human resources of the Company. The Company aims to develop the potential of every individual associated with the Company as a part of its business goals. The Company focuses on providing individual development and growth in a work culture that ensures high performance and remains empowering. The Company has employed over 3500 people (including contractual) strong and dedicated workforce travel abreast of the latest trends.

- The increasing use of technology: Facility management companies are increasingly using technology to automate tasks, improve efficiency, and reduce costs. This has led to a demand for new skills and knowledge among HR professionals, who need to be able to understand and manage these technologies.

- The changing demographics of the workforce: The workforce is becoming more diverse, with a growing number of women, minorities, and immigrants. This is putting pressure on HR professionals to develop more inclusive and equitable policies and practices.
- The rise of the gig economy: The gig economy is growing, and this is creating new challenges for HR professionals. They need to find ways to attract and retain independent contractors, while also ensuring that they are treated fairly.
- The increasing focus on employee well-being: Employee well-being is becoming a top priority for many companies. This is leading to a demand for HR professionals who can develop and implement programs that promote employee health and happiness.
- The need for strategic HR leadership: HR is becoming increasingly strategic, and HR professionals are being called upon to play a more active role in shaping the company's overall strategy. This requires HR professionals to have a strong understanding of the business and to be able to think strategically about how HR can contribute to the company's success.
- In terms of the number of people employed for facility management business companies, the Bureau of Labor Statistics (BLS) projects that employment in this field will grow 7% from 2020 to 2030, about as fast as the average for all occupations. This growth is expected to be driven by the increasing demand for facility management services in commercial, industrial, and institutional settings.
- The BLS also projects that the median annual wage for facility managers will be \$95,180 in 2030. This is higher than the median annual wage for all occupations, which is projected to be \$45,760 in 2030.
- The following are some of the factors that are expected to drive growth in the facility management field:
 - The increasing complexity of facilities: Facilities are becoming more complex, with a wider range of systems and equipment. This requires facility managers to have a deeper understanding of these systems and equipment in order to maintain them properly.
 - The aging infrastructure: The infrastructure in the United States is aging, and this is leading to an increased demand for facility management services. Facility managers are needed to inspect, maintain, and repair this infrastructure.
 - The growing focus on sustainability: There is a growing focus on sustainability in the business world, and this is leading to an increased demand for facility management services that can help businesses reduce their environmental impact. Facility managers can help businesses reduce their energy consumption, water usage, and waste production.

Overall, the outlook for the facility management field is positive. The demand for facility management services is expected to grow, and this is expected to lead to job growth and higher wages for facility managers.

Key Financial ratios

Particulars	As at March 31, 2024	As at March 31, 2023	% of change in ratio	Remarks
Current Ratio	1.77	1.72	-2.82%	Improvement in current ratio due to proceeds from rights issue in March,2024.
Debt-Equity Ratio	1.23	1.48	17.02%	Improvement in debt equity ratio due to proceeds from rights issue in March,2024
Debt Service Coverage Ratio	1.21	0.74	-63.97%	The company managed to earn enough profit to cover its interest payments by cutting down on Other expenses.
Return on Equity Ratio(%)	7.29%	8.58%	15.06%	Average networth has increased compared to previous year on account of proceeds from rights issue in March, 2024. Accordingly return on equity has reduced. But the Company manages to earn profit over a previous year.
Inventory Turnover Ratio	10.75	60.86	82.34%	Stock of Inventory has been increased significantly as compared to previous year.
Trade Receivables Turnover Ratio	4.74	4.14	-14.46%	Improvement in the ratio due to increase in revenue.
Trade Payable Turnover Ratio	12.10	8.11	-49.26%	Average trade payables outstanding have been reduced comparatively from previous year. Outstanding Trade payables have been reduced in current year due to improvement in Cashflow subsequently from the proceeds of rights issue in March, 2024.
Net Capital Turnover Ratio	2.29	2.03	12.80%	Improvement in the ratio due to increase in revenue
Net Profit Ratio(%)	3.08%	3.02%	-2.05%	The Company manages to earn profit over the a previous year due to reduction in cost attributable to project.

Return on Capital Employed (%)	21.68%	28.62%	24.26%	Average networth has increased compared to previous year on account of proceeds from rights issue in March, 2024. Accordingly return on equity has reduced. But the Company manages to earn profit over a previous year.
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In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to give details of significant changes (Change of 25% or more as compared to the immediately previous year) in key sector specified financial ratio.

ANNEXURE - V

FORM NO. MR-3

**SECRETARIAL AUDIT REORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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

To,

The Members of

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

01, Nirma Plaza, Makhwana Road, Marol Naka,

Andheri (East), Mumbai – 400059, Maharashtra, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. KHFM Hospitality and Facility Management Services Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives whether electronically or otherwise during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on **March 31, 2024** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under (in so far as they are made applicable);
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (Regulations relating to Overseas Direct Investment and External Commercial Borrowings): **Not applicable to the Company for the audit period as there were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings by the Company;**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and amendments from time to time;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable to the Company during the period under review;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not applicable to the Company during the audit period;**
 - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **Not Applicable as there was no reportable event during the period under review;**
 - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: **Not Applicable as there was no reportable event during the period under review;**
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - i. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India;
- b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, rules, regulations and guidelines etc. mentioned above except:

- i. Website of the Company was not updated as prescribed in Regulation 46 of Sebi (Listing Obligation and Disclosure Requirements) Regulation 2015.
- ii. Company have filed SDD Compliance Certificate in delay with Stock Exchange.
- iii. Company have not made entries in the SDD Software with in the time limit prescribed
- iv. Company have not filed Statement of Deviation as per Regulation 32 of Sebi (Listing Obligation and Disclosure Requirements) Regulation 2015 with respect to Rights Issue of Shares.
- v. Outcome of Board Meeting for Approval of Financial Results and Approval of Dividend for the Financial Year ended 31st March, 2024 was not given within 30 minutes of the Closure of the Board Meeting.
- vi. Company has not filed Disclosure under Regulation 31(4) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for the Financial Year 2024.

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test -check basis the Company has complied with the following specific law to the extent applicable to the Company i.e. Information Technology Act, 2000 as amended from time to time;

We further report that,

1. The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and women director. The change in the composition of the Board of Directors that took place during the period under review, were carried out in compliance with the provisions of the Act.
2. We further report that adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All the decisions of the Board and Committees thereof were carried out with the requisite majority;

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company i.e. Information Technology Act, 2000 as amended from time to time;

We report that during the Audit Period the events which are took place and which had a major bearing on the Company's affairs are listed below:

- i. M/s. Bhushan Khot & Co., Chartered Accountants have ceased to Statutory Auditor of the Company as they have completed their term of Five Years and their appointment for second term for the period of five years have not been approved by the shareholders in the Annual General Meeting.

- ii. Mr. Ravindra Malinga Hegde have been re-appointed as Managing Director of the Company for further period of Five Years with effect from August 24, 2023 for a period of Five (5) Years till August 23, 2028.
- iii. Mr. Prabhakar R. Patil, have been appointed as Non – Executive Independent Director of the Company with effect from September 04, 2023.
- iv. Mr Brahm Pal Singh have resigned from the post of Non – Executive Independent Director with effect from October 04, 2023.
- v. Company in the Extra – Ordinary Meeting of Shareholders of the Company held on October 27, 2023 have passed the resolution to appoint M/s GTA & Co. LLP as the Statutory Auditor of the Company.
- vi. Mr. Rahul Krishna Pathak have resigned from the post of Company Secretary & Chief Financial Officer with effect from February 17, 2024.
- vii. Company in the Extra – Ordinary Meeting of Shareholders of the Company held on March 18, 2024 have passed the resolution to:
 - Increase the Authorised Share Capital of the Company to Rs. 25,00,00,000/- (Rupees Twenty-Five Crores Only).
 - Issue of 1,51,900 Equity Shares to Mr. Ravindra Malinga Hegde by Way of Conversion of Loan to Equity.
 - Issuance of 7,68,800 Fully Paid Equity Shares on Preferential Basis to the Non-Promoter Category.
 - Issuance of 22,32,000 Warrants (Equity Convertible Warrants) on Preferential Basis to Entities Belonging to the Promoter & Non-Promoter Category.

For **MISHRA & ASSOCIATES**
Company Secretaries

Manishkumar Premnath Mishra

Proprietor

Membership No. 41066

C. P. No. 18303

FRN: S2017MH516400

PR NO.: 2157/2022

UDIN: A041066F001157907

Date: 06.09.2024

Place: Mumbai

Note: This report is to be read with our letter of even date which is annexed as **Annexure 'A'** and forms an integral part of this report.

Annexure 'A'

To,
The Members of
KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED
01, Nirma Plaza, Makhwana Road, Marol Naka,
Andheri (East), Mumbai – 400059, Maharashtra, India.

Our Secretarial Audit Report of even date is to be read along with this letter:

1. MANAGEMENT'S RESPONSIBILITY

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

2. AUDITOR'S RESPONSIBILITY

- (a) Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- (b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe, the processes and practices that we followed provide a reasonable basis for our opinion. We also believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- (c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (d) Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.
- (e) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

3. DISCLAIMER

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which management has conducted the affairs of the company.

For **MISHRA & ASSOCIATES**
Company Secretaries

Manishkumar Premnath Mishra
Proprietor
Membership No. 41066
C. P. No. 18303
FRN: S2017MH516400
PR NO.: 2157/2022
UDIN: A041066F001157907

Date: 06.09.2024
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To
The Members
KHFM Hospitality & Facility Management Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of KHFM Hospitality & Facility Management Services Ltd ("the Company"), which comprises of the Balance Sheet as at 31st March, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.(hereinafter referred to as "the Standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act,2013 ("the act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provision of the Act and the Rules there under, and we have fulfilled our other ethic 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 on standalone financial statements.

Emphasis of Matter

We draw attention to –

- a) Note 30 of Standalone Financial Statements. The Company is exposed to various laws and regulations. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings including employment/labour claims, government investigations and other regulatory matters. The company assesses the need to make provisions or to disclose a contingent liability on case-to-case basis considering the underlying facts of each litigation. As at 31st March, 2024, the Company has ascertained contingent liabilities of Rs. 2519.89 lakhs which includes disputed service tax, GST, ESIC liabilities and bank guarantees. The eventual outcome of the litigations may remain uncertain and estimation at balance sheet date for ascertained/unascertained liabilities involves extensive judgement of management including input

from legal counsel due to complexity of each litigation. But considering the facts of the case, the company and the tax advisors believe that the outcome should be in the favour of the company for its ascertained contingent liabilities.

- b) Note 39 of Standalone Financial Statements- Confirmation/ratification of balances of certain trade receivables, trade and other payables (including payables to micro, small and medium enterprises, capital creditors) and loans & advances are in abeyance. The management is confident that on confirmation/ reconciliation there will not be any material impact on the financial statements.
- c) Note 11, 23 & 26 of Standalone Financial Statements. The recording system regards to site advance, site expenses and employee benefit expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) needs advancement to ensure completeness and relevant transaction trail. However, according to the management estimates, the said transactions are fairly stated in the financial statements and there are no material deficiencies.
- d) Note 11 of Standalone Financial Statements- Contract Assets disclosed in the standalone financial results, where there is a moderate skepticism relating to the recoverable work in progress (Contract Assets) amounting to Rs.3914.25 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2024. Recognition of revenue and related contract assets depends on various factors and judgements, contractual commitments, shifts in the scope of work, client-induced delays, negotiation processes, and modifications to the billing cycle period including few of those which are awaiting final confirmations with clients of the company. Based on the current progress in each case, management is of the view that the said contract assets are fully recoverable. However, in the opinion of the management, requisite provisions have been made against the same.

Our Opinion is not modified in respect of aforesaid Matters.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters	How our audit addressed the key audit matter
Revenue recognition	
Revenue recognition was identified as key Audit Matter since- <ul style="list-style-type: none"> There is an inherent risk around the accuracy and existing of revenues recognized considering the customized and complex nature of these contracts. Application of Revenue Recognition accounting standard (Ind As 115 – Revenue from contracts with customers) is complex 	Our Audit Procedures on revenue recognized from fixed price contracts included: <ul style="list-style-type: none"> Obtained an understanding of the systems, process and controls implemented by the management for recording and computing revenue and the associated contract assets. On selected specific/statistical samples of contracts, we tested that the revenue recognized is in accordance with the revenue

and involves a number of key judgements and estimates in mainly identifying performance obligations, related transaction price and estimating the future cost to completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation.

- Due to large variety and complexity of contractual terms, significant judgements are required to estimate the amounts. If the actual amount differs from the amount estimated, this will have an impact on the accuracy of the revenue recognized in the current period.
- These contracts may involve onerous obligations which requires critical assessment of foreseeable losses to be made.
- As at March 31st, 2024, contract assets of business operation comprises of Rs. 3914.25 lacs. Recoverability of certain contract assets are impacted due to several factors like the customer profile, delays in completion certification in certain projects due to long project tenure and project disputes and financial ability of the customers, etc. The assessment of the impairment of such contract assets requires significant management judgement.

recognition accounting standard.

- We selected a sample of continuing and new contracts and performed the following procedures:
 - We read the agreements with the customers to identify the distinct performance obligations, the transaction price and its allocation to the performance obligations in the contract and the classification of the contract for the basis of revenue recognition in accordance with Ind As 115.
 - For Fixed maintenance contracts, we verified the period of the contract with the customer agreements and the determination of the revenue. We verified if the revenue was recognized appropriately over the period of contract of services being rendered and whether the revenue recognized was based on the estimate of the amount of consideration to which the Company is entitled in exchange for transferring the services.
 - For Fixed price contracts, we have verified the measurement of revenue for the extent of delivery of performance obligations with the actual and estimated cost of efforts as per the projected budgets.
- Evaluated the identification of performance obligations and the prescribed transaction.
- Tested the management's computation of the estimation of contract costs and onerous obligations, if any.
- We performed analytical procedures as applicable for reasonableness of revenues disclosed and service offerings.
- We:
 - Assessed that the estimates of costs

	<p>to complete were reviewed and approved by appropriate designated management personnel;</p> <ul style="list-style-type: none"> ➤ Performed a retrospective analysis of costs incurred with estimated costs to identify significant variations and verified whether those variations are required to be considered in estimating the remaining costs to complete the contract; and ➤ Inspected underlying documents and performed analytics to determine reasonableness of contract costs. <ul style="list-style-type: none"> • Our audit procedures included the following <ul style="list-style-type: none"> ➤ We evaluated the Company processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. We assessed the design and tested the operating effectiveness of relevant controls in relation to the process adopted by management for testing the impairment of these contract assets. ➤ As a part of substantive audit procedures, we tested the ageing of contract assets. We examined the Our audit procedures included the following and ability to repay the debt based on historical payment trends and the reason for delay in collection of trade receivables including any project disputes. Further, we assessed the expected credit loss impairment and the receipts and certification after year-end. We assessed the disclosures on the contract assets in Note 11 of financial statements.
Allowance for doubtful debts/ Provision for Expected Credit Loss	

<p>Allowance for doubtful debts was identified as key Audit Matter since-</p> <ul style="list-style-type: none"> • Receivables comprise a significant portion of the liquid assets of the Company. • There is an inherent risk around the accuracy of company's trade receivables being fairly valued and adequately provided against where doubt exists. • There is a risk of debtors being misstated and disclosures related to the same in the financial statements. • Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter. 	<ul style="list-style-type: none"> • We assessed the validity of material long outstanding receivables by considering, past payment history and unusual patterns to identify potentially impaired balances. • The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures including: <ul style="list-style-type: none"> ➤ Verifying the appropriateness and reasonableness of the assumptions applied in the management's assessment of the receivables allowance. ➤ To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias.
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Information other than Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, If, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as applicable under the relevant laws and regulations.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are 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.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to standalone financial statements 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 and Board of Directors.
- 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate make it probable that the economic decision 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 standalone 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 standalone financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a. The standalone financial statements of the company for the year ended March 31st, 2023 were audited by another auditor who expressed an unmodified opinion on those statements as on 30th May 2023.
- b. The figures for the previous periods / year are re-classified / re-arranged / re-grouped by the Management of the Company to make them comparable with current period.
- c. Apart from issuing shares/warrants on preferential basis by the Company, significant event subsequent to 31st March, 2024 till date has neither advanced to the knowledge of management nor to us by any means.

Our Opinion is not modified in respect of aforesaid Other Matters.

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 Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A. As required by Section 143(3) of the Act, we report to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Standalone financial statements dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed 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 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The modifications relating to the maintenance of accounts and other matters connected therewith are as

stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors)

Rules, 2014.

- 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"

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigation as at 31st March 2024 on its financial position in its standalone financial statements- Refer Note 30 of the standalone financial statements.
- b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any. The Company did not have any long-term derivative contracts.
- c. There has been no delay in transferring amounts, 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, 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, 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.
- iii. Based on the audit procedures performed that have been 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) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement
- e. As stated in Note 54 of the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. As stated in Note 53 of the accompanying standalone financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on 1st April 2023, has used an accounting software for maintaining its books of accounts which has feature of recording audit trail(edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As per proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 is applicable from April 1,2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31st, 2024.

With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For GTA & Co LLP
Chartered Accountants
Firm Registration No.: 105482W/W100817

Gaurav Saboo
Partner
Membership No. 149116
UDIN:24149116BKJOFZ1604
Place: Nagpur
Date: 30th May, 2024

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 to the members of KHFM Hospitality and Facility Management Services Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a) The Company except for certain PPE’s /client premises equipment, which due to their atypical nature or location/situation; has maintained records proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment(“PPE”), capital work in progress and relevant details of right of use of assets. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company, except for certain PPE’s/ client premises equipment, which due to their atypical nature or location/situation, has a program of verification of property, plant and equipment, capital work in-progress, and right-of-use assets so to cover all the items once every three 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, certain Property, Plant and Equipment, capital work-in progress and right of use assets were due for verification during the year and were physically verified by the management and internal auditors during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, investment properties and capital work-in progress and according to the information and explanations given to us and based on the examination of the property tax receipts, utility bills for building constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- ii. (a) The inventories, except for those lying with client premises, were physically verified during the year by the Management 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 the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the books of account other than those as set out below:

Name of the Bank	Agreegate Working Capital limits sanctioned	Nature of Assets offered as Security	Quarter ended	Amounts disclosed as per Quarterly return / Statement (Rs in lakhs)	Amount as per books of Accounts (Rs in lakhs)	Difference Amount (Rs in lakhs)
Apna Sahakari Bank, Bank of India & State Bank of India	Apna Shakari Bank -1895 lakhs Bank of India- 752 lakhs State Bank of India- 585 lakhs	Receivables , Inventory, Contract Assets (work in progress)	Sept-2023	7,103.10	8048.36	-945.26
Apna Sahakari Bank, Bank of India & State Bank of India	Apna Shakari Bank -1895 lakhs Bank of India- 752 lakhs State Bank of India- 585 lakhs	Receivables , Inventory, Contract Assets (work in progress)	March-2024	7,066.86	7721.20	-654.34

Reason for difference

Note: Primary security

- Pari-passu charge on the Company's entire assets namely stock of raw materials, finished goods, stocks in- process, consumables stores and spares and book debts (120 days) at its plant sites or anywhere else, in favour of the Bank, by way of hypothecation.

According to the information and explanations furnished to us by the management of the company, we have observed that stock & receivable statements are advanced to the bank on or before twentieth of the subsequent month.

Statement of current assets in the said statement includes receivables, contract assets (Work in progress) and Inventory.

It is important to note that the preparation of these stock and receivable statements relies on the assumption that billing and invoicing will adhere to a predetermined rotation cycle. The duration of the invoicing cycle varies, contingent on the type of work order in hand.

However, it is essential to highlight due to various factors such as contractual commitments, changes in scope of work, client caused delays, negotiations and changed period/rotation of

billing cycle, assumption governing contract assets (work in progress) have been restructured. According to the management's evaluation, these rearrangements have been implemented in a manner that ensures there is no significant dissimilarity between the contract assets before and after the restructuring process.

It's important to note that in the reconciliation process, both the figures presented in the 'Stock and Book Debts Statement' and those recorded in the 'Books of Accounts' are treated as gross amounts before any Expected Credit Loss (ECL) provision if applied. This approach is employed to ensure an accurate match between the figures.

Additionally, regarding the Stock/Book Debts statement, it's worth highlighting that this statement provides a breakdown of receivables and contract assets based on their age, but it does not provide a specific bifurcation between current and non-current receivables. As a result, the figures presented in the statement from the books of accounts encompass both current and non-current receivables. This approach is adopted to facilitate reconciliation between the figures.

Moreover, as per information and explanations provided to us, the Company has already created provision for bad debts /Expected credit loss of Rs 1193.99 lakhs as on 31st March, 2024 to compensate for the difference between 'amounts disclosed as per Quarterly return / Statement' and 'amounts as per books of accounts'.

- iii. In our opinion and according to the information and explanations given to us, the Company has not made investments in, 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 during the financial year. Accordingly, the provisions of clause 3(iii) (a) (b) (c) (d) (e) and (f) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company during the year has not granted any loan, made investment and provided guarantees and securities to the parties covered under Section 185 and 186 of the Act. Accordingly, clause (iv) of Paragraph 3 of the order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 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 of the Act for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, goods and services tax, labour welfare fund and other statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts are payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable except for:

Name of the	Nature of the	Amount (Rs in	Period to the	Due date	Date of
			which		

statue	dues	Lacs)	amount relates		payment
Income Tax Act, 1961	Statutory dues-TDS Payable	24.67	FY 2021-22	Various dates	Unpaid and expenses disallowed under the Act.
Income Tax Act, 1961	Statutory dues-TDS Payable	25.62	FY 2022-23	Various dates	Unpaid and expenses disallowed under the Act.
Income Tax Act, 1961	Statutory dues-TDS Payable	17.26	FY 2023-24	Various dates	Unpaid
Employee State insurance (ESIC), Act, 1948	ESIC	13.88	FY 2023-24	Various dates	Unpaid

The above summary does not comprise Goods and Service Tax (GST) on contract assets (work in progress) as on 31st March, 2024. In the opinion of the management, GST is payable upon invoicing thereon.

The above summary to be read with para (c) of Emphasis of matter para in Independent Auditor's Report.

(b) According to the information and explanations given to us, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute as at 31st March 2024 are as follows:

Name of the Statue	Nature of the Dues	Amount (in Lakh)	Amount paid under protest (in lakhs)	Period	Forum where dispute is pending
The Finance Act, 1994	Service Tax	625.79	44.65	2007-2008, to 2014-15	Customs, Excise and Service Tax Appellate Tribunal.
The Finance Act, 1994	Service Tax	763.61	57.27	April 2015- March 2016	Customs, Excise and Service Tax Appellate Tribunal.

Employee State insurance (ESIC), Act, 1948	ESIC	15.07	3.76	April 2018-March 2019	Appellate Authority - Regional Office, Mumbai
Goods and Service Tax Act, 2017	Goods and Service Tax	8.39	-	2018-19	Deputy Commissioner of State Tax (Appellate Authority)
Goods and Service Tax Act, 2017	Goods and Service Tax	45.52	2.61	2019-20	Deputy Commissioner of State Tax (Appellate Authority)
Goods and Service Tax Act, 2017	Goods and Service Tax	29.46	1.88	2020-21	Deputy Commissioner of State Tax (Appellate Authority)
Goods and Service Tax Act, 2017	Goods and Service Tax	61.41	0.41	2021-22	Deputy Commissioner of State Tax (Appellate Authority)
Goods and Service Tax Act, 2017	Goods and Service Tax	34.69	2.71	2022-23	Deputy Commissioner of State Tax (Appellate Authority)

- viii. 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.
- ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

(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.

(e) According to the information and explanations given to us and on 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.

(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 subsidiaries, joint ventures or associate companies

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government and up to the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi

company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transaction have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

xiv (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 reports of the Company issued till date, for the period under audit.

xv In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi According to the information and explanations given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company.

According to the information and explanations given to us, the Group does not have any Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence the reporting under clause (xvi)(d) of the Order is not applicable.

- xvii. The Company has not incurred any cash losses in the current financial year and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the 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.
- xx. The provisions for Corporate Social responsibility are not applicable to the company. Accordingly, reporting under clause (xx) of the order is not applicable for the year.
- xxi. The reporting under Clause (xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For GTA & Co LLP
Chartered Accountants
Firm Registration No.: 105482W/W100817

Gaurav Saboo
Partner
Membership No. 149116
UDIN: 24149116BKJOFZ1604
Place: Nagpur
Date: 30th May, 2024

“ANNEXURE B” TO INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2A (g) under “Report on Other Legal and Regulatory Requirements “ section of our report to the members of KHFM Hospitality and Facility Management Services Limited of even date)

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls over financial reporting of **KHFM Hospitality and Facility Management Services Limited** (the “Company”) as of 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material aspects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to Standalone financial statements were operating effectively as at 31st March 2024, with the exception of the matters referred in the “emphasis of matter” section of the independent auditor’s report ; 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 Reporting issued by the Institute of Chartered Accountants of India.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (‘ICAI’). 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 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statement 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference financial statements, 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For GTA & Co LLP

Chartered Accountants

Firm Registration No.: 105482W/W100817

Gaurav Saboo

Partner

Membership No. 149116

UDIN: 24149116BKJOFZ1604

Place: Nagpur
Date: 30th May, 2024

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED
CIN – L74930MH2006PLC159290

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2024

1. CORPORATE INFORMATION

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED (the Company) was originally incorporated as KALPATARU'S HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED under the provisions of the Companies Act, 1956 with Certificate of Incorporation dated January 27, 2006 issued by the Registrar of Companies, Mumbai Maharashtra (CIN U74930MH2006PTC159290).

Pursuant to having passed necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act, 1956 read with Government of India, Department of Company Affairs, New Delhi, Notification No. GSR 507(E) dated 24/06/1985 vide SRN B45036902 dated 10/08/2012 the name of the said company was changed to **KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED**, wef **August 10th, 2012**.

Further, pursuant to Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on May 18th, 2018, the company was converted from "**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED**" to "**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**" vide a fresh Certificate of Incorporation dated May 30th, 2018 issued by the Registrar of Companies, Mumbai, Maharashtra, The Corporate Identification Number of our Company is **L74930MH2006PLC159290**.

Nature of Operations

The Company is engaged in the business activities of Facility Management (including House Keeping and Pest Control), Hospitality Management & Catering, Horticulture and Gardening and Security Services and such other related activities.

2. STATEMENT OF COMPLIANCE

These Standalone Financial Statements have been prepared in accordance with the Indian Accounting Standards (Referred to as "Ind As" prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

I. BASIS OF PREPARATION AND PRESENTATION:

The Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under section 133 of the Companies Act, 2013('Act') (to the extent notified) read with the Rules 3 of the Companies (Indian accounting standard) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Standalone financial statements are prepared on going concern, accrual and historical cost basis except for the following assets and liabilities and items of Statement of Profit and Loss which have been measured at fair value:

1. Defined Benefit Plans – Plan Assets and
2. Certain Financial assets and liabilities measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy thereto in use.

- **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The standalone financial statements are presented in INR Lakhs which is also the Company's functional currency. The standalone financial statements of the Company for the year ended 31st March, 2024 were approved for issue in accordance with the resolution of the Board of Directors on 30th May, 2024.

II. USE OF ESTIMATION:

The preparation of standalone financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenses for the periods presented.

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

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Current/Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(b) Revenue recognition:

The Company provides hospitality and facility management services under fixed-price and variable price contracts.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight-lined over the period of performance.

- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. The Company's contracts with customers could include promises to transfer multiple services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract assets are recognised when there are excess of revenues earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

(c) Interest:

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. The Rate applicable is defined as determined on the basis of Fair Rate of Return in accordance with IND AS.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by

reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Dividend:

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

(e) Rent Income:

Rent Income is recognized on the basis of agreed periodic amount decided through agreement.

(f) Profit on sale of investment:

It is recognized on its liquidation/redemption.

(g) Taxes

(i) Current Income Taxes

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Taxes

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the standalone financial statements. However, deferred tax are not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The unrecognized deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognized for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

- i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

(h) Non Current Assets Held for Sale

The Company classifies non-current asset (or disposal group) as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such asset should be available for sale and plan to dispose it off should be initiated by the management. The assets of a disposal group classified as held for sale separately from other asset in the balance sheet and such asset are valued at carrying amount or net realizable value whichever is lower.

(i) Property, Plant & Equipment

Property, plant & equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is derecognized. Expenditure directly relating to construction activity is capitalized.

The Company reviews the useful lives of property, plant and equipment and other intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortization expense in future periods. Other Indirect Expenses, if any incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as per – operative expenses and disclosed under Capital Work – in – Progress.

Depreciation on Property, Plant and Equipment is provided on a pro-rata basis on the Written Down Value method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

The Details of useful life of an assets and its residual value estimated by the management are as follows :

Type of Assets	Useful life as per Schedule II
Office Premises	60 Years
Plant & Machineries	15 Years
Vehicles	8 Years
Interior Fitouts	10 years
Equipments	15 Years / 5 years

Furniture & Fixtures	10 Years
Computers (Servers & Networks)	6 Years
Software	3 years

In none of the case the residual value of an assets is more than five percent of the Original Cost of the assets.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(j) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are subsequently measured at cost less depreciation. Investment properties are depreciated based on their estimated useful lives. Office premises which is considered as Investment property has a useful life of 60 years. The useful life has been determined based on technical evaluation performed by the management.

k) Impairment of Non-Financial Assets

Intangible assets, property, plant and equipment and other non-financial assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(l) Inventories

Items of inventories are measured in at lower cost & net realisable value after providing for obsolescence, if any except in case of by-products which are valued at net realizable value. Cost of inventories comprises of cost of

purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Cost of raw materials, chemicals, stores and spares, packing material, trading and other products are determined on weighted average basis.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are Recognised in profit or loss in the period in which they are incurred based on Amortised Cost as per Ind AS using effective interest rate method.

(n) Provisions, Contingent Assets and Contingent Liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognized but are disclosed in notes.

Contingent assets are not disclosed in the standalone financial statements unless an inflow of economic benefits is probable.

(o) Earnings per share

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

(p) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

(q) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

IV. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

V. TRANSACTION AND BALANCES

The Company's standalone financial statements are presented in Indian Rupees which is the Company's functional currency.

Transactions and Balances

Foreign currency transactions if executed; are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies (except financial instruments designated as Hedge Instruments) are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

VI. FAIR VALUE MEASUREMENT

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said standalone financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the standalone financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

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

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable

VII. FINANCIAL INSTRUMENTS

(a) Financial Assets

Initial recognition:

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial assets is recognized at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets.

Subsequent recognition

(i) Financial Assets Carried at Amortized Cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognized or impaired, the gain or loss is recognized in the statement of profit and loss.

(ii) Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit and loss.

Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in

OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognized in OCI are not reclassified to profit and loss.

(iii) Financial Assets at Fair Value through Profit or Loss

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss is recognized in the statement of profit and loss within finance income/ finance costs separately from the other gains/ losses arising from changes in the fair value.

Derecognition

Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the company enters into transactions whereby it transfers assets recognized on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized

(b) Financial Liabilities

Initial recognition

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless a initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognized at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent Recognition

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Derecognition

A Financial liability derecognized when the obligation specified in the contract is discharged, cancelled or expires

(c) Impairment of Financial Assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

However, only in case of trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(d) Reclassification of Financial assets and Financial Liabilities

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(f) Cash & Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purposes of the presentation of cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks.

VIII. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally Recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are Recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are Recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payment at the acquisition date and
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In case of a

bargain purchase, before recognizing a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognizes any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the Recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being Recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is Recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been Recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period(see above), or additional assets or liabilities are Recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

AUDITED STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2024

All Amount in INR Lakhs				
	Particulars	Note	As at 31st March, 2024	As at 31st March, 2023
A	ASSETS			
	Non-Current Assets			
	(a) Property, Plant and Equipment	3	264.76	89.10
	(b) Right- of - Use Assets		-	-
	(c) Capital Work in Progress		-	-
	(d) Investment properties	3(a)	53.39	56.13
	(e) Goodwill			
	(f) Other Intangible Assets	3	2.03	5.53
	(a) Intangible Assets Under Development		-	-
	(h) Biological assets other than Bearer plants		-	-
	(i) Financial Assets			
	(i) Investments	4	6.59	6.59
	(ii) Trade Receivables	8	-	-
	(iii) Other Financial Assets	5	1,058.45	1,065.49
	(i) Deferred Tax Assets (Net)	6	346.08	507.69
	(k) Other Non-Current Assets			
	SUB-TOTAL		1,731.30	1,730.53
	Current Assets			
	(a) Inventories	7	18.38	1.57
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	8	2,612.96	1,919.68
	(iii) Cash and Cash Equivalents	9	77.09	60.78
	(iv) Bank Balances other than (ii) above	9	1,006.40	2,878.30
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)	10	629.94	458.90
	(d) Other Current Assets	11	4,389.70	3,822.27
	SUB-TOTAL		8,734.47	9,141.50
	Non Current Assets Classified as Held for sale			
	Total Assets		10,465.77	10,872.03
B	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	12	2,004.15	2,004.15
	(b) Other Equity	13	2,691.19	2,377.84
			4,695.34	4,381.99
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	816.78	1,163.94
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred tax Liabilities (Net)		-	-
	(d) Other Non-Current Liabilities	15	24.80	22.17
			841.58	1,186.11
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,431.37	3,367.32
	(ii) Trade Payables	17	254.41	493.67
	(iii) Other Financial Liabilities	18	548.38	536.05
	(b) Provisions	19	413.02	671.08
	(c) Other Current Liabilities	20	281.68	235.81
			4,928.85	5,303.93
	Total Equity and Liabilities		10,465.77	10,872.03

Significant Accounting Policies

See accompanying Notes to the Standalone Financial Statements
As per our Attached report of even date

For GTA & CO LLP
Chartered Accountants
Firm Registration No.: (105482W/W100817)

Gaurav Saboo
Partner
M. No. 149116
UDIN : 24149116BKJOFZ1604
Place: Nagpur
Date: 30/05/2024

1-55

For and on behalf of Board of
KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde
Managing Director
DIN No. - 01821002

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352

Akash Bate
Company Secretary
Place: Mumbai
Date: 30/05/2024

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)

AUDITED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

All Amount in INR Lakhs

	Particulars	Note No.	For the year ended 31st March, 2024	For the year ended 31st March, 2023
I	Revenue from Operations	21	10,744.51	8,889.78
II	Other Income	22	66.55	81.28
III	Total Revenue (I+II)		10,811.06	8,971.06
IV	EXPENSES			
	Employee Benefits Expense	23	5,242.16	3,963.32
	Finance Costs	24	507.76	594.12
	Depreciation and Amortization Expense	25	58.44	33.11
	Other Expenses *	26	4,526.63	4,079.12
	Total Expenses (IV)		10,334.99	8,669.67
V	Profit/(loss) before exceptional items and tax (III- IV)		476.07	301.39
VI	Exceptional Items			
VII	Profit/(Loss) before Tax (V-VI)		476.07	301.39
VIII	Tax Expense:	27		
	(1) Current Tax		(82.04)	8.07
	(2) Reversal/Provision of Income Tax- Earlier years		64.17	81.39
	(3) Deferred Tax		147.48	(74.65)
	Total Tax Expense		129.61	14.81
IX	Profit (Loss) for the period (VII-VIII)		346.46	286.58
X	Other Comprehensive Income			
	(1) Items that will not be reclassified subsequently to Statement of Profit & Loss Re-measurement (Gain)/Loss on Defined Benefit Plan		21.15	24.67
	(2) Income tax relating to items that will not be reclassified to Statement of Profit		(5.32)	(6.21)
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
XI	Total Comprehensive Income for the period (IX+X)		330.63	268.12
XII	Earnings per Equity Share	28		
	(1) Basic		1.73	2.32
	(2) Diluted		1.73	2.32

Significant Accounting Policies

See accompanying Notes to the Standalone Financial Statements

As per our Attached report of even date

1-55

For GTA & CO LLP

Chartered Accountants

Firm Registration No.: (105482W/W100817)

For and on behalf of Board of

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Gaurav Saboo

Partner

M. No. 149116

UDIN : 24149116BKJOFZ1604

Place: Nagpur

Date: 30/05/2024

Ravindra Hegde

Managing Director

DIN No. - 01821002

Sujata Hegde

Director & Chief Financial Officer

DIN No. - 01829352

Akash Bate

Company Secretary

Place: Mumbai

Date: 30/05/2024

AUDITED STANDALONE CASH FLOW STATEMENT

All Amount in INR Lakhs

Particulars	As at 31st March 2024	As at 31st March 2023
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	476.07	301.39
Adjustment for:		
Depreciation and Amortization Expense	58.44	33.11
Finance cost	507.76	594.12
Allowance for Doubtful Debts	7.48	671.32
Profit on sale of Property, Plant & Equipment	-	(17.13)
Re-measurement (Gain)/Loss on Defined Benefit Plan	(21.15)	(24.67)
Interest Income on Fixed Deposit and Income Tax Refund	(54.62)	(39.44)
Operating Profit before Working Capital changes	973.98	1,518.69
Adjustment for:		
(Increase)/decrease in Trade Receivables	(700.76)	(218.20)
(Increase)/decrease in Other Current Financial Assets	1,904.61	(1,904.61)
(Increase)/decrease in Other Non-Current Financial Assets	7.04	188.35
(Increase)/decrease in Other Current Assets	(738.47)	(833.82)
(Increase)/decrease in Inventories	(16.81)	0.09
Increase/(decrease) in Trade-Payable	(239.26)	(18.88)
Increase/(decrease) in Other Current Financial Liability	76.36	105.20
Increase/(decrease) in Non Current Liability	2.64	16.32
Increase/(decrease) in Provision	(258.06)	8.27
Increase/(decrease) in Non-Current Liability	(347.17)	(311.02)
Increase/(decrease) in Other Current Liability	45.87	(105.18)
		-
Cash Generated/Used from Operations	709.97	(1,554.78)
Direct Taxes	23.19	(83.25)
Net Cash from Operating Activities (A)	733.16	(1,638.03)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(227.84)	(7.32)
Sale of Property, Plant & Equipment	-	49.38
Fixed Deposits placed/matured/realised (Net)	(32.71)	(102.00)
Interest Received	54.62	39.44
Investment in subsidiaries	-	(1.09)
Net Cash used in Investing Activities (B)	(205.93)	(21.59)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	(507.76)	(594.12)
Proceeds from Rights Issue	-	2,404.61
Payment For share issue related costs	(3.19)	(194.46)
Net Cash from Financing Activities (C)	(510.93)	1,616.03
Net Changes in Cash and Cash Equivalents (A+B+C)	16.31	(43.59)
Opening Balance of Cash and Cash Equivalents	60.78	104.37
Closing Balance of Cash and Cash Equivalents	77.09	60.78

Notes:-

1 The above Standalone Cash Flow Statement has been prepared under the "indirect method" as set out in the Indian Accounting Standard (Ind AS-7) Statement of Cash Flows.

2 Cash and Cash Equivalents at the year end comprises

Cash on Hand	66.32	54.36
In Bank Account	10.77	6.42
	77.09	60.78

As per our Attached report of even date

For GTA & CO LLP

Chartered Accountants

Firm Registration No.: (105482W/W100817)

Gaurav Saboo

Partner

M. No. 149116

UDIN : 24149116BKJOFZ1604

Place: Nagpur

Date: 30/05/2024

For and on behalf of Board of

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde

Managing Director

DIN No. - 01821002

Sujata Hegde

Director & Chief Financial Officer

DIN No. - 01829352

Akash Bate

Company Secretary

Place: Mumbai

Date: 30/05/2024

AUDITED STANDALONE STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital All Amount in INR Lakhs

Balance at April 1, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the year*	Balance as at March 31, 2024
2,004.15	-	2,004.15	-	2,004.15

Balance at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year*	Balance as at March 31, 2023
1,002.23	-	1,002.23	1,001.92	2,004.15

B Other Equity All Amount in INR Lakhs

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Other Equity
	Securities Premium	Retained Earnings	Share Issue expenses	Remeasurements of defined benefit Plans	
Opening Balance as at 31st March 2022	642.43	239.87	-	(14.79)	867.51
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2022	642.43	239.87	-	(14.79)	867.51
Profit /(Loss) for the year	-	286.56	-	-	286.56
Other Comprehensive income /(losses)	-	-	-	(18.46)	(18.46)
Total Comprehensive Income for the Year	-	286.56	-	(18.46)	268.10
Add : Issue of shares	1,402.69		(194.46)		1,208.23
Less: Share issue expense	(194.46)		194.46	-	-
Deferred tax on share issue expense	34.00				34.00
Closing Balance as at 31st March 2023	1,884.67	526.44	-	(33.25)	2,377.84
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2023	1,884.67	526.44	-	(33.25)	2,377.84
Profit /(Loss) for the year		346.48			346.48
Other Comprehensive income /(losses)				(15.83)	(15.83)
Total Comprehensive Income for the Year	-	346.48		(15.83)	330.65
Add : Issue of shares	-		(3.19)		(3.19)
Less: Share issue expense	(3.19)		3.19		-
Deferred tax on share issue expense	(14.13)				(14.13)
Closing Balance as at 31st March 2024	1,867.35	872.92	-	(49.08)	2,691.19

As per our Attached report of even date

For GTA & CO LLP
Chartered Accountants
Firm Registration No.: (105482W/W100817)

Gaurav Saboo
Partner
M. No. 149116
UDIN : 24149116BKJOFZ1604
Place: Nagpur
Date: 30/05/2024

For and on behalf of Board of
KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde
Managing Director
DIN No. - 01821002

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352

Akash Bate
Company Secretary
Place: Mumbai

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

3

PROPERTY, PLANT AND EQUIPMENT							Intangible Assets
Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total	
Gross Carrying Value as at 31st March 2022	7.74	14.05	6.23	129.09	329.22	486.32	5.11
Additions	0.24	0.36	0.23	-	0.82	1.65	5.65
Disposals	-	-	-	30.90	4.58	35.47	-
Gross Carrying Value as at 31st March 2023	7.98	14.41	6.45	98.19	325.46	452.50	10.76
Additions	102.36	22.98	86.69	-	15.81	227.84	-
Disposals	-	-	-	-	-	-	-
Gross Carrying Value as at 31st March 2024	110.34	37.39	93.14	98.19	341.27	680.34	10.76
Accumulated Depreciation							
Balance as at 31st March 2022	6.75	10.72	4.58	81.19	236.93	340.17	1.45
Additions	0.26	1.31	0.33	8.54	16.03	26.47	3.78
Disposal	-	-	-	3.23	0.01	3.24	-
Balance as at 31st March 2023	7.01	12.03	4.91	86.50	252.94	363.40	5.22
Additions	18.09	2.68	14.25	3.66	13.51	52.19	3.51
Disposal	-	-	-	-	-	-	-
Balance as at 31st March 2024	25.10	14.71	19.16	90.16	266.46	415.59	8.73
Net Carrying Value							
As at 31st March 2023	0.97	2.38	1.54	11.69	72.52	89.10	5.53
As at 31st March 2024	85.24	22.69	73.98	8.03	74.82	264.76	2.03

* Registered Equitable Mortgage and First and exclusive charge and security by way of hypothecation of machineries for Apna Sahakari Bank Ltd Loan Includes office Equipments
The Company neither has any Benami property nor any proceeding has been initiated or pending against the Company during the year ended March 31st, 2024 and March 31st, 2023 for holding any benami property
All the property, plant and equipment, including title deeds of immovable property(classified as investment property) are held in the name of the company.

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

		All Amount in INR Lakhs	
		As at 31st March 2024	As at 31st March, 2023
3(a) INVESTMENT PROPERTIES			
Gross Carrying Value		99.63	99.63
Accumulated depreciation		46.24	43.50
Net Carrying Value		53.39	56.13
ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES		As at 31st March 2024	As at 31st March, 2023
Accumulated depreciation at the beginning of the year		43.50	40.62
Addition		2.74	2.88
Accumulated depreciation at the end of the year		46.24	43.50
i) Amount recognised in profit and loss for investment properties		For the year ended 31st March, 2024	For the year ended 31st March, 2023
Rental Income		9.73	8.65
Direct operating expenses from property that generated Rental Income		1.01	1.43
Direct operating expenses from property that didn't generated Rental Income		-	-
Profit from investment properties before depreciation		8.71	7.22
Depreciation		2.74	2.88
Profit from investment properties		5.97	4.34
ii) Contractual obligations			
The Company has no restrictions on the realisability of its investment property. There are no contractual obligations to purchase, construct or develop investment property as at the year end			
iii) Leasing arrangements			
Investment property is leased out to one tenant under operating leases.			
iv) Fair Value		As at 31st March, 2024	As at 31st March, 2023
Investment Property		231.14	231.14
Estimation of Fair Value			
The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location on the basis of stamp duty reckoner. There is no involvement of independent and professional valuers in the determination of fair value.			
4 INVESTMENTS		As at 31st March, 2024	As at 31st March, 2023
Investment (valued at cost unless stated otherwise)			
In Equity instruments of Other Companies			
Unquoted, Fully Paid up			
Shares in Apna Sahakari Bank		5.50	5.50
(22000 Equity Shares of Rs.25/- each fully paid up)		-	-
KHFM Infra Projects Private Limited		0.99	0.99
(9900 Equity Shares of Rs 10 each fully paid up)		-	-
KHFM & D.P Jain Company		0.10	0.10
(99% holding stake in partnership firm)		-	-
Total		6.59	6.59
Note: An equity instrument represents contract that evidences a residual interest in the assets of an entity after deducting all its liabilities and includes partnership firm.			
5 OTHER FINANCIAL ASSETS		As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, unless stated otherwise)			
Security Deposits & Retension Money		948.89	963.56
Service tax Appeal Deposit		101.93	101.93
GST Appeal deposit		7.63	0.00
Total		1,058.45	1,065.49

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

6	DEFERRED TAX ASSETS (NET)	As at 31st March, 2024	As at 31st March, 2023
	Deferred Tax Assets / (Liabilities) in relation to		
	Deferred Tax Assets		
	Interest / Processing Fees Ind As Adjustments	5.35	5.01
	Provision for Employee Benefits	11.71	9.52
	Allowance for Bad & Doubtful Debts	300.50	452.76
	Share Issue expenses/IPO/ Rights issue Expenses	30.17	44.30
	Property, Plant & Equipment		
	Sub-Total (A)	347.73	511.59
	Deferred Tax Liabilities		
	Property, Plant & Equipment	1.65	3.90
	Interest / Processing Fees Ind As Adjustments		
	Sub-Total (B)	1.65	3.90
	Deferred Tax Assets / (Liability) (Net) (A-B)	346.08	507.69

The movement on the Deferred Tax Asset is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the Opening of Reporting period - Deferred Tax Asset	507.69	399.03
Allowance for Bad & Doubtful Debts	(152.26)	63.73
Property, Plant & Equipment	2.24	0.91
Provision for Employee Benefits	2.19	5.13
Interest / Processing Fees Ind As Adjustments	0.34	4.89
Recognised in Profit & Loss A/c	(147.48)	74.66
Adjusted against share issue expenses/IPO expenses in equity	-	-
Share issue expenses/IPO expenses	(14.13)	34.00
Total Movement of Deferred Tax Asset	(161.62)	108.66
Charge to Other Comprehensive Income	-	-
Remeasurement of Defined Benefit Plans	-	-
Balance at the Closing of Reporting period- Deferred Tax Asset	346.07	507.69

7	Inventories	As at 31st March, 2024	As at 31st March, 2023
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished Goods	-	-
	Traded Goods	-	-
	Stores & spares	18.38	1.57
	Total Inventories	18.38	1.57
	Inventories are carried at lower of cost and net realisable value.		

8	TRADE RECEIVABLES	As at 31st March, 2024	As at 31st March, 2023
	Non Current Debtors		
	- Unsecured	-	-
	Considered Good	969.38	1,571.93
	Considered Doubtful	-	-
	- Less:- Allowance for Bad & Doubtful Debts	969.38	1,571.93
	Total Non Current debtors	-	-

	As at 31st March 2024	As at 31st March 2024
Current Debtors		
- Unsecured	-	-
Considered Good	2,631.56	1,948.18
Considered Doubtful	-	-
- Less:- Allowance for Bad & Doubtful Debts	18.60	28.50
Total Current debtors	2,612.96	1,919.68

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2024 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	-	-	-	-	-	-
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	969.38	969.38
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
	-	-	-	-	969.38	969.38
Less: Allowance for doubtful trade receivables - Billed						969.38
Trade receivables - Unbilled						-
Total						-

1,083.49	2,939.08
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NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

10 CURRENT TAX ASSETS (NET)	As at 31st March, 2024	As at 31st March, 2023
Advance Income Tax (net of Provisions)	629.94	458.90
Total	629.94	458.90
11 OTHER CURRENT ASSETS	As at 31st March, 2024	As at 31st March, 2023
Advances to Staff	0.08	0.40
(Unsecured Considered Good)		
Loans & Advances	5.22	5.27
Advances against site/Expenses	436.65	39.92
Prepaid expenses	33.50	4.55
Contract Assets	3,914.25	3,772.13
Total	4,389.70	3,822.27
Changes in Contract Assets are as follows:	As at 31st March, 2024	As at 31st March, 2023
Contract Assets at the beginning of the year	3,970.67	3,142.37
Revenue Recognised during the year	10,746.41	8,891.11
Invoices raised during the year	(10,596.81)	(8,062.82)
Total	4,120.27	3,970.66
Provision for contract assets	(206.01)	(198.53)
Contract Assets at the end of the year	3,914.25	3,772.13
Total		
12 SHARE CAPITAL	As at 31st March, 2024	As at 31st March, 2023
(a) Authorised		
2,50,00,000 Equity Shares of Rs. 10 each	2,500.00	2,100.00
(Previous year: 2,10,00,000 Equity Shares of Rs. 10 each)		
Total	2,500.00	2,100.00
(b) Issued, Subscribed and Paid Up		
2,00,41,499 Equity Shares of Rs. 10 each	2,004.15	2,004.15
Total	2,004.15	2,004.15
(c) Reconciliation of the Number of Equity Shares		
Shares outstanding at the beginning of the year	200.41	100.22
Shares issued during the year	-	100.19
Shares bought back during the year		
Shares outstanding at the Closing of the year	200.41	200.41
(d) Terms and Rights attached to Equity Shareholders		
The Company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend if recommended by the Board of Directors is approved by the members at the ensuing Annual General Meeting. In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets, if any in proportion to the number of shares held at the time of commencement of winding-up. The share holders have all other rights as available to the Equity shareholders as per the provisions of the Companies Act, 2013 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.		
(e) Shareholders holding more than 5% Equity Shares	As at 31st March 2024	As at 31st March, 2023
Equity Shares of Rs.10 each fully paid held by-	No. of shares (In Lakhs)	No. of shares (In Lakhs)
(i) Ravindra Malinga Hegde	65.25	64.79
(ii) Sujata Ravindra Hegde	10.48	10.32
13 OTHER EQUITY	As at 31st March, 2024	As at 31st March, 2023
(a) Security Premium		
Opening Balance	1,884.67	642.43
add : issue of shares	-	1,402.69
less : Bonus issue	-	-
less: Share issue expenses net of Tax benefit	(17.32)	(160.45)
Closing balance	1,867.35	1,884.67
(b) Retained Earnings		
<u>Balance at the beginning of the Financial Year</u>	526.44	239.87
Adjustment of prior period expense	-	-
<u>Restated balance at the beginning of the Financial Year</u>	526.44	239.87
Profit during the year transferred	346.48	286.55
	-	-
	-	-
Less: Dividend Paid	-	-
Tax on Dividend	-	-
Utilisation for Bonus Issue	-	-
<u>Balance at the end of the Financial Year</u>	872.92	526.42
Balance consists of Surplus retained from earned profit after payment of dividend.		

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

Total Reserve & Surplus (a)+(b)		2,740.27	2,411.09
(c) Items of Other Comprehensive income			
Remeasurements of defined benefit plans			
Opening Balance		(33.25)	(14.79)
Add: Current year Income/(expense)		(15.83)	(18.46)
Closing balance		(49.08)	(33.25)
Total Other Equity (a)+(b)+(c)		2,691.19	2,377.84
14 Non-Current Liabilities	As at 31st March, 2024	As at 31st March, 2023	
Financial Liabilities			
Borrowings			
1-Secured loans			
		807.50	1,154.48
2-Unsecured loans			
		9.28	9.46
TOTAL		816.78	1,163.94
Secured Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 28)			
15 OTHER NON-CURRENT LIABILITIES	As at 31st March, 2024	As at 31st March, 2023	
Provision for gratuity- Non Current		24.80	22.17
Total	24.80	22.17	
16 Current Borrowings	As at 31st March, 2024	As at 31st March, 2023	
Working capital and Overdrafts			
from banks & financial institutions-Secured			
Apna Sahakari Bank Ltd			
		1,972.47	1,916.80
Deutsche Bank			
		-	-
Bank of India			
		741.76	687.16
State Bank of India			
		585.06	563.49
From Related Parties			
Ravindra Hegde			
		123.40	155.89
Sujata Hegde			
		8.58	43.73
KHFM HR Consultancy Private Limited			
		0.10	0.25
		3,431.37	3,367.32
Working Capital Loans are secured against current assets(book debts) property, plant and equipments, fixed deposits and personal guarantee of directors. (Refer Note 28)			
17 TRADE PAYABLES	As at 31st March, 2024	As at 31st March, 2023	
<i>Financial Liabilities carried at Amortised Cost</i>			
Due to Micro, Small and Medium Enterprises		8.13	17.43
Others			
(i) Related Parties		2.48	1.99
(ii) Other Parties		243.80	474.25
Total	254.41	493.67	

Ageing for trade payables outstanding as at March 31, 2024 is as follows

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables					
MSME*	8.13	-	-	-	8.13
Others	220.05	19.60	5.86	0.76	246.28
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	228.18	19.60	5.86	0.76	254.41

Accrued expenses

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

Ageing for trade payables outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables					
MSME*	8.64	8.79	-	-	17.43
Others	306.68	162.60	6.96	-	476.24
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	315.32	171.39	6.96	-	493.67

Accrued expenses

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

18	OTHER FINANCIAL LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
	<i>Financial Liabilities carried at Amortised Cost</i>		
	Current Maturity of long term debt	356.70	303.84
	Unclaimed Dividend	0.11	0.11
	Subcontractor deposits	187.07	227.60
	Deposit premises	4.50	4.50
	Total	548.38	536.05
19	PROVISIONS (CURRENT)	As at 31st March, 2024	As at 31st March, 2023
	Provision for Gratuity	21.72	15.64
	Provision for Employee benefit expenses	384.30	647.36
	Provision for Audit fees	7.00	8.00
	Provision for other expense	-	0.08
	Total	413.02	671.08
20	OTHER CURRENT LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
	Statutory dues	281.68	235.81
	Total	281.68	235.81

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

All Amount in INR Lakhs

21 REVENUE FROM OPERATIONS	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Contracted Price (Services)	10,746.41	8,891.12
Less: Reduction towards variable consideration components	1.90	1.34
Total	10,744.51	8,889.78

The reduction towards variable consideration comprises of volume discounts, service level credits etc.

The Company has applied the accounting policy and presentation as required by Ind As 115- Revenue from contracts with customers and recognized revenue when a performance obligation is satisfied by transferring a promised service to the customer and accordingly the company has presented the contract in the balance sheet as contract asset for service rendered remaining unbilled. Contract revenue recognised is subject to change and is affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company classifies the right to consideration in exchange for deliverables as either as a receivables or as unbilled revenue if revenue is accrued. Receivables and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivables is presented net of impairment in the Balance Sheet.

22 OTHER INCOME	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Rental Income	9.73	8.65
Profit on Sale of Property, Plant & Equipments	-	17.13
Interest on Bank Fixed Deposits	54.62	39.44
Remission of Liability	2.20	16.06
Total	66.55	81.28

23 EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries, Wages and Bonus	4,657.07	3,626.30
Contribution to Provident Fund and Other funds	572.09	332.37
Staff Welfare expenses	13.00	4.65
Total	5,242.16	3,963.32

24 FINANCE COST	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest Expenses for financial liabilities measured at amortised cost	507.76	594.12
Total	507.76	594.12

25 DEPRECIATION	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment	52.19	26.46
Depreciation on investment property	2.74	2.87
Amortisation of intangible assets	3.51	3.78
Amortisation of leasehold land	-	-
Total	58.44	33.11

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

26 OTHER EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Direct Expenses		
Site Expenses	1,166.80	718.11
Labour Charges	2,672.16	1,852.71
Consumption of stores, spares & Consumables	107.18	98.28
Uniform Expenses	16.86	3.34
Blocked credit	31.79	16.47
Deductions on Service dues	149.51	215.41
Indirect Expenses		
Advertising and domain expenses	12.23	5.94
Audit Fees	9.73	27.37
Computer, Software & Printer Expenses	2.99	3.32
Commission	1.93	18.75
Donation	1.03	0.47
Insurance	45.31	42.38
Miscellaneous Expenses	11.77	6.13
Office Expenses	9.71	7.92
Power & Fuel	6.86	1.66
Professional tax	0.08	0.08
Legal & Professional Charges	27.37	104.03
Licence fees	0.15	0.61
Listing Fees	-	0.25
Interest late fees and penalty	14.07	11.02
Printing & Stationery	2.05	1.25
Rent Including Lease Rentals	39.19	27.96
Repair & Maintenance	15.99	26.95
Allowance for Bad & Doubtful Debts/ Contract Assets	7.48	671.32
Tender related expense	27.70	7.30
Telephone Charges	2.67	1.53
Transport Charges	16.47	21.93
Travelling and Conveyance	127.55	186.65
Total	4,526.63	4,079.12
Auditor's remuneration		
Auditor's remuneration consists of the following		
Statutory Audit Fees	7.00	8.00
Statutory audit fees paid for previous financial year	-	8.00
Tax Audit Fees	0.50	0.13
Internal Audit fees	0.15	0.15
Certifications and other review services	1.03	10.64
Stock Audit fees	1.05	0.45
	9.73	27.37

Certification and other review services primarily includes certification fees paid to auditors . Statute and regulation permit auditors to certify tender related documents, and related review services among others.

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

27 INCOME TAX	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) Income Tax recognized in Statement of Profit & Loss		
Current Tax Expenses	(82.04)	8.07
Tax of the Earlier Years	64.17	81.39
Deferred Tax Expenses	147.48	(74.65)
Total Tax Expenses recognized in Statement of Profit & Loss	129.61	14.81
(b) Tax expenses related to Items recognized in Statement of Other Comprehensive Income		
Remeasurement of Defined Benefit Plans	(5.32)	(6.21)
Income tax Charged to Statement of Other Comprehensive Income	(5.32)	(6.21)
(c) Reconciliation of Effective Tax Rate		
Profit Before Tax	476.10	301.37
Tax at India's statutory Income Tax rate	25.17	25.17
Expected Income tax expense/(benefit)	119.83	75.85
<u>Tax effect of adjustments to reconcile expected Income Tax expense to reported Income Tax expense</u>		
Tax on Items inadmissible to be debitted to P/L	288.53	283.96
Tax on Items admissible to be debitted to P/L /Considered under separate head	(505.86)	(366.02)
Tax on Items Considered under other Head of income	15.46	14.28
Tax on prior periods arose in current period	-	64.17
<u>Current Tax Expense</u>	<u>(82.04)</u>	<u>72.24</u>
Tax on Items recognised in other comprehensive income	(5.32)	(6.21)
Total Tax Expenses /(benefits) (A)	(87.36)	66.03
Incremental Deferred Tax Liability/(Assets) on account of Property, Plant and Equipment	(2.24)	(0.91)
Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	149.72	(73.75)
Deferred Tax Provision (B)	147.48	(74.65)
Total Tax Expenses/(benefits) (A + B)	60.12	(8.62)
Effective Tax Rate	12.63%	-2.86%

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED (CIN - L74930MH2006PLC159290) STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS								
Note No 28							All Amount in INR Lakhs	
A. Working Capital Facilities & Term Loans from Banks								
Name of Lender	Purpose	Sanction Amount(in lakhs)	Rate of interest	Securities offered	Re-payment	Moratorium	As At	As At
Secured Borrowings							31-03-2024	31-03-2023
Apna Sahakari Bank Ltd.	Working Capital (Cash Credit)	1895.00	11% p.a.	Primary Security : Hypothecation of Stock & Book Debts Collateral Security : As per Note 1	On Demand	NA	1,927.24	1,916.80
State Bank of India	Working Capital (Cash Credit)	585.00	8.15%	As per Note 5	On Demand	NA	585.06	563.49
Bank of India	Working Capital (Cash Credit)	752.00	11.25%	As per Note 4	On Demand	NA	741.75	687.16
Apna Sahakari Bank Ltd.	Business Loan (Loan against book debts and property)	300.00	11.50% p.a.	Security : As per note no 3.	120 EMIs of 4.26 lacs each	NA	154.95	187.27
	Business Loan (Loan Against Property)	100.00	12% p.a.	Security : As per note no 2.	120 EMIs of Rs. 1.45 Lacs each	Nil	23.66	37.69
	Loan against deposit	40.00	7.5% p.a	Secured against Fixed deposit of Rs 45.01 Lakhs	EMIs of Rs 0.24 lacs each	Nil	-	35.76
	Temporary overdraft	45.20	8.30%	-	Monthly interest remittance	Nil	45.22	-
	Temporary overdraft	25.00	6.45%	-	Repaid on 05.04.2023	Nil	-	25.13
	Business Loan (Loan against book debts and property)	550.00	11% p.a.	Security : As per note no 3.	84 EMIs of Rs 9.52 lacs each	Nil	373.56	442.25
Bank of India	Business Loan (Loan Against Property)	185.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	Nil	53.16	68.13
	Business Loan (Loan Against Property)	53.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	Nil	32.17	40.77
	Business Loan (Loan Against Property)	48.00	8.10% p.a	As per Note 4	36 EMIs of Rs 1.33 lacs each	Nil	5.33	21.77
	Business Loan (Loan Against Property)	500.00	9.40% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	Yes	452.70	500.00

Notes

Apna Sahakari Bank Ltd. - Cash Credit Rs. 1895.00 Lacs

1. Collateral Security : Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of HR Consultancy Pvt Limited wherein Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde

Apna Sahakari Bank Ltd. – Loan against Property Rs. 100.00 Lacs & 50.00 Lacs

2. Security : Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of HR Consultancy Pvt Limited wherein Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde & FDR of Rs 210 lakhs.

Apna Sahakari Bank Ltd. – Loan against Property Rs. 300.00 Lacs & 550 Lacs

3. Security: Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of HR Consultancy Pvt Limited wherein Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde & FDR of Rs 210 lakhs.

Bank Of India

4 Security: First Pari Passu Charge on Book debts with Apna Sahakari Bank- Apna Sahkari Bank has limits of Rs. 15.00 crores and BG Limit of Rs. 14.00 crores and accordingly BOI share is 18.67 % of Bookdebts. Second Pari-Passu charge for GECL Collateral facility on Book Debts with Apna Sahakari Bank. Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLRL, Jogeshwari (E), Mumbai -60, EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60

State Bank of India

5.Security: First paripassu charge basis to secure our funded and non-funded Working Capital credit facilities with Apna Sahakari Bank Ltd and Bank of India on Current Assets viz. Stocks of raw material, stock in process, finished goods, consumable stores & spares and book debts, bills whether documentary or clean, outstanding monies, receivables of the company, both present and future. Equitable mortgage of commercial building: 3rd Floor, Antariksh, Village Marol, Andheri, Mumbai, Maharashtra-400059

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

All Amount in INR Lakhs

29 EARNING PER SHARE	Year ended 31st March, 2024	Year ended 31st March, 2023
(a) Net Profit for Basic & diluted EPS	346.46	286.58
(b) Number of Equity Shares at the beginning of the period (in Lakhs)	200.41	100.22
(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	200.41	200.41
(d) Adjusted Weighted Average number of Equity Shares outstanding (in Lakhs)	200.41	123.74
Earning Per Share - Basic	1.73	2.32
Earning per share - Diluted	1.73	2.32
Face value per share (Rs.)	10.00	10.00

30 CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2024	As at 31st March, 2023
(a) Claims against the company not acknowledged as debt:		
- Service Tax	1,389.40	1,389.40
- ESIC	15.07	-
- Goods and Service Tax	179.49	-
Considering the facts of the case, the company and the tax advisors believe that the final outcome should be in favour of the company.		
(b) Guarantees		
(i) Bank Guarantees	935.93	942.39

31 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2024	As at 31st March, 2023
The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company:		
(a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March, 2024	8.13	17.43
(b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the	-	-
(d) the amount of interest accrued and remaining unpaid	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-
(f) the amount of provision made for payment to MSME Enterprises	-	-

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

(a) List of Related Parties

(i) Companies/Firms under Common Management

- (a) Sujata Hegde (Prop Palemer Enterprises)
- (b) Ravindra Hegde (Prop KHFM Pest Control)
- (c) KHFM HR Consultancy Private limited

(ii) Key Managerial Personnel

	Designation
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director & Chief Financial Officer (CFO)
(c) Saurav Hegde	Director
(d) Rahul Pathak	Company Secretary & Chief Financial Officer (Resigned)
(e) Akash Bate	Company Secretary
(f) Girish Ramnani	Non Executive & Independent Director
(g) Brahm Pal Singh	Non Executive & Independent Director (Resigned)
(h) Kapildeo Agarwal	Non Executive & Independent Director
(i) Prabhakar Patil	Non Executive & Independent Director

(iii) Subsidiaries

- (a) KHFM Infra Projects Private Limited
- (b) KHFM & DP Jain Company

(b) The following transactions were carried out with related parties in the ordinary course of business:

All Amount in INR Lakhs

Name of Party	Type of relation	Nature of Transaction	Income / Expense/ Asset/ Liability	2023-24	2022-23
				Amount	Amount
Sujata Hegde (Prop Palemar Enterprises)	Companies under Common Management	Interest Expenses	Expense	0.58	1.31
		Closing Balance			
		Unsecured Loans	Liability	8.58	43.73
Ravindra Hegde (Prop. KHFM Pest Control)	Companies under Common Management	Interest Expenses	Expense	4.63	7.88
		Closing Balance			
		Unsecured Loans	Liability	123.40	155.89
KHFM HR Consultancy Private Limited	Companies under Common Management	Unsecured Loans	Liability	0.10	0.25
Ravindra Hegde	Managing Director	Director Remuneration	Expense	12.00	12.00
		Rent Paid	Expense	10.80	10.80
		Dividend Paid	Expense/Equity	-	-
		Closing Balance			
		Creditor	Liability	2.10	1.29
Saurav Hegde	Director	Salary Payable	Liability	1.31	3.82
		Director remuneration	Expense	9.00	7.20
		Dividend paid	Expense	-	-
		Closing Balance			
		Creditor	Liability	-	-
Sujata Hegde	Director	Salary payable	Liability	0.21	0.03
		Director Remuneration	Expense	7.20	7.20
		Dividend Paid	Expense/Equity	-	-
		Closing Balance			
		Creditor	Liability	0.38	0.70
		Salary Payable	Liability	2.06	0.48

Name of Party	Type of relation	Nature of Transaction	Income / Expense/ Asset/ Liability	2023-24 Amount	2022-23 Amount
Rahul Pathak	Company Secretary and CFO (Resigned wef 17.02.2024)	Salary	Expense	8.67	7.20
		Closing Balance			
		Salary Payable	Liability	-	0.75
Kapildeo Agarwal	Non Executive & Independent Director	Sitting fees	Expense	0.38	0.38
		Closing Balance			
		Sitting fees payable	Liability	0.34	0.34
Brahm Pal Singh	Non Executive & Independent Director	Sitting fees	Expense	0.12	0.41
		Closing Balance			
		Sitting fees payable	Liability	-	0.32
Girish Ramnani	Non Executive & Independent Director	Sitting fees	Expense	1.00	1.05
		Closing Balance			
		Sitting fees payable	Liability	1.08	0.81
Prabhakar Patil	Non Executive & Independent Director	Sitting fees	Expense	0.38	-
		Closing Balance			
		Sitting fees payable	Liability	0.28	-

(c) Terms and conditions of transactions with related parties

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Board of Directors have furnished guarantee of properties held in their own name against loans/ working capital limits sanctioned by the Banks to the company. Particulars of the same is referred in Note: 28 of Standalone Financial Statements

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st,2024

33. INVESTMENTS IN EQUITY INSTRUMENTS AT FVTOCI

On initial recognition, the company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value Recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Fair value of equity shares of co-operative banks which are unlisted is not available, hence the same is recorded as Cost.

34. INVESTMENTS IN EQUITY SHARES AT FAIR VALUE THROUGH PROFIT & LOSS (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on Remeasurement Recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is Recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

35. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are Recognised, in respect of each class, financial liability and equity instruments to the standalone financial statements
Financial Assets and Liabilities

(a)The Carrying values of Financial Assets and Liabilities have been given under:

(All Amount in INR Lakhs)

31 st March 2024	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
<u>Financial Asset :</u>				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-		6.59	6.59
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	-	-
Other Non-Current Financial Assets	-	-	1058.45	1058.45
Current Assets:-				
Cash & Cash equivalents	-	-	77.09	77.09
Bank Balance other than above	-	-	1006.40	1006.40
Trade receivables	-	-	2612.96	2612.96
Other Financials Assets	-	-	-	-
<u>Financial Liability :</u>				
Non-Current :-	-	-	-	-
Borrowings	-	-	816.77	816.77
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3431.37	3431.37
Trade payables	-	-	254.40	254.40
Other financial liabilities			548.37	548.37

31st March 2023	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
<u>Financial Asset :</u>				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-	-	6.59	6.59
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	-	
Other Non-Current Financial Assets	-	-	1065.49	1065.49
Current Assets:-				
Cash & Cash equivalents	-	-	60.78	60.78
Bank Balance other than above			2878.30	2878.30
Trade receivables	-	-	1919.68	1919.68
Other Financials Assets	-	-	-	-
<u>Financial Liability :</u>				
Non-Current :-	-	-	-	-
Borrowings	-	-	1163.94	1163.94
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3367.32	3367.32
Trade payables	-	-	493.67	493.67
Other financial liabilities			536.06	536.06

Carrying amount of Investment, Trade Receivables, Cash and Cash Equivalent, Bank balances, Other financial Assets, Trade payables and Other financial liabilities as at 31st March, 2024 and 31st March, 2023 approximate the Fair Value because of their short term nature. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant each of year presented.

(b) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels :

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

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The Company has fair valued the transaction of financial guarantee (under Other Financial Liabilities) on the basis of internal comparable of a similar transaction with an unrelated party. The fair value so determined will therefore be classified under Level 2. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.

The cost of unquoted investments approximate the fair value because there is a wide range of possible fair valued measurements and the cost represents estimate of fair valued within that range.

I Financial risk management

i) Risk management framework

a) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the risk management policies. The Company reports regularly to the Board of Directors on its activities.

b) The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which the employees understand their roles and obligations.

c) The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii) The Company has exposure to the following risks from the financial instruments:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investments in debt securities, loans given to related parties and project deposits. The carrying amount of financial assets represents the maximum credit exposure.

• Trade Receivables

Customer credit risk is managed by requiring customers to pay advances through progress billings before transfer of ownership, therefore substantially eliminating the Company's Credit risk in this respect. The Company's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects that vary in sizes and types with numerous different customer categories in a large number of geographical markets. Based on prior experience and an assessment of the current economic environment, management has recognized appropriate provision for expected credit loss.

Reconciliation of Expected Credit Loss on Trade Receivables

(All amount in INR Lakhs)

Particulars	31st March 2024	31st March 2023
Opening Expected Credit Loss	1600.43	1388.63
Additions	-	629.90
Less: Bad Debts Booked	(612.44)	(418.10)
Closing Expected Credit Loss	987.99	1600.43

The amounts reflected in the table above are not impaired as on the reporting date.

(b) Cash and Bank Balances

Credit risk from cash and bank balances is managed by the Company's treasury department in accordance with the Company's policy.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Comp'ny's approach to managing liquidity is to ensure, as far as possible,

that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Comp'ny's reputation. Management monitors rolling forecasts of the Comp'ny's liquidity position on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

- Exposure to Liquidity risk.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2024. (All Amount in INR Lakhs)			
Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities Borrowings	356.70	620.89	195.88

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2023.			
Financial Liabilities Borrowings	303.84	644.02	519.92

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rate and interest rates will affect the Comp'ny's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(e) Currency risk

Currency risk is not material, as the Comp'ny's primary business activities are within India and does not have significant exposure in foreign currency.

(f) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The management is responsible for the monitoring of the Comp'ny's interest rate position. Various Variables are considered by the management in structuring the Comp'ny's borrowings to achieve a reasonable, competitive, cost of funding. Exposure to interest rate risk.

The interest rate profile of the Comp'ny's interest bearing financial instruments as reported to the management is as follows:

(All Amount in INR Lakhs)

Particulars	31 st March, 2024	31 st March, 2023
Financial Assets		-
Fixed rate instruments		
Bank Deposits		
- Current	1017.07	980.00
- Non Current		

Financial Liabilities		
Fixed rate instruments		-
Variable rate instruments		
Borrowing		
- Short term borrowing	3788.07	3671.16
- Long term borrowing	816.78	1163.94

36. EMPLOYEE BENEFITS

(i) Short term employee benefits

The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employees are recognized as an expense during when the employees render the services.

(ii) Post-Employment Benefits

Defined Contribution Plans

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans

The Gratuity Benefits are classified as Post-Retirement Benefits as per Ind AS 19 and the accounting policy is outlined as follows. As per Ind AS 19, the service cost and the net interest cost would be charged to the Profit & Loss account. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. The Company recognizes these remeasurements in the Other Comprehensive Income (OCI). When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

In accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Gratuity benefit liabilities of the company are funded to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Funded status of the Plan: (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Present value of funded obligations	139.43	103.51
Fair value of plan assets	(92.91)	(66.80)
Net Liability (Asset)	46.52	36.71

Profit and loss for the period:		
(All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Service Cost:		
Current Service Cost	14.54	11.56
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	2.11	0.59
Total included in "Employee benefit expense"	16.66	12.16

Other comprehensive Income for the period		
(All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	-	(4.66)
Due to change in demographic assumption	-	-
Due to experience adjustments	22.87	30.01
Return on plan assets excluding amounts included in interest income	(1.72)	(0.66)
Amounts recognized in Other Comprehensive (Income) / Expense	21.14	24.67

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening Defined Benefit Obligation	103.51	81.28
Current service cost	14.54	11.56
Interest cost	5.94	3.21
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions		(4.66)
Due to change in demographic assumption	-	-
Due to experience adjustments	22.87	30.01
Benefits paid from fund	(6.28)	(1.09)

Benefits paid by the company	(1.16)	(16.78)
Closing Defined Benefit Obligation	139.43	103.51

Reconciliation of Plan assets (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening value of plan assets	66.80	63.86
Transfer in/(out) plan assets	-	-
Interest Income	3.82	2.61
Return on plan assets excluding amounts included in interest income	1.72	0.66
Contributions by employer	26.84	0.75
Contributions by Employee		-
Benefits paid	(6.28)	(1.09)
Closing value of Plan assets	92.91	66.80

The assumptions used in accounting for the defined benefit plan are set out below:

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Discount rate	7.20% p.a	7.20% p.a
Salary Growth Rate	6.60% p.a	6.60% p.a
Withdrawal rates	50.00% p.a at all ages	50.00% p.a at all ages

37. SEGMENT REPORTING

In accordance with Ind AS 108 on Operating Segments, the Company has identified its business segment as " Hospitality & Facility Management Services". There are no other primary reportable segments. The major and material activities of the company are restricted to only one geographical segment i.e. India, hence the secondary segment disclosures are also not applicable.

38. PAYMENTS MADE TO VENDORS COVERED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Trade payables are due as and when invoices are booked in accounting records. There is no liability towards interest on delayed payments under 'The Micro, Small and Medium Enterprises Development Act 2006' during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

39. Balances of trade receivables, trade and other payables (including micro and small enterprises and including capital creditors) and loans and advances are subject to confirmation and reconciliation, if any.

40. CAPITAL MANAGEMENT

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders.

The capital structure of the Company is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

41. The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its standalone financial statements in the period in which, the Code becomes effective and the related rules are published.

42. POST REPORTING EVENTS

Apart from issuing shares/warrants on preferential basis; no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

43. BORROWINGS OBTAINED ON THE BASIS OF SECURITY OF CURRENT ASSETS

As per sanctioned letter issued by Banks, the Company is required to submit Stock and Book Debts statement to Banks on monthly basis. The Books Debts including contract assets are in agreement with books of accounts except for some reconciliation items.

44. REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Company has not done revaluation of PPE / Intangible assets.

45 :UTILISATION OF BORROWED FUNDS

As on March 31st, 2024 there is no unutilised amounts in respect of long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.

46 :UNDISCLOSED INCOME

The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

47 :DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in crypto currency or virtual currency during the financial year.

48 :REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

49. No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

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 (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

50. DISCLOSURE OF RATIOS

Particulars	As at March 31 st , 2024	As at March 31 st , 2023	% of change in ratio	Remarks
Current Ratio	1.77	1.72	-2.82%	Improvement in current ratio due to proceeds from rights issue in March 2023
Debt-Equity Ratio	1.23	1.48	17.02%	Improvement in debt equity ratio due to proceeds from rights issue in March 2023
Debt Service Coverage Ratio	1.21	0.74	-63.97%	The company managed to earn enough profit to cover its interest payments by cutting down on other expenses.
Return on Equity Ratio(%)	7.29%	8.58%	15.06%	Average networth has increased compared to previous year on account of proceeds from rights issue in March 2023. Accordingly Return on equity has reduced. But the company manages to earn profit over the previous year.
Inventory Turnover Ratio	10.75	60.86	82.34%	Stock of Inventory has been increased significantly as compared to previous year.
Trade Receivables Turnover Ratio	4.74	4.14	-14.46%	Improvement in ratio due to increase in revenue
Trade Payable Turnover Ratio	12.10	8.11	-49.26%	Average trade payables outstanding have been reduced comparatively from previous year. Outstanding Trade payables have been reduced in current year due to improvement in cashflow consequently from the proceeds of rights

				issue in March 2023
Net Capital Turnover Ratio	2.29	2.03	-12.80%	Improvement in ratio due to increase in revenue
Net Profit Ratio(%)	3.08%	3.02%	-2.05%	The Company manages to earn a profit over the previous year due to reduction in cost attributable to projects.
Return on Capital Employed (%)	21.68%	28.62%	24.26%	Average networth has increased compared to previous year on account of proceeds from rights issue in March 2023. Accordingly Return on capital employed has reduced. But the company manages to earn profit over the previous year.

PARAMETERS USED FOR COMPUTATION OF FINANCIAL RATIOS ARE AS FOLLOWS:

Particulars	Formula
Current Ratio	Current Asset /Current Liabilities
Debt-Equity Ratio	Total Debt/Total equity
Debt Service Coverage Ratio	Earnings before Interest, Tax, Exceptional Items and Non Cash Item/ Interest Expense + Principal Repayments of external loans & Lease Payments
Return on Equity Ratio	Profit After Tax (Attributable to Owners) /Average Net Worth
Inventory Turnover Ratio	Cost of Goods Sold (Cost of Material Consumed + Purchases + Changes in Inventory + Manufacturing Expenses / Average Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade
Trade Receivables Turnover Ratio	Value of Sales & Services / Average Trade Receivable
Trade Payable Turnover Ratio	Cost of Material Consumed (after adjustment of RM Inventory) + Purchases of Stock-in-Trade + Other Expenses/ Average Trade Payables
Net Capital Turnover Ratio	Value of Sales & Services / Net Worth
Net Profit Ratio	Profit After Tax / Value of Sales & Services
Return on Capital Employed (Excluding Working Capital Financing)	Net Profit After Tax + Deferred Tax Expense/(Income) + Finance Cost (-) Other Income (-) Share of Profit / (Loss) of Associates

51: - COMPARATIVES

Previous year figures are re-grouped, re-classified and re-arranged, wherever considered necessary to confirm to current year's presentation.

52. The Standalone Financial Statements are presented and rounded off in INR Lakhs except for per share information or as stated otherwise.

53. In respect of financial year commencing on 1st April 2023, company has used an accounting software for maintaining its books of accounts which has feature of recording audit trail(edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, audit trail feature during the year was not tempered with.

54. Dividends declared by the Company are based on the profit available for distribution. The Board of Directors of the Company have recommended a final dividend of Rs 0.50 per equity share in respect of financial year ended 2023-24 subject to the approval of shareholders at the Annual General Meeting.

55. APPROVAL OF FINANCIAL STATEMENTS

The Standalone Financial Statements were approved for issue by the Board of Directors on May 30th, 2024.

The management and authorities have the power to amend the Standalone Financial Statements in accordance with Section 130 and 131 of The Companies Act, 2013.

As per our report of even date attached

For GTA & CO LLP
Chartered Accountants
Firm Regn No. 105482W/W100817

For and on behalf of the Board of
KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

Gaurav Saboo
Partner
M No. 149116
UDIN : 24149116BKJOFZ1604
Place: Nagpur
Date: 30th May 2024

Ravindra Hegde
Managing Director
DIN – 01821002

Sujata Hegde
Director & Chief Financial Officer
DIN - 01829352

Akash Bate
Company Secretary
Place: Mumbai

Date: 30th May 2024

INDEPENDENT AUDITOR'S REPORT

To

The Members

KHFM Hospitality & Facility Management Service Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial statements of KHFM Hospitality & Facility Management Services Limited (hereinafter referred to as the “the Holding Company”) and its subsidiary (the Holding Company and its Subsidiary together referred to as ‘the Group’), which comprise the Consolidated Balance Sheet as at 31st March, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (“the Consolidated Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Indian Accounting Standards (“Ind AS”) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind-AS”) and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group, as at 31st March, 2024, and its Consolidated Income (including other comprehensive income), its Consolidated Cash flows and the Consolidated Statement of Changes in Equity for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act.

Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in *Others Matters* para section below other than the unaudited financial statements of one subsidiary as certified by the management referred in *Other Matters*

para section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to –

a) Note No: 30 of the Consolidated Financial Statements. The Holding Company is exposed to various laws and regulations. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings including employment/labour claims, government investigations and other regulatory matters. The Holding company assesses the need to make provisions or to disclose a contingent liability on case-to-case basis considering the underlying facts of each litigation. As at March 31st, 2024, the Holding Company has ascertained contingent liabilities of Rs. 2519.89 lakhs which includes disputed service tax, ESIC liabilities and bank guarantees. The eventual outcome of the litigations may remain uncertain and estimation at balance sheet date for ascertained/unascertained liabilities involves extensive judgement of management including input from legal counsel due to complexity of each litigation. But considering the facts of the case, the Holding Company and the tax advisors believe that the outcome should be in the favour of the company for its ascertained contingent liabilities.

b) Note No: 39 of the Standalone Financial Statements. Confirmation/ratification of balances of certain trade receivables, trade and other payables (including payables to micro, small and medium enterprises, capital creditors) and loans & advances of Holding Company are in abeyance. The management is confident that on confirmation/ reconciliation there will not be any material impact on the financial statements.

c) Note 11, 23 & 26 of the Consolidated Financial Statements. The recording system regard to site advances, site expenses and employee benefit expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) of Holding Company needs advancement to ensure completeness and relevant transaction trail. However, according to the management estimates, the said transactions are fairly stated in the financial statements and there are no material deficiencies.

d) Note no 11 of the Consolidated Financial Statements. Contract Assets disclosed in the consolidated financial statements, where there is a moderate skepticism relating to the recoverable work in progress (Contract Assets) amounting to Rs. 3982.60 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2024 by the Group. Recognition of revenue and related contract assets depends on various factors and judgements, contractual commitments, shifts in the scope of work, client-induced delays, negotiation processes, and modifications to the billing cycle period including few of those which are awaiting final confirmations with clients of the Holding company. Based on the current progress in each case, management is of the view that the said Contract assets are fully recoverable. However, in the opinion of the management, requisite provisions have been made against the same.

Our opinion is not modified in respect of aforesaid Matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement of the current year. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters	How our audit addressed the key audit matter
Revenue recognition	
Revenue recognition was identified as key Audit Matter since- <ul style="list-style-type: none">• There is an inherent risk around the accuracy and existing of revenues recognized considering the customized and complex nature of these contracts.• Application of Revenue Recognition accounting standard (Ind As 115 – Revenue from contracts with customers) is complex and involves a number of key judgements and estimates in mainly identifying performance obligations, related transaction price and estimating the future cost to completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation.• Due to large variety and complexity of contractual terms, significant judgements are required to estimate the amounts. If the actual amount differs from the amount estimated, this will have an impact on the accuracy of the revenue recognized in the current period.• These contracts may involve onerous obligations which requires critical assessment of foreseeable losses to be made.• As at March 31st, 2024, contract assets of business operation comprises of Rs. 3982.60 lacs. Recoverability of certain contract assets are impacted due to several factors like the customer profile, delays in completion certification in certain projects due to long project tenure and	Our Audit Procedures on revenue recognized from fixed price contracts included: <ul style="list-style-type: none">• Obtained an understanding of the systems, process and controls implemented by the management for recording and computing revenue and the associated contract assets.• On selected specific/statistical samples of contracts, we tested that the revenue recognized is in accordance with the revenue recognition accounting standard.• We selected a sample of continuing and new contracts and performed the following procedures:<ul style="list-style-type: none">➤ We read the agreements with the customers to identify the distinct performance obligations, the transaction price and its allocation to the performance obligations in the contract and the classification of the contract for the basis of revenue recognition in accordance with Ind As 115.➤ For Fixed maintenance contracts, we verified the period of the contract with the customer agreements and the determination of the revenue. We verified if the revenue was recognized appropriately over

<p>project disputes and financial ability of the customers, etc. The assessment of the impairment of such contract assets requires significant management judgement.</p>	<p>the period of contract of services being rendered and whether the revenue recognized was based on the estimate of the amount of consideration to which the Group is entitled in exchange for transferring the services.</p> <ul style="list-style-type: none"> ➤ For Fixed price contracts, we have verified the measurement of revenue for the extent of delivery of performance obligations with the actual and estimated cost of efforts as per the projected budgets. <ul style="list-style-type: none"> • Evaluated the identification of performance obligations and the prescribed transaction. • Tested the management's computation of the estimation of contract costs and onerous obligations, if any. • We performed analytical procedures as applicable for reasonableness of revenues disclosed and service offerings. • We: <ul style="list-style-type: none"> ➤ Assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel; ➤ Performed a retrospective analysis of costs incurred with estimated costs to identify significant variations and verified whether those variations are required to be considered in estimating the remaining costs to complete the contract; and ➤ Inspected underlying documents and performed analytics to determine
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	<p>reasonableness of contract costs.</p> <ul style="list-style-type: none"> • Our audit procedures included the following <ul style="list-style-type: none"> ➤ We evaluated the Group's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers. We assessed the design and tested the operating effectiveness of relevant controls in relation to the process adopted by management for testing the impairment of these contract assets. ➤ As a part of substantive audit procedures, we tested the ageing of contract assets. We examined the Our audit procedures included the following and ability to repay the debt based on historical payment trends and the reason for delay in collection of trade receivables including any project disputes. Further, we assessed the expected credit loss impairment and the receipts and certification after year-end. We assessed the disclosures on the contract assets in Note 11 of financial statements.
Allowance for doubtful debts/ Provision for Expected Credit Loss	
<p>Allowance for doubtful debts was identified as key Audit Matter since-</p> <ul style="list-style-type: none"> • Receivables comprise a significant portion of the liquid assets of the Group. • There is an inherent risk around the accuracy of group's trade receivables being fairly valued and adequately provided against where doubt exists. 	<ul style="list-style-type: none"> • We assessed the validity of material long outstanding receivables by considering, past payment history and unusual patterns to identify potentially impaired balances. • The assessment of the appropriateness of the allowance for trade receivables comprised a variety

<ul style="list-style-type: none"> • There is a risk of debtors being misstated and disclosures related to the same in the financial statements. • Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter. 	of audit procedures including: <ul style="list-style-type: none"> ➤ Verifying the appropriateness and reasonableness of the assumptions applied in the management's assessment of the receivables allowance. ➤ To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias.
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Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, 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 and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which

have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)
(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) The consolidated financial statements of the company for the year ended March 31st, 2023 were audited by another auditor who expressed an unmodified opinion on those statements as on 30th May 2023.
- b) We did not audit the financial information of a subsidiary - KHFM Infra Projects Private Limited included in the consolidated financial statements, whose financial information (before consolidation adjustments) reflects total assets of Rs 225.02 lakhs as at 31st March, 2024 and total revenues of Rs 465.76 lakhs and total Net Profit (after tax) of Rs. 9.02 lakhs and net cash inflow of Rs.29.44 Lacs for the year ended on 31st March, 2024, as considered in the consolidated financial statements. The independent auditors reports on financial information of this entity have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated above.

- c) Furthermore, the accompanying consolidated financial statements also includes the unaudited standalone financial statements, in respect of a subsidiary – M/s. KHFM & DP Jain Company (Partnership Firm), whose unaudited standalone financial information (before consolidation adjustments) reflect total assets of Rs. 4.35 lakhs as at 31st March, 2024, total revenue of Rs Nil and total loss after tax of Rs. 40.58 for the year ended 31st March, 2024 respectively, as considered in the consolidated financial statements. These unaudited standalone financial information of this entity have not been audited and have been prepared, approved and furnished to us by the Management of Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited standalone financial information and the procedures performed by us. According to the information and explanations given to us by the Management, this unaudited standalone financial information are not material to the Group as on 31st March 2024.
- d) The figures for the previous periods / year are re-classified / re-arranged / re-grouped by the management of the company to make them comparable with current period.
- e) Apart from issuing shares/warrants on preferential basis, significant event subsequent to 31st March, 2024 till date has neither advanced to the knowledge of management nor to us by any means.

Our opinion is not modified in respect of aforesaid Other Matters.

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 in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3(xxi) of CARO report:
2. A. As required by Section 143(3) of the Act, we report to the extent applicable 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 of the aforesaid consolidated financial statements.
 - 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 and the report of the other auditors.
 - c) The consolidated Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed 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 of the Holding Company as on March 31st, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled entities incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled entities incorporated in India is disqualified as on March 31st, 2024 from being appointed as a director in terms of Section 164(2) of the Act..
- f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- 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”.

B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- a) The consolidated financial statements disclose the impact, of pending litigations as on March 31st, 2024 on the consolidated financial position of the Group,— Refer Notes 30(a) and 30(b) to the consolidated financial statements.
- b) The Group was not required to recognise a provision as at March 31st, 2024 under the applicable law or accounting standards as it does not have any material foreseeable loss on long term contracts (including derivative contracts).
- c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies.
- d) (i) The respective Managements of the Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or any of such subsidiaries, 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, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The respective Managements of the Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, shall, 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; and

iii) Based on the audit procedures performed that have been 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) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e) As stated in Note 45 to the financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f) The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1st April 2023. Based on our examination which included test checks, and as communicated by the respective auditor of the subsidiaries, wherever applicable, the Holding Company and its subsidiary companies incorporated in India have used accounting software’s for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting soft wares, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Group to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For GTA & Co LLP
Chartered Accountants
Firm Registration No.: 105482W/W100817

Gaurav Saboo
Partner
Membership No. 149116
UDIN: 24149116BKJOGA8958
Place: Nagpur
Date: 30th May, 2024

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 to the members of KHFM Hospitality and Facility Management Services Limited of even date)

(xxi) In our opinion and according to the information and explanations given to us, as required by paragraph 3(xxi) the Companies (Auditor’s Report) Order, 2020 we report that the auditors of following companies have highlighted in their CARO report on the standalone financial statements of the respective companies included in Consolidated Financial statements of the Holding Company.

Name of the company	CIN	Relationship with holding company	Date of respective auditor’s report	Paragraph number in the respective CARO reports
KHFM Hospitality and Facility Management Services Limited	L74930MH2006PLC159290	Holding Company	30.05.2024	ii(b), vii(a)

In respect of the following entities the CARO report relating to them has not been issued by its auditor till the date of principal auditor’s report:

Subsidiaries

1. KHFM and D P Jain Company

Accordingly, no comments for the said subsidiaries have been included for the purpose of reporting under this clause.

For GTA & Co LLP
Chartered Accountants
Firm Registration No.: 105482W/W100817

Gaurav Saboo
Partner
Membership No. 149116
UDIN: 24149116BKJOGA8958
Place: Nagpur
Date: 30th May, 2024

“ANNEXURE B” TO INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2A(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of KHFM Hospitality and Facility Management Services Limited of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

In conjunction with our audit of the consolidated financial statements of KHFM Hospitality & Facility Management Services Limited (hereinafter referred to as “the Holding Company”) as of and for the year ended 31st March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Companies Act 2013, which are its subsidiary companies, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements is not applicable to one subsidiary entity, incorporated in India namely KHFM and D P Jain Company (partnership firm).

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls system were operating effectively as at March 31st, 2024, with the exception of the matters referred in the "emphasis of matter" section of the independent auditor's report based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The respective Company’s Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 the 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 Act.

Auditors’ Responsibility:

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to the Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For GTA & Co LLP

Chartered Accountants

Firm Registration No.: 105482W/W100817

Gaurav Saboo

Partner

Membership No. 149116

UDIN: 24149116BKJOGA8958

Place: Nagpur

Date: 30th May, 2024

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN – L74930MH2006PLC159290

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2024

1. CORPORATE INFORMATION

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED (the Company) was originally incorporated as KALPATARU'S HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED under the provisions of the Companies Act, 1956 with Certificate of Incorporation dated January 27, 2006 issued by the Registrar of Companies, Mumbai Maharashtra (CIN U74930MH2006PTC159290).

Pursuant to having passed necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act, 1956 read with Government of India, Department of Group Affairs, New Delhi, Notification No. GSR 507(E) dated 24/06/1985 vide SRN B45036902 dated 10/08/2012 the name of the said company was changed to **KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED**, wef **August 10th, 2012**.

Further, pursuant to Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on May 18th, 2018, the company was converted from **"KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED"** to **"KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED"** vide a fresh Certificate of Incorporation dated May 30th, 2018 issued by the Registrar of Companies, Mumbai, Maharashtra, The Corporate Identification Number of our Company is **L74930MH2006PLC159290**.

The Company is listed on the the SME Platform of National Stock Exchange of India Limited (NSE). The functional and presentation currency of the Company and the presentation currency of the Group is Indian Rupee ("₹").

The consolidated financial statements as at 31st March ,2024 presents the financial position of the company as well as and its subsidiaries.

Nature of Operations

The Company and its subsidiaries (collectively referred to as 'the group') have the presence over the entire value chain of Facility Management (including House Keeping and Pest Control), Hospitality Management & Catering, Horticulture and Gardening and Security Services and such other related activities.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements, unless otherwise indicated.

I. BASIS OF PREPARATION AND PRESENTATION:

The Consolidated financial statements of KHFM Hospitality and facility Management Services Limited and its subsidiaries ("the Group") have been prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under section 133 of the Companies Act, 2013('Act') (to the extent notified) read with the Rules 3 of the Companies (Indian accounting standard) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial statements have been prepared on going concern, accrual and historical cost basis except for the following assets and liabilities and items of Statement of Profit and Loss which have been measured at fair value at the end of each reporting period:

- a) Defined Benefit Plans – Plan Assets
- b) Equity Settled Share Based Payments and
- c) Certain Financial assets and liabilities measured at fair value.

The consolidated financial statements are presented in INR Lakhs which is also the Group's functional currency.

GROUP INFORMATION

The Consolidated Financial Statements of the Group includes subsidiaries mentioned in the table below :-

Particulars	Country of Incorporation	As on 31st March, 2024	As on 31st March, 2023
KHFM Infra Projects Private Limited	India	99%	99%
KHFM & D.P Jain Company	India	99%	99%

II. BASIS OF CONSOLIDATION:

- a) The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March,2024. Control is achieved when the Company:
 - Has power over the investee,
 - Is exposure or rights to variable return from its involvement with the investee, and
 - Has the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control. When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with the other vote holders of the investee,

- Rights arising from other contractual arrangements,
- The Company's voting rights and potential voting rights and
- Size of the Company's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated financial statements from the date the Holding Company gains control until the date the it ceases to control the subsidiary.

If an entity of the Group uses accounting policies other than those adopted in the consolidated financial statements, for like transactions and other events in similar circumstances appropriate adjustments are made to that entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Group, i.e., year ended on 31st March 2024.

Consolidation procedure followed is as under:

- Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date,
- The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary is subject to adjustment of goodwill and
- Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes. Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

- b)** The Holding Company has gained Management and Operating control in the investee- KHFM Infra Projects Private Limited and KHFM & D.P Jain Company from 30th May, 2022 and 3rd January 2023 respectively. Consequently, on gaining Management Control in investee, the Management of the Holding Company has

prepared Consolidated Financial Statements which includes the financial results of the subsidiary entities for the comparative period as mentioned below:

- KHFM Infra Projects Private Limited (For the period from 20th April, 2022* to 31st March 2023)
- KHFM & D.P Jain Company (For the period from 3rd January, 2023 to 31st March 2023)

* Being the date of incorporation.

Holding Company acquired controlling stake in two entities during the FY 2022-23 for an investment value of Rs 1.09 lakhs. Thus, the investees have become subsidiaries of the reporting entity. Consequently, holding company has presented consolidated financial statements for the first time during FY 2022-23;

- c)** Subsidiaries are entities over which the Holding Company has control and are consolidated on a line-by-line basis from the date the control is transferred to the holding company. They are deconsolidated from the date that control ceases.
- d)** In case of loss of control of a subsidiary, any excess of fair value of consideration received over carrying amount of the assets (including any goodwill) and liabilities of the subsidiary, is recognised as gain or loss in Statement of Profit and Loss. Additionally, components of Other Comprehensive Income of Subsidiaries are reclassified to Statement of Profit and Loss or transferred directly to retained earnings.
- e)** Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.
- f)** The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of capital in each subsidiary.
- g)** Non-Controlling interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Group.
- h)** Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet.

III. USE OF ESTIMATION

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenses for the periods presented.

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

The Group uses the following critical accounting estimates in preparation of its consolidated financial statements:

a) Current/Non-Current Classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

b) Revenue Recognition:

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those services.

- Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognized based on time elapsed mode and revenue is straight-lined over the period of performance.

- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the

customer. Revenue also excludes taxes collected from customers. The Group's contracts with customers could include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract assets are recognised when there are excess of revenues earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

c) Property, Plant & Equipment:

Property, plant & equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the Property, plant and equipment is derecognized. Expenditure directly relating to construction activity is capitalized.

The Group reviews the useful lives of property, plant and equipment and other intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortization expense in future periods. Other Indirect Expenses, if any incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as per – operative expenses and disclosed under Capital Work – in – Progress. Depreciation on Property, Plant and Equipment is provided on a pro-rata basis on the Written Down Value method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

The Details of of the Depreciation Rate used by the management are as follows :

Type of Assets	Useful life as per Schedule II
Office Premises	60 Years
Plant & Machineries	15 Years
Vehicles	8 Years
Interior Fit outs	10 years
Office Equipments	15 Years /5 Years
Furniture & Fixtures	10 Years

Computers (Servers & Networks)	6 Years
Software	3 years

d) Impairment of Goodwill:

The Group estimates the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGUs represent the weighted average cost of capital based on historical market returns of comparable companies.

e) Financial Assets:

Financial assets comprise of investments in limited liability partnership firms, equity and preference shares, trade receivables, cash and cash equivalents and other financial assets.

- **Initial recognition:**

All financial assets are recognized initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

- **Subsequent Measurement:**

- **Financial assets measured at amortized cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Group while applying above criteria has classified the following at amortized cost:

- a) Trade receivable.
- b) Cash and cash equivalents.
- c) Other Financial Asset.

- **Equity investments in subsidiaries:**

The Group has availed the option available in Ind AS 27 to carry its investment in subsidiaries and limited liability partnership and Partnership firms at cost. Impairment recognized, if any, is reduced from the carrying value.

- a) Impairment of Financial Assets:

Financial assets are tested for impairment based on the expected credit losses.

- **De-recognition of financial assets:**

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

- **Impairment of Non-Financial Assets:**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

f) Inventories:

Items of inventories are measured in at lower cost & net realizable value after providing for obsolescence, if any except in case of by-products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

g) Cash and Cash Equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purposes of the presentation of cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks.

h) Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

i) Financial Liabilities:

- **Initial recognition and measurement:**

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

- **Subsequent measurement:**

These liabilities include are Preference shares, borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking

into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

- **De-recognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the statement of profit or loss.

j) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are Recognised in profit or loss in the period in which they are incurred based on Amortised Cost as per Ind AS using effective interest rate method.

k) Employee Benefits:

The accounting of employee benefit plans in the nature of defined benefit requires the group to use assumptions. These assumptions have been explained under employee benefits note.

l) Taxes:

(i) Current Income Taxes

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Taxes

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred tax are not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The unrecognized deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in tax free units, deferred tax assets or liabilities, if any, have been recognized for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset only if:

- i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

m) Provisions for Income Tax and Deferred Tax Assets:

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

n) Provisions, contingent assets and contingent liabilities:

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group
or

- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

III. FAIR VALUE MEASUREMENT

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said consolidated financial statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the consolidated financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

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

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable

Level 3: Significant inputs to the fair value measurement are unobservable

IV. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31st, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2024

All Amount in INR Lakhs

	Particulars	Note	As at 31st March, 2024	As at 31st March, 2023
A	ASSETS			
	Non-Current Assets			
	(a) Property, Plant and Equipment	3	265.70	89.52
	(b) Right- of - Use Assets		-	-
	(c) Capital Work in Prooress		-	-
	(d) Investment properties	3(a)	53.39	56.13
	(e) Goodwill			
	(f) Other Intangible Assets	3	2.03	5.53
	(a) Intangible Assets Under Development		-	-
	(h) Biological assets other than Bearer plants		-	-
	(i) Financial Assets			
	(i) Investments	4	5.50	5.50
	(ii) Trade Receivables	8	-	-
	(iii) Other Financial Assets	5	1,058.45	1,065.49
	(i) Deferred Tax Assets (Net)	6	346.05	507.69
	(k) Other Non-Current Assets			
	SUB-TOTAL		1,731.12	1,729.87
	Current Assets			
	(a) Inventories	7	18.38	1.57
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	8	2,653.02	1,919.68
	(iii) Cash and Cash Equivalents	9	109.49	63.55
	(iv) Bank Balances other than (ii) above	9	1,006.40	2,878.30
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)	10	622.07	455.75
	(d) Other Current Assets	11	4,530.45	3,968.58
	SUB-TOTAL		8,939.81	9,287.42
	Non Current Assets Classified as Held for sale			
	Total Assets		10,670.94	11,017.30
B	EQUITY AND LIABILITIES			
	Equity			
	(a) Equitv Share Capital	12	2,004.15	2,004.15
	(b) Other Equity	13	2,666.08	2,383.98
	Total equity attributable to equity holders of the Company		4,670.23	4,388.13
	(c) Non- Controlling Interests		39.47	0.07
			4,709.70	4,388.20
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	816.78	1,163.94
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred tax Liabilities (Net)		-	-
	(d) Other Non-Current Liabilities	15	24.80	22.17
			841.58	1,186.11
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,607.81	3,495.86
	(ii) Trade Pavables	17	282.65	510.40
	(iii) Other Financial Liabilities	18	548.38	551.15
	(b) Provisions	19	413.62	671.33
	(c) Other Current Liabilities	20	267.20	214.24
			5,119.66	5,442.98
	Total Equity and Liabilities		10,670.94	11,017.30

Significant Accounting Policies

See accompanying Notes to the Consolidated Financial Statements
As per our Attached report of even date

For GTA & CO LLP
Chartered Accountants
Firm Registration No.: (105482W/W100817)

Gaurav Saboo
Partner
M. No. 149116
UDIN : 24149116BKJOGA8958
Place: Nagpur
Date: 30/05/2024

1-46

For and on behalf of Board of
KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde
Managing Director
DIN No. - 01821002

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352

Akash Bate
Company Secretary
Place: Mumbai
Date: 30/05/2024

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)

AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

All Amount in INR Lakhs

	Particulars	Note No.	For the year ended 31st March, 2024	For the year ended 31st March, 2023
I	Revenue from Operations	21	11,209.48	9,023.49
II	Other Income	22	67.33	81.28
III	Total Revenue (I+II)		11,276.81	9,104.77
IV	EXPENSES			
	Employee Benefits Expense	23	5,281.42	3,964.32
	Finance Costs	24	532.81	597.32
	Depreciation and Amortization Expense	25	58.65	33.19
	Other Expenses *	26	4,951.87	4,199.22
	Total Expenses (IV)		10,824.75	8,794.05
V	Profit/(loss) before exceptional items and tax (III- IV)		452.06	310.72
VI	Exceptional Items			
VII	Profit/(Loss) before Tax (V-VI)		452.06	310.72
VIII	Tax Expense:	27		
	(1) Current Tax		(74.16)	11.23
	(2) Reversal/Provision of Income Tax- Earlier years		63.79	81.39
	(3) Deferred Tax		147.51	(74.65)
	Total Tax Expense		137.14	17.97
IX	Profit (Loss) for the period (VII-VIII)		314.92	292.76
X	Other Comprehensive Income			
	(1) Items that will not be reclassified subsequently to Statement of Profit & Loss Re-measurement (Gain)/Loss on Defined Benefit Plan		21.15	24.67
	(2) Income tax relating to items that will not be reclassified to Statement of Profit		(5.32)	(6.21)
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
XI	Total Comprehensive Income for the period (IX+X)		299.09	274.29
	Profit attributable to			
	Owners of the company		315.24	292.69
	Non-controlling interests		(0.32)	0.06
			314.92	292.76
	Other Comprehensive income attributable to			
	Owners of the company		(15.83)	(18.46)
	Non-controlling interests		-	-
			(15.83)	(18.46)
	Total Comprehensive income attributable to			
	Owners of the company		299.41	274.23
	Non-controlling interests		(0.32)	0.06
			299.09	274.29
XII	Earnings per Equity Share	28		
	(1) Basic		1.57	2.37
	(2) Diluted		1.57	2.37

Significant Accounting Policies

See accompanying Notes to the Consolidated Financial Statements
As per our Attached report of even date

1-46

For GTA & CO LLP

Chartered Accountants

Firm Registration No.: (105482W/W100817)

For and on behalf of Board of

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Gaurav Saboo

Partner

M. No. 149116

UDIN : 24149116BKJOGA8958

Place: Nagpur

Date: 30/05/2024

Ravindra Hegde

Managing Director

DIN No. - 01821002

Sujata Hegde

Director & Chief Financial Officer

DIN No. - 01829352

Akash Bate

Company Secretary

Place: Mumbai

Date: 30/05/2024

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)

AUDITED CONSOLIDATED CASH FLOW STATEMENT

All Amount in INR Lakhs

Particulars	As at 31st March 2024	As at 31st March 2023
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	452.06	310.72
Adjustment for:		
Depreciation and Amortization Expense	58.65	33.19
Finance cost	532.81	597.31
Allowance for Doubtful Debts	7.48	671.32
Profit on sale of Property, Plant & Equipment	-	(17.13)
Re-measurement (Gain)/Loss on Defined Benefit Plan	(21.15)	(24.67)
Interest Income on Fixed Deposit and Income Tax Refund	(55.39)	(39.44)
Operating Profit before Working Capital changes	974.46	1,531.30
Adjustment for:		
(Increase)/decrease in Trade Receivables	(740.83)	(218.20)
(Increase)/decrease in Other Current Financial Assets	1,904.61	(1,904.61)
(Increase)/decrease in Other Non-Current Financial Assets	7.04	188.35
(Increase)/decrease in Other Current Assets	(728.18)	(976.98)
(Increase)/decrease in Inventories	(16.81)	0.09
Increase/(decrease) in Trade-Payable	(227.75)	(2.14)
Increase/(decrease) in Other Current Financial Liability	109.17	248.83
Increase/(decrease) in Non Current Liability	2.64	16.32
Increase/(decrease) in Provision	(257.71)	8.52
Increase/(decrease) in Non-Current Liability	(347.17)	(311.02)
Increase/(decrease) in Other Current Liability	52.95	(126.75)
Cash Generated/Used from Operations	732.42	(1,546.28)
Direct Taxes	15.70	(86.41)
Net Cash from Operating Activities (A)	748.13	(1,632.69)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(228.58)	(7.81)
Sale of Property, Plant & Equipment	-	49.38
Fixed Deposits placed/matured/realised (Net)	(32.71)	(102.00)
Interest Received	55.39	39.44
Net Cash used in Investing Activities (B)	(205.90)	(20.99)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Expenses	(532.81)	(597.31)
Proceeds from Rights Issue/ NCI/Shareholders	39.72	2,404.62
Payment For share issue related costs	(3.19)	(194.46)
	-	-
Net Cash from Financing Activities (C)	(496.28)	1,612.85
Net Changes in Cash and Cash Equivalents (A+B+C)	45.94	(40.82)
Opening Balance of Cash and Cash Equivalents	63.55	104.37
Closing Balance of Cash and Cash Equivalents	109.49	63.55

Notes:-

1 The above Standalone Cash Flow Statement has been prepared under the "indirect method" as set out in the Indian Accounting Standard (Ind AS-7) Statement of Cash Flows.

2 Cash and Cash Equivalents at the year end comprises

Cash on Hand	76.33	54.47
In Bank Account	33.16	9.08
	109.49	63.55

As per our Attached report of even date

For GTA & CO LLP

Chartered Accountants

Firm Registration No.: (105482W/W100817)

Gaurav Saboo

Partner

M. No. 149116

UDIN : 24149116BKJOGA8958

Place: Nagpur

Date: 30/05/2024

For and on behalf of Board of

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde

Managing Director

DIN No. - 01821002

Sujata Hegde

Director & Chief Financial Officer

DIN No. - 01829352

Akash Bate

Company Secretary

Place: Mumbai

Date: 30/05/2024

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital All Amount in INR Lakhs

Balance at April 1, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the year*	Balance as at March 31, 2024
2,004.15	-	2,004.15	-	2,004.15

Balance at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year*	Balance as at March 31, 2023
1,002.23	-	1,002.23	1,001.92	2,004.15

B Other Equity All Amount in INR Lakhs

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Other Equity
	Securities Premium	Retained Earnings	Share Issue expenses	Remeasurements of defined benefit Plans	
Opening Balance as at 31st March 2022	642.43	239.87	-	(14.79)	867.51
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2022	642.43	239.87	-	(14.79)	867.51
Profit /(Loss) for the year	-	292.69	-	-	292.69
Other Comprehensive income /(losses)	-	-	-	(18.46)	(18.46)
Total Comprehensive Income for the Year	-	292.69	-	(18.46)	274.23
Add : Issue of shares	1,402.69	-	(194.46)	-	1,208.23
Less: Share issue expense	(194.46)	-	194.46	-	-
Deferred tax on share issue expense	34.00	-	-	-	34.00
Changes in the controlling stake of the subsidiary	-	-	-	-	-
Closing Balance as at 31st March 2023	1,884.67	532.57	-	(33.25)	2,383.98
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2023	1,884.67	532.57	-	(33.25)	2,383.98
Profit /(Loss) for the year	-	315.23	-	-	315.23
Other Comprehensive income /(losses)	-	-	-	(15.83)	(15.83)
Total Comprehensive Income for the Year	-	315.23	-	(15.83)	299.41
Add : Issue of shares	-	-	(3.19)	-	(3.19)
Less: Share issue expense	(3.19)	-	3.19	-	-
Deferred tax on share issue expense	(14.12)	-	-	-	(14.12)
Changes in the controlling stake of the subsidiary	-	-	-	-	-
Closing Balance as at 31st March 2024	1,867.35	847.80	-	(49.08)	2,666.08

As per our Attached report of even date

For GTA & CO LLP
Chartered Accountants
Firm Registration No.: (105482W/W100817)

Gaurav Saboo
Partner
M. No. 149116
UDIN : 24149116BKJOGA8958
Place: Nagpur
Date: 30/05/2024

For and on behalf of Board of
KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde
Managing Director
DIN No. - 01821002

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352

Akash Bate
Company Secretary
Place: Mumbai

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

3	PROPERTY, PLANT AND EQUIPMENT						Intangible Assets
	Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total
	Gross Carrying Value as at 31st March 2022	7.74	14.05	6.23	129.09	329.22	486.32
	Additions	0.24	0.87	0.23	-	0.82	2.16
	Disposals	-	-	-	30.90	4.58	35.47
	Gross Carrying Value as at 31st March 2023	7.98	14.92	6.45	98.19	325.46	453.01
	Additions	102.36	23.72	86.69	-	15.81	228.58
	Disposals	-	-	-	-	-	-
	Gross Carrying Value as at 31st March 2024	110.34	38.64	93.14	98.19	341.27	681.59
	Accumulated Depreciation						
	Balance as at 31st March 2022	6.75	10.72	4.58	81.19	236.93	340.17
	Additions	0.26	1.40	0.33	8.54	16.03	26.56
	Disposal	-	-	-	3.23	0.01	3.24
	Balance as at 31st March 2023	7.01	12.11	4.91	86.50	252.94	363.48
	Additions	18.09	2.89	14.25	3.66	13.51	52.40
	Disposal	-	-	-	-	-	-
	Balance as at 31st March 2024	25.10	15.01	19.16	90.16	266.46	415.89
	Net Carrying Value						
	As at 31st March 2023	0.97	2.80	1.54	11.69	72.52	89.52
	As at 31st March 2024	85.24	23.63	73.98	8.03	74.82	265.70

* Registered Equitable Mortgage and First and exclusive charge and security by way of hypothecation of machineries for Apna Sahakari Bank Ltd Loan Includes office Equipments
The Group neither has any Benami property nor any proceeding has been initiated or pending against the Group during the year ended March 31st, 2024 and March 31, 2023 for holding any benami property
All the property, plant and equipment, including title deeds of immovable property(classified as investment property) are held in the name of the company.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

		All Amount in INR Lakhs	
3(a)	INVESTMENT PROPERTIES	As at 31st March 2024	As at 31st March, 2023
	Gross Carrying Value	99.63	99.63
	Accumulated depreciation	46.24	43.50
	Net Carrying Value	<u>53.39</u>	<u>56.13</u>
	ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES	As at 31st March 2024	As at 31st March, 2023
	Accumulated depreciation at the beginning of the year	43.50	40.62
	Addition	2.74	2.88
	Accumulated depreciation at the end of the year	<u>46.24</u>	<u>43.50</u>
	i) Amount recognised in profit and loss for investment properties	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	Rental Income	9.73	8.65
	Direct operating expenses from property that generated Rental Income	1.01	1.43
	Direct operating expenses from property that didn't generated Rental Income	-	-
	Profit from investment properties before depreciation	8.71	7.22
	Depreciation	2.74	2.88
	Profit from investment properties	5.97	4.34
	ii) Contractual obligations		
	The Company has no restrictions on the realisability of its investment property. There are no contractual obligations to purchase, construct or develop investment property as at the year end		
	iii) Leasing arrangements		
	Investment property is leased out to one tenant under operating leases.		
	iv) Fair Value	As at 31st March, 2024	As at 31st March, 2023
	Investment Property	231.14	231.14
	Estimation of Fair Value		
	The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location on the basis of stamp duty reckoner. There is no involvement of independent and professional valuers in the determination of fair value.		
4	INVESTMENTS	As at 31st March, 2024	As at 31st March, 2023
	Investment (valued at cost unless stated otherwise)		
	In Equity instruments of Other Companies		
	Unquoted, Fully Paid up		
	Shares in Apna Sahakari Bank	5.50	5.50
	(22000 Equity Shares of Rs.25/- each fully paid up)	-	-
	Total	<u>5.50</u>	<u>5.50</u>
	Note: An equity instrument represents contract that evidences a residual interest in the assets of an entity after deducting all its liabilities and includes partnership firm.		
5	OTHER FINANCIAL ASSETS	As at 31st March, 2024	As at 31st March, 2023
	(Unsecured, considered good, unless stated otherwise)		
	Security Deposits & Retension Money	948.89	963.56
	Service tax Appeal Deposit	101.93	101.93
	GST Appeal deposit	7.63	0.00
	Total	<u>1,058.45</u>	<u>1,065.49</u>

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

6	DEFERRED TAX ASSETS (NET)	As at 31st March, 2024	As at 31st March, 2023
	Deferred Tax Assets / (Liabilities) in relation to Deferred Tax Assets		
	Interest / Processing Fees Ind As Adjustments	5.35	5.01
	Provision for Employee Benefits	11.71	9.52
	Allowance for Bad & Doubtful Debts	300.50	452.76
	Share Issue expenses/IPO/ Rights issue Expenses	30.17	44.30
	Property, Plant & Equipment		
	Sub-Total (A)	347.73	511.59
	Deferred Tax Liabilities		
	Property, Plant & Equipment	1.68	3.89
	Interest / Processing Fees Ind As Adjustments		
	Sub-Total (B)	1.68	3.89
	Deferred Tax Assets / (Liability) (Net) (A-B)	346.05	507.69

The movement on the Deferred Tax Asset is as follows:

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the Opening of Reporting period - Deferred Tax Asset	507.69	399.03
Allowance for Bad & Doubtful Debts	(152.26)	63.73
Property, Plant & Equipment	2.21	0.91
Provision for Employee Benefits	2.19	5.13
Interest / Processing Fees Ind As Adjustments	0.34	4.89
Recognised in Profit & Loss A/c	(147.51)	74.66
Adjusted against share issue expenses/IPO expenses in equity	-	-
Share issue expenses/IPO expenses	(14.13)	34.00
Total Movement of Deferred Tax Asset	(161.64)	108.66
Charge to Other Comprehensive Income	-	-
Remeasurement of Defined Benefit Plans	-	-
Balance at the Closing of Reporting period- Deferred Tax Asset	346.05	507.69

7	Inventories	As at 31st March, 2024	As at 31st March, 2023
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished Goods	-	-
	Traded Goods	-	-
	Stores & spares	18.38	1.57
	Total Inventories	18.38	1.57
	Inventories are carried at lower of cost and net realisable value.		

8	TRADE RECEIVABLES	As at 31st March, 2024	As at 31st March, 2023
	Non Current Debtors	-	-
	- Unsecured	-	-
	Considered Good	969.38	1,571.93
	Considered Doubtful	-	-
	- Less:- Allowance for Bad & Doubtful Debts	969.38	1,571.93
	Total Non Current debtors	-	-

	As at 31st March 2024	As at 31st March 2024
Current Debtors		
- Unsecured		
Considered Good	2,671.62	1,948.18
Considered Doubtful	-	-
- Less:- Allowance for Bad & Doubtful Debts	18.60	28.50
Total Current debtors	2,653.02	1,919.68

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2024 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	-	-	-	-	-	-
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	969.38	969.38
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

	-	-	-	-	969.38	969.38
Less: Allowance for doubtful trade receivables - Billed						969.38
Trade receivables - Unbilled						-
				Total		-

Ageing for trade receivables - billed current outstanding as at March 31, 2024 is as follows

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	1,729.15	131.92	296.36	399.94	114.25	2,671.62
Undisputed trade receivables – which have significant increase in credit risk					-	
Undisputed trade receivables – credit impaired	-	-	-	-	-	
Disputed trade receivables – considered good	-	-	-	-	-	
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	
	-	-	-	-	-	2,671.62
Less: Allowance for doubtful trade receivables - Billed						(18.60)
Trade receivables - Unbilled						2,653.02

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed						
Undisputed trade receivables – considered good	-	-	-	-	-	
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Undisputed trade receivables – credit impaired	-	-	-	-	-	
Disputed trade receivables – considered good	-	-	-	-	1,571.93	1,571.93
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	
	-	-	-	-	1,571.93	1,571.93
Less: Allowance for doubtful trade receivables - Billed						1,571.93
Trade receivables - Unbilled						-
					Total	-

Ageing for trade receivables - billed current outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed	1,167.72	382.18	289.42	72.32	36.54	1,948.18
Undisputed trade receivables – considered good						
Undisputed trade receivables – which have significant increase in credit risk					-	
Undisputed trade receivables – credit impaired	-	-	-	-	-	
Disputed trade receivables – considered good	-	-	-	-	-	
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	
	-	-	-	-	-	
Less: Allowance for doubtful trade receivables - Billed						28.50
Trade receivables - Unbilled						-
					Total	1,919.68

9	CASH AND BANK BALANCES	As at 31st March, 2024	As at 31st March, 2023
	Cash and cash equivalents		
	Balances with Banks	33.16	9.08
	Cash on hand	76.33	54.47
		109.49	63.55
	Bank Balances other than above		
	Fixed Deposit - Margin in lieu of charge creation	1,006.29	973.59
	Unpaid dividend	0.11	0.11
	Escrow Account- Right Issue	-	1,904.61
		1,006.40	2,878.30
	Total	1,115.89	2,941.85

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

10	CURRENT TAX ASSETS (NET)	As at 31st March, 2024	As at 31st March, 2023
	Advance Income Tax (net of Provisions)	622.07	455.75
	Total	622.07	455.75
11	OTHER CURRENT ASSETS	As at 31st March, 2024	As at 31st March, 2023
	Advances to Staff	0.08	0.40
	(Unsecured Considered Good)		
	Loans & Advances	5.22	5.27
	Advances against site/Expenses	502.82	49.92
	Prepaid expenses	39.73	7.16
	Contract Assets	3,982.60	3,905.84
	Total	4,530.45	3,968.58
	Changes in Contract Assets are as follows:	As at 31st March, 2024	As at 31st March, 2023
	Contract Assets at the beginning of the year	4,104.37	3,142.37
	Revenue Recognised during the year	11,211.39	9,024.82
	Invoices raised during the year	(11,127.15)	(8,062.82)
	Total	4,188.61	4,104.37
	Provision for contract assets	(206.01)	(198.53)
	Contract Assets at the end of the year	3,982.60	3,905.84
	Total		
12	SHARE CAPITAL	As at 31st March, 2024	As at 31st March, 2023
	(a) Authorised		
	2,50,00,000 Equity Shares of Rs. 10 each	2,500.00	2,100.00
	(Previous year: 2,10,00,000 Equity Shares of Rs. 10 each)		
	Total	2,500.00	2,100.00
	(b) Issued, Subscribed and Paid Up		
	2,00,41,499 Equity Shares of Rs. 10 each	2,004.15	2,004.15
	Total	2,004.15	2,004.15
	(c) Reconciliation of the Number of Equity Shares		
	Shares outstanding at the beginning of the year	200.41	100.22
	Shares issued during the year	-	100.19
	Shares bought back during the year		
	Shares outstanding at the Closing of the year	200.41	200.41
	(d) Terms and Rights attached to Equity Shareholders		
	The Company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend if recommended by the Board of Directors is approved by the members at the ensuing Annual General Meeting. In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets, if any in proportion to the number of shares held at the time of commencement of winding-up. The share holders have all other rights as available to the Equity shareholders as per the provisions of the Companies Act, 2013 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.		
	(e) Shareholders holding more than 5% Equity Shares	As at 31st March 2024	As at 31st March, 2023
	Equity Shares of Rs.10 each fully paid held by-	No. of shares (In Lakhs)	No. of shares (In Lakhs)
	(i) Ravindra Malinga Hegde	65.25	64.79
	(ii) Sujata Ravindra Hegde	10.48	10.32
13	OTHER EQUITY	As at 31st March, 2024	As at 31st March, 2023
	(a) Security Premium		
	Opening Balance	1,884.67	642.43
	add : issue of shares	-	1,402.69
	less : Bonus issue	-	-
	less: Share issue expenses net of Tax benefit	(17.32)	(160.45)
	Closing balance	1,867.35	1,884.67
	(b) Retained Earnings		
	Balance at the beginning of the Financial Year	532.57	239.87
	Adjustment of prior period expense	-	-
	Restated balance at the beginning of the Financial Year	532.57	239.87
	Profit during the year transferred	315.23	292.68
		-	-
		-	-
	Less: Dividend Paid	-	-
	Tax on Dividend	-	-
	Utilisation for Bonus Issue	-	-
	Balance at the end of the Financial Year	847.81	532.56

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Total Reserve & Surplus (a)+(b)	2,715.15	2,417.23
(c) Items of Other Comprehensive income		
Remeasurements of defined benefit plans		
Opening Balance	(33.25)	(14.79)
Add: Current year Income/(expense)	(15.83)	(18.46)
Closing balance	(49.08)	(33.25)
Total Other Equity (a)+(b)+(c)	2,666.08	2,383.98

13(a) Non-Controlling Interest	As at 31st March, 2024	As at 31st March, 2023
Opening balance	0.07	-
Profit /(Loss) for the period	(0.32)	0.06
Changes in controlling interest	39.72	0.01
	39.47	0.07

14 Non-Current Liabilities	As at 31st March, 2024	As at 31st March, 2023
Financial Liabilities		
Borrowings		
1-Secured loans	807.50	1,154.48
2-Unsecured loans	9.28	9.46
TOTAL	816.78	1,163.94
Secured Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 28 of Consolidated Financial Statements)		

15 OTHER NON-CURRENT LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
Provision for gratuity- Non Current	24.80	22.17
Total	24.80	22.17

16 Current Borrowings	As at 31st March, 2024	As at 31st March, 2023
Working capital from banks & financial institutions-Secured		
Apna Sahakari Bank Ltd	1,972.47	1,916.80
Deutsche Bank	-	-
Bank of India	741.76	687.16
State Bank of India	585.06	563.49
From Related Parties		
Ravindra Hegde	123.40	155.89
Sujata Hegde	8.58	43.73
KHFM HR Consultancy Private Limited	0.10	0.25
Ravikumar Jugalkishor Jaiswal	134.44	127.53
Shyam Shankarrao Deshmukh	1.00	1.01
Lalita Jagdish Jaiswal	18.00	-
Rajesh Khanderao Deshmukh	23.00	-
	3,607.81	3,495.86

Working Capital Loans are secured against current assets(book debts) property, plant and equipments, fixed deposits and personal guarantee of directors. (Refer Note 28 of Consolidated Financial statements)

17 TRADE PAYABLES	As at 31st March, 2024	As at 31st March, 2023
<i>Financial Liabilities carried at Amortised Cost</i>		
Due to Micro, Small and Medium Enterprises	12.94	17.43
Others	-	-
(i) Related Parties	21.19	1.99
(ii) Other Parties	248.52	490.98
Total	282.65	510.40

Ageing for trade payables outstanding as at March 31, 2024 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
MSME*	4.78	8.17	-	-	-	12.95
Others	-	243.48	19.60	5.86	0.76	269.70
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
	4.78	251.65	19.60	5.86	0.76	282.65
Accrued expenses						

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Ageing for trade payables outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
MSME*	16.74	8.64	8.79	-		34.17
Others	-	306.68	162.60	6.96		476.23
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
	16.74	315.32	171.39	6.96	-	510.40

Accrued expenses

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

18	OTHER FINANCIAL LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
	<i>Financial Liabilities carried at Amortised Cost</i>		
	Current Maturity of long term debt	356.70	303.84
	Unclaimed Dividend	0.11	0.11
	Subcontractor deposits	187.07	242.70
	Deposit premises	4.50	4.50
	Total	548.38	551.15
19	PROVISIONS (CURRENT)	As at 31st March, 2024	As at 31st March, 2023
	Provision for Gratuity	21.72	15.64
	Provision for Employee benefit expenses	384.30	647.36
	Provision for Audit fees	7.60	8.25
	Provision for other expense	-	0.08
	Total	413.62	671.33
20	OTHER CURRENT LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
	Statutory dues	267.20	214.24
	Total	267.20	214.24

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

All Amount in INR Lakhs

21 REVENUE FROM OPERATIONS	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Contracted Price (Services)	11,211.39	9,024.82
Less: Reduction towards variable consideration components	1.91	1.33
Total	11,209.48	9,023.49

The reduction towards variable consideration comprises of volume discounts, service level credits etc.

The Company has applied the accounting policy and presentation as required by Ind As 115- Revenue from contracts with customers and recognized revenue when a performance obligation is satisfied by transferring a promised service to the customer and accordingly the company has presented the contract in the balance sheet as contract asset for service rendered remaining unbilled. Contract revenue recognised is subject to change and is affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The Company classifies the right to consideration in exchange for deliverables as either as a receivables or as unbilled revenue if revenue is accrued. Receivables and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivables is presented net of impairment in the Balance Sheet.

22 OTHER INCOME	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Rental Income	9.73	8.65
Profit on Sale of Property, Plant & Equipments	-	17.13
Interest on Bank Fixed Deposits	55.39	39.44
Remission of Liability	2.21	16.05
Total	67.33	81.28

23 EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries, Wages and Bonus	4,695.62	3,627.30
Contribution to Provident Fund and Other funds	572.09	332.37
Staff Welfare expenses	13.71	4.66
Total	5,281.42	3,964.32

24 FINANCE COST	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest Expenses for financial liabilities measured at amortised cost	532.81	597.32
Total	532.81	597.32

25 DEPRECIATION	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment	52.40	26.54
Depreciation on investment property	2.74	2.87
Amortisation of intangible assets	3.51	3.78
Amortisation of leasehold land	-	-
Total	58.65	33.19

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

26 OTHER EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Direct Expenses		
Site Expenses	1,245.58	718.11
Labour Charges	2,706.21	1,852.71
Consumption of stores, spares & Consumables	386.01	186.13
Uniform Expenses	16.86	3.34
Blocked credit	31.79	16.47
Deductions on Service Dues	149.51	215.41
Indirect Expenses		
Advertising and domain expenses	12.23	5.94
Audit Fees	10.33	27.62
Computer, Software & Printer Expenses	2.99	3.32
Commission	1.93	18.75
Donation	1.03	0.47
Insurance	45.31	43.04
Miscellaneous Expenses	13.39	6.20
Office Expenses	9.73	7.92
Power & Fuel	20.28	1.66
Professional tax	0.08	0.08
Legal & Professional Charges	33.64	135.27
Licence fees	0.15	0.61
Listing Fees	-	0.25
Interest late fees and penalty	14.07	11.02
Printing & Stationery	2.16	1.25
Rent Including Lease Rentals	48.25	27.96
Repair & Maintenance	15.99	26.95
Bad Debts	-	-
Allowance for Bad & Doubtful Debts/ Contract Assets	7.48	671.32
Tender related expense	27.70	7.30
Telephone Charges	2.67	1.53
Transport Charges	16.47	21.93
Travelling and Conveyance	130.03	186.65
Total	4,951.87	4,199.22
Auditor's remuneration		
Auditor's remuneration consists of the following		
Statutory Audit Fees	7.60	8.25
Statutory audit fees paid for previous financial year	-	8.00
Tax Audit Fees	0.50	0.13
Internal Audit fees	0.15	0.15
Certifications and other review services	1.03	10.64
Stock Audit fees	1.05	0.45
	10.33	27.62

Certification and other review services primarily includes certification fees paid to auditors . Statute and regulation permit auditors to certify tender related documents, and related review services among others.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

27	INCOME TAX	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(a) Income Tax recognized in Statement of Profit & Loss		
	Current Tax Expenses	(74.16)	11.23
	Tax of the Earlier Years	63.79	81.39
	Deferred Tax Expenses	147.51	(74.65)
	Total Tax Expenses recognized in Statement of Profit & Loss	137.14	17.97
	(b) Tax expenses related to Items recognized in Statement of Other Comprehensive Income		
	Remeasurement of Defined Benefit Plans	(5.32)	(6.21)
	Income tax Charged to Statement of Other Comprehensive Income	(5.32)	(6.21)
	(c) Effective Tax Rate		
	Consolidated Profit Before Tax	452.06	310.72
	Total Tax Expenses/(benefits)	68.02	(5.85)
	Effective Consolidated Tax Rate	15.05%	-1.88%

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)
STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note No 28

All Amount in INR Lakhs

A. Working Capital Facilities & Term Loans from Banks								
Name of Lender	Purpose	Sanction Amount(in lakhs)	Rate of interest	Securities offered	Re-payment	Moratorium	As at	As at
Secured Borrowings							31-03-2024	31-03-2023
Apna Sahakari Bank Ltd.	Working Capital (Cash Credit)	1895.00	11% p.a.	Primary Security : Hypothecation of Stock & Book Debts Collateral Security : As per Note 1	On Demand	NA	1,927.24	1,916.80
State Bank of India	Working Capital (Cash Credit)	585.00	8.15%	As per Note 5	On Demand	NA	585.06	563.49
Bank of India CC	Working Capital (Cash Credit)	752.00	11.25%	As per Note 4	On Demand	NA	741.75	687.16
Apna Sahakari Bank Ltd.	Business Loan (Loan against book debts and property)	300.00	11.50% p.a.	Security : As per note no 3.	120 EMIs of 4.26 lacs each	NA	154.95	187.27
	Business Loan (Loan Against Property)	100.00	12% p.a.	Security : As per note no 2.	120 EMIs of Rs. 1.45 Lacs each	Nil	23.66	37.69
	Loan against deposit	40.00	7.5% p.a	Secured against Fixed deposit of Rs 45.01 Lakhs	EMIs of Rs 0.24 lacs each	Nil	-	35.76
	Temporary overdraft	45.20	8.30%	-	Monthly interest remittance	Nil	45.22	-
	Temporary overdraft	25.00	6.45%	-	Repaid on 05.04.2023	Nil	-	25.13
	Business Loan (Loan against book debts and property)	550.00	11% p.a.	Security : As per note no 3.	84 EMIs of Rs 9.52 lacs each	Nil	373.56	442.25
Bank of India	Business Loan (Loan Against Property)	185.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	Nil	53.16	68.13
	Business Loan (Loan Against Property)	53.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	Nil	32.17	40.77
	Business Loan (Loan Against Property)	48.00	8.10% p.a	As per Note 4	36 EMIs of Rs 1.33 lacs each	Nil	5.33	21.77
	Business Loan (Loan Against Property)	500.00	9.40% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	Yes	452.70	500.00

Notes

Apna Sahakari Bank Ltd. - Cash Credit Rs. 1895.00 Lacs

1. Collateral Security : Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of HR Consultancy Pvt Limited wherein Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde

Apna Sahakari Bank Ltd. – Loan against Property Rs. 100.00 Lacs & 50.00 Lacs

2. Security : Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of HR Consultancy Pvt Limited wherein Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde & FDR of Rs 210 lakhs.

Apna Sahakari Bank Ltd. – Loan against Property Rs. 300.00 Lacs & 550 Lacs

3. Security: Shop No 1 & 3, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. Shop No 2, Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 & Flat No 103, Datta Gurukripa CHS, NC Kelkar Road. Dadar(W), Mumbai-400028 held in the name of Mr Ravindra Hegde and Mrs Sujata Hegde are the directors of the company. Flat No. 18, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-400060 held in the name of Mrs Sujata Hegde & FDR of Rs 210 lakhs.

Bank Of India

4 Security: First Pari Passu Charge on Book debts with Apna Sahakari Bank- Apna Sahkari Bank has limits of Rs. 15.00 crores and BG Limit of Rs. 14.00 crores and accordingly BOI share is 18.67 % of Bookdebts. Second Pari-Passu charge for GECL Collateral facility on Book Debts with Apna Sahakari Bank. Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLRL, Jogeshwari (E), Mumbai -60, EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60

State Bank of India

5.Security: First paripassu charge basis to secure our funded and non-funded Working Capital credit facilities with Apna Sahakari Bank Ltd and Bank of India on Current Assets viz. Stocks of raw material, stock in process, finished goods, consumable stores & spares and book debts, bills whether documentary or clean, outstanding monies, receivables of the company, both present and future. Equitable mortgage of commercial building: 3rd Floor, Antariksh, Village Marol, Andheri, Mumbai, Maharashtra-400059

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - L74930MH2006PLC159290)

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

All Amount in INR Lakhs

29 EARNING PER SHARE	Year ended 31st March, 2024	Year ended 31st March, 2023
(a) Net Profit for Basic & diluted EPS	315.24	292.69
(b) Number of Equity Shares at the beginning of the period (in Lakhs)	200.41	100.22
(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	200.41	200.41
(d) Adjusted Weighted Average number of Equity Shares outstanding (in Lakhs)	200.41	123.74
Earning Per Share - Basic	1.57	2.37
Earning per share - Diluted	1.57	2.37
Face value per share (Rs.)	10.00	10.00

30 CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2024	As at 31st March, 2023
(a) Claims against the company not acknowledged as debt:		
- Service Tax	1,389.40	1,389.40
- ESIC	15.07	-
- Goods and Service Tax	179.49	-
Considering the facts of the case, the company and the tax advisors believe that the final outcome should be in favour of the company.		
(b) Guarantees		
(i) Bank Guarantees	935.93	942.39

31 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2024	As at 31st March, 2023
The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company:		
(a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March, 2024	12.94	17.43
(b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the	-	-
(d) the amount of interest accrued and remaining unpaid	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-
(f) the amount of provision made for payment to MSME Enterprises	-	-

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURES

Related party disclosure, as required by Indian Accounting Standard-24, is as below:

(a) List of Related Parties

(i) Companies/Firms under Common Management

- (a) Sujata Hegde (Prop Palemer Enterprises)
- (b) Ravindra Hegde (Prop KHFM Pest Control)
- (c) KHFM HR Consultancy Private limited

(ii) Key Managerial Personnel

	Designation
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director & Chief Financial Officer
(c) Saurav Hegde	Director
(d) Rahul Pathak	Company Secretary & Chief Financial Officer (Resigned)
(e) Akash Bate	Company Secretary
(f) Girish Ramnani	Non Executive & Independent Director
(g) Brahm Pal Singh	Non Executive & Independent Director (Resigned)
(h) Kapildeo Agarwal	Non Executive & Independent Director
(i) Prabhakar Patil	Non Executive & Independent Director

(b) The Disclosures related to Subsidiaries as required by Ind AS 112 disclosures of Interests in other entities are as under:

Name of the Subsidiaries	PAN of the entity	Country of Incorporation/ Formation	Business Activity	Percentage of Control as at 31st March, 2024
KHFM Infra Projects Private Limited	AAJCK4734B (Company)	India	Facility Management Services and Infrastructure	99%
KHFM & DP Jain Company	ABAFK1790L (Partnership Firm)	India	Facility Management Services and Gardening	99%

(c) (i) Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements (As at 31st March 2024)

All Amount in INR Lakhs

Name of entity	Net Assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive income	
	as % age of consolidated net asset	Amount	as % age of consolidated profit or loss	Amount	as % age of consolidated other comprehensive incom	Amount	as % age of consolidated total comprehensive income	Amount
Parent-								
KHFM Hospitality and Facility Management Services Limited	99.67%	4,694.25	110.03%	346.46	100.00%	(15.83)	110.55%	330.65
Subsidiaries								
KHFM Infra Projects Private Limited	0.34%	16.21	2.86%	9.02	-	-	3.02%	9.02
KHFM & DP Jain Company	-0.02%	-0.76	-12.89%	-40.58	-	-	-13.57%	-40.58
Total	100.00%	4709.70	100.00%	314.92	100.00%	(15.83)	100.00%	299.09

(c) (ii) Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements (As at 31st March 2023)

All Amount in INR Lakhs

Name of entity	Net Assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive income	
	as % age of consolidated net asset	Amount	as % age of consolidated profit or loss	Amount	as % age of consolidated other comprehensive incom	Amount	as % age of consolidated total comprehensive income	Amount
Parent-								
KHFM Hospitality and Facility Management Services Limited	99.83%	4,380.91	97.88%	286.56	100.00%	(18.46)	97.74%	268.10
Subsidiaries								
KHFM Infra Projects Private Limited	0.16%	7.19	2.11%	6.19	-	-	2.26%	6.19
KHFM & DP Jain Company	0.002%	0.10	-	-	-	-	-	-
Total	100.00%	4388.20	100.00%	292.76	100.00%	(18.46)	100.00%	274.29

(d) The table below describes the compensation to key managerial personnel:

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Director Remuneration	40.12	27.40
Sitting Fees	1.87	1.84
Partner's Remuneration	-	-
Other long term benefit	-	-
Total	41.99	29.24

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

33 Summarised Financial information for Subsidiaries

The table below provides summarised financial information for those subsidiaries that are material to the group.

All Amount in INR Lakhs

Summarised Balance Sheet	M/s KHFM INFRA PROJECTS PRIVATE LIMITED	M/s KHFM & DP JAIN COMPANY	M/s KHFM INFRA PROJECTS PRIVATE LIMITED	M/s KHFM & DP JAIN COMPANY
	As At 31.03.2024	As At 31.03.2024	As At 31.03.2023	As At 31.03.2023
Non Current Assets	0.94	-	0.42	-
Current Assets	224.08	4.35	173.68	0.10
Total Assets	225.02	4.35	174.10	0.10
Non Current Liabilities	195.17	-	143.64	-
Current Liabilities	13.64	5.11	23.27	-
Total Liabilities	208.81	5.11	166.91	-
Net Assets	16.21	(0.76)	7.19	0.10

Summarised Statement of Profit and Loss	M/s KHFM INFRA PROJECTS PRIVATE LIMITED	M/s KHFM & DP JAIN COMPANY	M/s KHFM INFRA PROJECTS PRIVATE LIMITED	M/s KHFM & DP JAIN COMPANY
	For the period ended on 31.03.2024	For the period ended on 31.03.2024	For the period ended on 31.03.2023	For the period ended on 31.03.2023
Revenue From Operations	464.98	-	133.70	-
Other Income	0.78	-	-	-
Total Revenue	465.76	-	133.70	-
Employee Benefit Expense	26.46	12.80	1.00	-
Finance Costs	15.51	9.54	3.19	-
Depreciation and Amortization Expense	0.21	-	0.09	-
Other Expenses	407.04	18.24	120.07	-
Total Expenses	449.22	40.58	124.35	-
Tax Expense	7.52	-	3.16	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9.02	(40.58)	6.19	-

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2024

34. BUSINESS COMBINATIONS

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognized in the consolidated statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries/associate limited liability partnership firms.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

When the consideration transferred by the Group in business combination includes assets or liabilities resulting in a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve as the case may be.

Business Combination under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognized as capital reserve on common control business combination.

- **Investments In Equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)**

On initial recognition, the group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. A financial asset is held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

- **Investments In Equity instruments at Fair Value Through Profit & Loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading. Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL. A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial

recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on Remeasurement Recognised in profit or loss.

35. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

a) Financial Assets carried at Amortized Cost.

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognized or impaired, the gain or loss is recognized in the statement of profit and loss.

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit and loss.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

c) Financial Assets at Fair Value through Profit and Loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the statement of profit and loss.

d) Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

e) Dividend and Interest Income from Financial Instruments

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

• **The Carrying values of Financial Assets and Liabilities have been given under:**

31st March 2024	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
<u>Financial Asset :</u>				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-		5.50	5.50
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	-	-
Other Non-Current Financial Assets	-	-	1058.45	1058.45
Current Assets:-				
Cash & Cash equivalents	-	-	109.49	109.49
Bank Balance other than above	-	-	1006.40	1006.40
Trade receivables	-	-	2653.02	2653.02
Other Financials Assets	-	-	-	-
<u>Financial Liability :</u>				
Non-Current :-	-	-	-	-
Borrowings	-	-	816.78	816.78
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3607.81	3607.81
Trade payables	-	-	282.65	282.65
Other financial liabilities			548.37	548.37

(All Amount in INR Lakhs)

31st March 2023	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortized cost	Total
Financial Asset :				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-	-	5.50	5.50
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	-	
Other Non-Current Financial Assets	-	-	1065.49	1065.49
Current Assets:-				
Cash & Cash equivalents	-	-	63.55	63.55
Bank Balance other than above			2878.30	2878.30
Trade receivables	-	-	1919.68	1919.68
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-	-	-	-	-
Borrowings	-	-	1163.94	1163.94
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3495.86	3495.86
Trade payables	-	-	510.40	510.40
Other financial liabilities			551.15	551.15

Carrying amount of Investment, Trade Receivables, Cash and Cash Equivalent, Bank balances, Other financial Assets, Trade payables and Other financial liabilities as at 31st March, 2024 and 31st March, 2023 approximate the Fair Value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant each of year presented.

36. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk.

ii) The Group has exposure to the following risks from the financial instruments:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investments in debt securities, loans given to related parties and project deposits. The carrying amount of financial assets represents the maximum credit exposure.

• **Trade Receivables**

Customer credit risk is managed by requiring customers to pay advances through progress billings before transfer of ownership, therefore substantially eliminating the Group's Credit risk in this respect. The Group's credit risk with regard to trade receivables has a high degree of risk diversification, due to the large number of projects that vary in sizes and types with numerous different customer categories in a large number of geographical markets. Based on prior experience and an assessment of the current economic environment, management has recognised appropriate provision for expected credit loss.

The amounts reflected in the table above are not impaired as on the reporting date.

• **Cash and Bank Balances**

Credit risk from balances with banks and financial institutions is managed by the Group's Finance department in accordance with the Group's policy. Investments of surplus funds are reviewed and approved by the Group's Board of Directors on an annual basis. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2024 is the carrying amounts.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts of the Group's liquidity position on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

• **Exposure to Liquidity risk.**

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2023:

(All Amount in INR Lakhs)

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2024. (All Amount in INR Lakhs)			
Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities Borrowings	356.70	620.89	195.88
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2023.			

Financial Liabilities			
Borrowings	303.84	644.02	519.92

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rate and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

37. CAPITAL MANAGEMENT:

Equity share capital and other equity are considered for the purpose of Group's capital management. The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders.

The capital structure of the Group is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

38. EMPLOYEE BENEFITS:

(i) Short term employee benefits

The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by employees are recognized as an expense during when the employees render the services.

(ii) Post-Employment Benefits

Defined Contribution Plans

The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans

The Gratuity Benefits are classified as Post-Retirement Benefits as per Ind AS 19 and the accounting policy is outlined as follows. As per Ind AS 19, the service cost and the net interest cost would be charged to the Profit & Loss account. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. The Group recognizes these remeasurements in the Other Comprehensive Income (OCI). When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

In accordance with Indian law, the Group operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Gratuity benefit liabilities of the

group are funded to an insurance group. The insurance group in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

Funded status of the Plan: (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Present value of funded obligations	139.43	103.51
Fair value of plan assets	(92.91)	(66.80)
Net Liability (Asset)	46.52	36.71

Profit and loss for the period: (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Service Cost:		
Current Service Cost	14.54	11.56
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	2.11	0.59
Total included in "Employee benefit expense"	16.66	12.16

Other comprehensive Income for the period (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	-	(4.66)
Due to change in demographic assumption	-	-
Due to experience adjustments	22.87	30.01
Return on plan assets excluding amounts included in interest income	(1.72)	(0.66)
Amounts recognized in Other Comprehensive (Income) / Expense	21.14	24.67

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening Defined Benefit Obligation	103.51	81.28
Current service cost	14.54	11.56
Interest cost	5.94	3.21
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions		(4.66)
Due to change in demographic assumption	-	-
Due to experience adjustments	22.87	30.01
Benefits paid from fund	(6.28)	(1.09)
Benefits paid by the company	(1.16)	(16.78)
Closing Defined Benefit Obligation	139.43	103.51

Reconciliation of Plan assets (All Amount in INR Lakhs)		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening value of plan assets	66.80	63.86
Transfer in/(out) plan assets	-	-
Interest Income	3.82	2.61
Return on plan assets excluding amounts included in interest income	1.72	0.66
Contributions by employer	26.84	0.75
Contributions by Employee		-
Benefits paid	(6.28)	(1.09)
Closing value of Plan assets	92.91	66.80
The assumptions used in accounting for the defined benefit plan are set out below:		
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Discount rate	7.20% p.a	7.20% p.a
Salary Growth Rate	6.60% p.a	6.60% p.a
Withdrawal rates	50.00% p.a at all ages	50.00% p.a at all ages

- In the initial years of incorporation, subsidiary companies have not yet commenced with providing the aforementioned benefits to their employees.

39. SEGMENT REPORTING

In accordance with Ind AS 108 on Operating Segments, the Group has identified its business segment as "Hospitality & Facility Management Services". There are no other primary reportable segments. The major and material activities of the group are restricted to only one geographical segment i.e. India, hence the secondary segment disclosures are also not applicable.

40. The code on Social security, 2020 relating to employee benefits has been approved by the Parliament and has also been published in Official Gazette of India. However, the date on which it comes into effect has not been notified and the rules are yet to be framed. The Group will complete its evaluation and will give appropriate impact in its consolidated financial statements in the period in which, the Code becomes effective and the related rules are published.

41. REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group has not done revaluation of PPE / Intangible assets.

42. POST REPORTING EVENTS

Apart from issuing shares/warrants on preferential basis; no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

43. In respect of financial year commencing on 1st April 2023, group has used an accounting software for maintaining its books of accounts which has feature of recording audit trail(edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, audit trail feature during the year was not tempered with.

44. No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Group to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Group from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Group shall (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

45. Dividends declared by the Company are based on the profit available for distribution. The Board of Directors of the Holding Company have recommended a final dividend of Rs 0.50 per equity share in respect of financial year ended 2023-24 subject to the approval of shareholders at the Annual General Meeting.

46. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March, 2024 were approved by the Board of Directors on 30th May 2024.

The management and authorities have the power to amend the Consolidated Financial Statements in accordance with Section 130 and 131 of The Companies Act, 2013.

As per our report of even date attached

For GTA & CO LLP

Chartered Accountants

Firm Regn No. 105482W/W100817

Gaurav Saboo

Partner

M No. 149116

UDIN : 24149116BKJOGA8958

Place: Nagpur

Date: 30th May 2024

For and on behalf of the Board of

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde

Managing Director

DIN – 01821002

Sujata Hegde

Director & Chief Financial Officer

DIN - 01829352

Akash Bate

Company Secretary

Place: Mumbai

Date: 30th May 2024