Date: August 28, 2025

To,
The Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
Maharashtra, India

Company Trading Symbol**: KHFM**
ISIN: **INE00UG01014**

Subject: Annual Report for the Financial Year 2024-2025

Re: Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year ended March 31, 2025, together with the Notice convening the 19th Annual General Meeting ("AGM") scheduled to be held on Friday, September 26, 2025, from 4:00 p.m. (IST) onwards, through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM").

The Annual Report contains the Board's Report with its annexures and other statutory disclosures, the Management Discussion and Analysis Report, the audited standalone and consolidated financial statements for the year ended March 31, 2025, along with the respective Auditors' Reports, as well as the Notice of the AGM accompanied by the explanatory statement pursuant to Section 102 of the Companies Act, 2013. The Annual Report has been dispatched electronically to all members whose email addresses are registered with the Company/Depositories, in compliance with the applicable provisions of the Companies Act, 2013, the SEBI (LODR) Regulations, 2015, and the relevant circulars issued by the Ministry of Corporate Affairs and SEBI.

You are requested to take the above intimation on records.

Thanking You.

For KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Ritesh Krishna Kumar Mishra

Digitally signed by Ritesh Krishna Kumar Mishra
Date: 2025.08.28 11:54:37 +05'30'

Ritesh K Mishra
Company Secretary & Compliance Officer
ICSI Membership No.: A76039

Place: Mumbai

KHFM

Hospitality & Facility Management
Services Limited

ANNUAL REPORT

2024-2025

REPORT CONTENTS

CORPORATE INFORMATION

CORPORATE INFORMATION

GENERAL INFORMATION

- Company: KHFM Hospitality and Facility Management Services Limited
- CIN: L74930MH2006PLC159290
- ISIN: INE00UG01014
- Investor Relations Email ID: cs@khfm.in
- Equity Shares Listed on: NSE (SME Platform)
- Date of Listing: April 12, 2019
- NSE Symbol: KHFM

REGISTERED OFFICE

- 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East), Mumbai – 400059
- Website: www.khfm.in
- Email: cs@khfm.in / sales@khfm.in
- Tel: +91 22 6977 4300
- Fax: +91 22 2859 1483

BOARD OF DIRECTORS

- Mr. Ravindra Hegde – Managing Director
- Mrs. Sujata Hegde – Director & CFO
- Mr. Saurav Hegde – Director
- Mr. Girish Ramnani – Independent Director
- Mr. Prabhakar Patil – Independent Director
- Mr. Rudra Narayan Kar – Additional (Independent) Director

AUDIT COMMITTEE

- Mr. Girish Ramnani – Chairman
- Mr. Rudra Narayan Kar – Member
- Mr. Ravindra Hegde – Member

NOMINATION AND REMUNERATION COMMITTEE

- Mr. Prabhakar Patil – Chairman
- Mr. Girish Ramnani – Member
- Mr. Rudra Narayan Kar – Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

- Mr. Prabhakar Patil – Chairman
- Mrs. Sujata Hegde – Member
- Mr. Saurav Hegde – Member

COMPANY SECRETARY & COMPLIANCE OFFICER

- Mr. Akash Bate (14.05.2024 – 20.02.2025)
- Mr. Ritesh K. Mishra (W.E.F. 30.04.2025)

STATUTORY AUDITOR

- M/s YRKDAJ & Associates LLP, Chartered Accountants
- 612, Rajhans Helix 3, Old Shreyas Cinema, LBS Marg, Ghatkopar West, Mumbai – 400086

SECRETARIAL AUDITOR

- M/s Mishra & Associates Practising Company Secretaries
- B/31, 6th Floor, Chaddha Apartment, Teli Galli Cross Lane, Andheri (East), Mumbai – 400069

INTERNAL AUDITOR

- M/s C.C. Talreja & Co. Chartered Accountants
- Shop No. 15, Mona Market, Bewas Chowk Road, Ulhasnagar – 421001

REGISTRAR AND TRANSFER AGENTS

- M/s Bigshare Services Private Limited
- S6-2 - 6th floor Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093

BANKERS

- Apna Sahakari Bank
- Bank of India
- State Bank of India

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Ravindra Malinga Hegde

Managing Director | DIN: 01821002

Mr. Ravindra Hegde is the Promoter and Managing Director of the Company. He holds a Bachelor's degree in Science (Chemistry) from the University of Mumbai. He has undergone specialised training in Facility Management and Pest Management in the United States and in pest entomology at the Indian Grain Institute, Hapur. He is a member of the Indian Pest Control Association. In recognition of his entrepreneurial contributions, he was conferred with the Shri Rajiv Gandhi Shiromani Award on August 22, 2010.

He is a founding member and subscriber to the Memorandum of Association of the Company and has been on the Board since incorporation. With over 35 years of experience in the facility and hospitality management industry, Mr. Hegde is responsible for providing strategic leadership and overseeing the overall operations and growth of the Company.

Mrs. Sujata Ravindra Hegde

Director & Chief Financial Officer | DIN: 01829352

Mrs. Sujata Ravindra Hegde is the Promoter, Director and Chief Financial Officer of the Company. She pursued her Higher Secondary Education from Sheth Anandilal Podar Junior College in 1988. She has been associated with the Company since its inception and is also one of the subscribers to the Memorandum of Association.

With over 22 years of experience in finance, administration and internal controls, she is responsible for overseeing the Company's financial affairs and administrative functions. She also ensures quality control in service delivery and compliance with ISO standards across operational sites.

Mr. Saurav Ravindra Hegde

Director | DIN: 08116567

Mr. Saurav Hegde is the Director of the Company. He holds a Bachelor's degree in Science (Hospitality) from D.Y. Patil University. He was appointed to the Board on April 23, 2018.

He is involved in the strategic and operational aspects of the business and brings a modern and digital perspective to the Company's growth. He also contributes to the branding and technology initiatives of the organisation.

Mr. Girish Ramnani

Independent Director | DIN: 09362318

Mr. Girish Ramnani is an Independent Director of the Company. He is a Chartered Accountant and has been a member of the Institute of Chartered Accountants of India (ICAI) since 1998. He has over 23 years of experience in audit and assurance, taxation, regulatory compliance and process advisory services.

He has been practising independently since 1998 and has advised clients across sectors on regulatory frameworks, internal controls and financial structuring. He brings strong financial acumen and governance oversight to the Board.

Mr. Rudra Narayan Kar

Additional (Independent) Director | DIN: 10898326

Mr. Rudra Narayan Kar is an Additional (Independent) Director of the Company. He is a seasoned finance professional with over 35 years of experience across banking, financial markets, foreign exchange, sovereign debt and reserves management. He retired as Chief General Manager from the Reserve Bank of India, where he held key roles in policymaking, market regulation and supervision of banks and NBFCs.

He also served as RBI's Nominee Director on the Boards of State Bank of Hyderabad and Syndicate Bank. From 2017 to 2023, he served as the founding Chief Executive Officer of Financial Benchmarks India Pvt. Ltd. (FBIL), where he led the development of regulated benchmarks in interest rates, foreign exchange and fixed income markets. He holds an M.S. in Finance from the University of Illinois, USA and postgraduate degrees in Finance and Political Science.

Mr. Prabhakar R. Patil

Independent Director | DIN: 00377406

Mr. Prabhakar R. Patil is an Independent Director of the Company. He is currently associated with Bonanza Portfolio Ltd. as Chief Corporate Advisor. He previously served as Adjunct Professor at IIM Mumbai from June 2022 to December 2024. He superannuated as Chief General Manager at the Securities and Exchange Board of India (SEBI) in February 2022, where he headed the Department of Economic and Policy Analysis and was responsible for research and key publications.

He joined SEBI in 1997 and was involved in policy research and publications such as the Annual Report, Monthly Bulletin and Handbook of Statistics in the Securities Market. He also served on deputation as Director at the Forward Markets Commission (FMC) from 2005 to 2009, where he led risk management and regulatory coordination. Mr. Patil holds a Ph.D. in Economics from IIT Bombay, an M.A. in Econometrics from S.V. University and a B.A. in Mathematics, Economics and Statistics from Government Arts College, Anantapuram, where he was a Gold Medallist.

Mr. Ritesh K. Mishra

Company Secretary & Compliance Officer | ICSI Membership No: A76039

Mr. Ritesh K. Mishra is the Company Secretary and Compliance Officer of the Company. He is an Associate Member of the Institute of Company Secretaries of India (ICSI) and holds a Bachelor's degree in Commerce from Thakur College of Science and Commerce.

He has previously been associated with Reliance Asset Reconstruction Company Limited. He possesses a sound academic and professional background in corporate laws, governance and regulatory frameworks. His professional journey reflects a consistent focus on corporate compliance, stakeholder coordination and governance standards. He brings a structured and committed approach to the Company's secretarial and compliance functions.

LETTER TO SHAREHOLDERS

MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

I am pleased to present the 19th Annual Report of KHFM Hospitality and Facility Management Services Limited for the financial year ended March 31, 2025. This year has been marked by steady progress, continued focus on operational discipline, and strategic realignment across key areas of our business. Despite external uncertainties and delayed client decisions in certain sectors, we have remained resilient and forward-looking in our approach.

We strengthened our capital base during the year through a preferential allotment of 8,37,000 equity shares to promoter and public investors. In addition, 7,54,141 convertible warrants, forming part of the previously approved preferential issue of 22,32,000 warrants, were exercised and converted into an equivalent number of equity shares during the year. These actions reflect the promoter group's continued confidence in the Company's long-term vision and provide greater financial flexibility to invest in business growth, talent development and technology-driven excellence.

We continued to maintain strong service continuity across our client base. Our operational teams ensured consistent delivery despite project transitions and varied onboarding schedules. Profitability improved as a result of cost optimisation, tighter resource controls and process efficiency. The business maintained its core values of professionalism, client responsiveness and disciplined execution.

I must also acknowledge the unwavering dedication of our staff and associates. Their tireless efforts have not only sustained the continuity of our operations but have also earned us the trust and goodwill of our clients. It is their commitment on the ground that brings our service standards to life and upholds the reputation KHFM has built over the years. I am equally grateful to our leadership team, whose vision, adaptability and hands-on guidance have been instrumental in steering the Company forward during a year of transition and growth.

The Macro Picture

India's facility management industry continues to transition into a more organised and professionally managed sector. Businesses and institutions are increasingly shifting from in-house management models to integrated outsourced services that deliver higher efficiency, compliance and transparency. The demand is growing not only from traditional segments like commercial buildings and public infrastructure but also from emerging spaces such as logistics hubs, educational campuses and smart city projects.

The industry's shift towards bundled services that include cleaning, maintenance, security, energy management and façade upkeep is becoming more pronounced. Clients are prioritising service partners who can deliver consistent standards across functions and geographies. KHFM is well positioned to address this demand with its trained workforce, integrated delivery capabilities and proven execution track record.

India's facility management market is poised for sustained growth, driven by increasing urbanisation, infrastructure development and the growing preference for integrated outsourced services across sectors. According to a report, the market is projected to grow at a compound annual growth rate of approximately 7.4 percent between 2025 and 2030. While this growth reflects the industry's ongoing transition from fragmented, unorganised models to professional service structures, it also highlights the significant opportunity for organised players to expand their footprint and improve service standards. KHFM remains strategically positioned to leverage this trend with its trained workforce, scalable operations and long-standing industry experience.

Your Company's Performance

During the year ended March 31, 2025, your Company recorded a Standalone Revenue from Operations of Rs. 9,518.25 lakh, as compared to Rs. 10,744.51 lakh in the previous year. The EBITDA (including other income) stood at Rs. 1,092.26 lakh as against Rs. 1,042.27 lakh in the previous year. The Standalone Profit Before Tax for the year under review amounted to Rs. 479.19 lakh, compared to Rs. 476.07 lakh in the previous financial year.

We secured new work orders valued at approximately Rs. 7,927.82 lakh during the year, reaffirming our strong market presence and execution capabilities.

We have made meaningful progress in adopting automation and digital integration across our project sites. Real-time monitoring tools, automated attendance and paperless reporting were rolled out at several high-volume locations. These initiatives enhanced service reliability, reduced operational delays and improved our response time. Additionally, we expanded into new verticals including façade maintenance, sustainable deep cleaning, and ESG-focused solutions, reflecting our intent to diversify and future-proof our portfolio.

Our employees continue to be the cornerstone of KHFM's success. Throughout the year, we invested in workforce training, safety enhancements and team engagement. Our HR and Operations functions worked together to strengthen worksite governance and improve operational resilience. I extend my sincere appreciation to our team members for their unwavering dedication and professionalism.

We also continued to enhance our corporate governance framework. The Board of Directors and its Committees provided strategic oversight across financial, operational and compliance matters. Governance at KHFM is embedded in our daily processes and we remain committed to ensuring transparency, accountability and fairness in all our stakeholder interactions.

As we enter FY 2025–26, we are optimistic about the growth outlook for the industry and confident in our ability to harness the opportunities ahead. Our strategic priorities include expanding our presence in high-growth markets, strengthening our position in institutional and infrastructure driven segments and deepening our use of digital tools to deliver smarter, safer and more efficient services. We will continue to focus on building an agile, future-ready organisation driven by execution excellence and stakeholder alignment.

I would like to thank our clients, employees, business partners, regulators and especially our shareholders for their continued support and trust. Together, we look forward to achieving new milestones and shaping a stronger, more sustainable future for KHFM.

NOTICE OF THE 19th ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting ("AGM") of the Members of KHFM Hospitality and Facility Management Services Limited will be held on Friday, September 26, 2025 at 04:00 P.M. (IST) through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

(a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2025, together with the report of the Board and Auditors' thereon; and

(b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 together with the report of the Auditors' thereon.

2. To appoint a Director in place of Mrs. Sujata Ravindra Hegde (DIN: 01829352), who retires by rotation and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. To appoint Mr. Rudra Narayan Kar (DIN: 10898326) as an independent director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Rudra Narayan Kar (DIN: 10898326), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors with effect from January 09, 2025, and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria of independence as prescribed under Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five (5) consecutive years commencing from January 09, 2025."

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things, and to take all such steps as may be necessary, proper or expedient to give effect to this resolution, including filing of necessary forms with the Registrar of

Companies, and to delegate all or any of its powers herein conferred to any Director(s), Officer(s), or Authorised Representative(s) of the Company, as may be deemed necessary."

By order of the Board of Directors
KHFM Hospitality and Facility Management Services Limited

Sd/-
Ritesh K. Mishra
Company Secretary and Compliance Officer
ICSI Membership No: A76039

Date: August 28, 2025
Place: Mumbai

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), as amended setting out the material facts concerning the business under Item No. 3 of this Notice is annexed as Annexure II.

2. Information as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings (SS–2) issued by the Institute of Company Secretaries of India ("ICSI"), in respect of the Director retiring by rotation and seeking re-appointment at the Annual General Meeting ("AGM"), along with the details of Directors proposed to be appointed or re-appointed, including their qualifications, areas of expertise, directorships held in other companies, membership or chairmanship of Board committees, shareholding in the Company and inter-se relationships with other Directors, is provided in Annexure III to this Notice.

3. This AGM is being convened through Video Conference ("VC") or Other Audio-Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with the applicable provisions of the Companies Act, 2013 ("the Act") and the rules made thereunder, read with the General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2022 dated May 05, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023, and General Circular No. 09/2024 dated September 19, 2024 (collectively referred to as "MCA Circulars") issued by the Ministry of Corporate Affairs (MCA). This is also in accordance with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023, and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 (collectively referred to as "SEBI Circulars") issued by the Securities and Exchange Board of India ("SEBI"), permitting the conduct of general meetings through electronic means.

4. In compliance with the applicable provisions of the Act, the SEBI Listing Regulations, the MCA Circulars, the SEBI Circulars and the Secretarial Standard on General Meetings (SS-2) issued by the ICSI, the 19th AGM of the Company will be held through VC/OAVM on Friday, September 26, 2025, at 04:00 P.M. (IST). The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company at 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East) Mumbai – 400059.

5. The Notice of the AGM and the Annual Report for FY 2024-25 are being sent only by electronic mode to Members whose email addresses are registered with the Company / Registrar and Transfer Agent / Depositories / Depository Participants. A separate letter will be sent to Members who have not registered their e-mail addresses, providing the web-link and exact path where complete Annual Report (including the Notice of the AGM) is available.

6. Members may write to cs@khfm.in or to the RTA, Bigshare Services Private Limited, quoting their Folio No./DP ID–Client ID, to request a physical copy of the Annual Report.

7. Members may note that the Notice and Annual Report for FY 2024-25 will also be available on the Company's website at www.khfm.in, website of the National Stock Exchange of India Limited at www.nseindia.com and also on the website of Bigshare Services Private Limited at www.Bigshareonline.com

8. In order to enable the Company to promptly send the general meeting notices, Annual Reports and other shareholders communications, in electronic form, Members are requested to register/update their email addresses with their respective Depository Participants.

9. To support the Green Initiative in Corporate Governance, Members are encouraged to register their email addresses with their Depository Participants or with the Company's RTA, Bigshare Services Private Limited, for receiving communications from the Company in electronic mode.

10. The Company has engaged the services of Bigshare Services Private Limited, Registrar and Transfer Agent as the authorised agency for facilitating the conduct of the e-AGM and providing remote e-voting and e-voting facility during the AGM.

11. As the AGM is being convened through VC/OAVM in accordance with the MCA Circulars read with SEBI Circulars, the physical attendance of Members has been dispensed with. Accordingly, the facility for the appointment of proxies by Members will not be available for this AGM, and hence, the proxy form, attendance slip, and route map of the AGM are not annexed to this Notice.

12. Participation of Members through VC/OAVM shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

13. Members desirous of getting any information regarding the Financial Statements or Operations of the Company may send their queries in advance to the Company Secretary of the Company at cs@khfm.in at least seven days prior to the date of the AGM, so that relevant information can be made available during the meeting.

14. All documents referred to in the Notice will be available for inspection by Members in electronic mode from the date of circulation of the Notice till the date of the AGM. Members who wish to inspect such documents may send an email to cs@khfm.in. to request access.

15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act, along with other relevant documents referred to in the Notice and Explanatory Statement, will be available for inspection upon request. Members may send an email to cs@khfm.in to request access.

16. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at cs@khfm.in between Saturday, September 20, 2025 (9:00 a.m. IST) to Monday, September 22, 2025 (5:00 p.m. IST).

17. In compliance with Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), and Regulation 44 of the SEBI Listing Regulations, the Company is providing its Members the facility to cast their votes electronically on the resolutions set forth in this Notice. Members may exercise their voting rights either through remote e-voting or by e-voting during the AGM. The remote e-voting period will commence on Monday, September 22, 2025, at 9:00 A.M. (IST) and will conclude on Thursday, September 25, 2025, at 5:00 P.M. (IST), after which the remote e-voting facility shall be disabled by the e-voting service provider. Detailed instructions for e-voting are provided in Annexure I to this Notice.

18. The voting rights of members shall be in proportion to their shareholding in the paid-up equity share capital of the Company as on the cut-off date, i.e., Friday, September 19, 2025. Only those Members whose names appear in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date shall be entitled to vote. Others may treat this Notice as for information purposes only.

19. Members may join the AGM through the VC/OAVM facility up to 15 minutes before and after the scheduled commencement time of the Meeting by following the instructions as provided in Annexure I to this Notice.

20. In case of joint holders attending the AGM, only the Member whose name appears first in the Register of Members will be entitled to vote.

21. Institutional/Corporate Members are encouraged to attend the AGM through their authorised representatives and are requested to send a scanned copy of the Board Resolution or Authorization Letter, authorising their representative(s) to attend and vote on their behalf, at cs@khfm.in.

22. The Company has appointed Mishra & Associates, Practising Company Secretary (Membership No. 41066 and CP No. 18303), as the Scrutinizer to scrutinize the remote e-voting and e-voting process at the AGM in a fair and transparent manner.

23. The results declared along with the Scrutinizer's Report will be placed on the website of the Company at www.khfm.in, on the website of the e-voting agency, and shall also be submitted to the Stock Exchange, within the prescribed time.

24. Members who have not encashed their dividend declared by the Company in the past, if any, are requested to immediately write to the Company for revalidation or issuance of demand draft in lieu thereof. Pursuant to the provisions of Section 124 of the Act, unclaimed dividends for a continuous period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF). Further, under Section 124(6) of the Act, shares in respect of which dividend has not been claimed for seven consecutive years or more shall also be transferred to the IEPF Authority.

25. The Board of Directors have not recommended any dividend for the FY 2024–25.

By order of the Board of Directors
KHFM Hospitality and Facility Management Services Limited

Sd/-
Ritesh K. Mishra
Company Secretary and Compliance Officer
ICSI Membership No: A76039

Date: August 28, 2025
Place: Mumbai

Annexure I

Instructions for Remote E-Voting, E-Voting During the AGM, and Participation through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

1. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

i. The voting period begins on Monday, September 22, 2025 at 9:00 A.M. (IST) and ends on Thursday, September 25, 2025 at 5:00 P.M. (IST) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 19, 2025. may cast their vote electronically. The e-voting module shall be disabled by Bigshare for voting thereafter.

ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

iii. 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.

iv. 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.

2. LOGIN METHOD FOR E-VOTING 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**	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 is https://web.cdslindia.com/myeasitoken/home/login or visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. 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. Additionally, there are 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/myeasitoken/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link https://evoting.cdslindia.com/Evoting/EvotingLogin 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 will also be 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**	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 4) For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page with all e-Voting Service Providers. Click on **BIGSHARE** and you will be re-directed to **i-vote (E-voting 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 toll free No. 1800 22 55 33.
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.com or call at 022- 48867000.

3. **LOGIN METHOD FOR E-VOTING FOR SHAREHOLDERS OTHER THAN INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN DEMAT MODE AND 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 registered 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**" and 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 the event you wish to vote under the drop-down option.
- Click on **"VOTE NOW"** option which is appearing on the top-right 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 cast, it cannot be changed subsequently.
- Shareholders can "**CHANGE PASSWORD**" or "**VIEW/UPDATE PROFILE**" under "**PROFILE**" option on investor portal.

4. 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**" drop-down 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 drop-down 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 cast, 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
Shareholders 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 at ivote@Bigshareonline.com or call us at: 022-62638338

5. **PROCEDURE FOR JOINING THE AGM THROUGH VC/ OAVM:**

For shareholders 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 under the drop-down option.
- For joining virtual meeting, you need to click on "VC/OAVM" link placed beside of "**VIDEO CONFERENCE LINK"** option.
- Members attending the AGM 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 are as under:

- The Members can join the AGM 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 is same as the instructions mentioned above for remote e-voting.
- Only those members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast 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.
- Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

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 at ivote@Bigshareonline.com or call us at: 1800 22 54 22, 022-62638338

By order of the Board of Directors
KHFM Hospitality and Facility Management Services Limited

Sd/-
Ritesh K. Mishra
Company Secretary and Compliance Officer
ICSI Membership No: A76039

Date: August 28, 2025
Place: Mumbai

Annexure II

Statement pursuant to Section 102(1) of the Companies Act, 2013 ('Act')

The following Statement sets out all material facts relating to the Special Business mentioned in the Item No. 3 of the accompanying Notice:

The Board of Directors of the Company had appointed Mr. Rudra Narayan Kar (DIN: 10898326) as an Additional Director of the Company with effect from January 09, 2025, pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Act, and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). In terms of Section 161 of the Act, Mr. Rudra Narayan Kar holds office as Additional Director up to the date of this Annual General Meeting ("AGM") and is eligible for appointment as an Independent Director of the Company.

The Company has received from Mr. Rudra Narayan Kar a notice under Section 160 of the Act proposing his candidature for the office of Director. The Company has also received from him the requisite consent in Form DIR-2 pursuant to Section 152 of the Act, and a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR. He has also confirmed that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has duly registered on the Independent Directors' databank maintained by the Indian Institute of Corporate Affairs. In the opinion of the Board, Mr. Rudra Narayan Kar fulfils the conditions prescribed under the Act and SEBI LODR for appointment as an Independent Director and is independent of the management.

Mr. Rudra Narayan Kar is a finance and banking professional with over 34 years of experience at the Reserve Bank of India in senior management roles. He has significant regulatory and supervisory experience across financial institutions and markets. He has also held board-level positions, having served as the Chief Executive Officer of Financial Benchmarks India Pvt Ltd for 7 years. The Board believes that his extensive domain knowledge and leadership experience would be highly beneficial to the Company. Accordingly, the Board recommended his appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from January 09, 2025, subject to the approval of the Members. Upon appointment, he shall be entitled to remuneration by way of sitting fees for attending meetings of the Board and such other remuneration as may be determined by the Board, within the limits approved by the Members.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the resolution, except Mr. Rudra Narayan Kar to the extent of his appointment. The Board recommends the Ordinary Resolution as set out at Item No. 3 of the accompanying Notice for the approval of the Members.

By order of the Board of Directors
KHFM Hospitality and Facility Management Services Limited

Sd/-
Ritesh K. Mishra
Company Secretary and Compliance Officer
ICSI Membership No: A76039

Date: August 28, 2025
Place: Mumbai

Annexure III

Details of the Director seeking appointment / re-appointment 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)

Profile of Mrs. Sujata Ravindra Hegde

Mrs. Sujata Ravindra Hegde (DIN: 01829352) is the Promoter Director and Chief Financial Officer of the Company. She pursued her Higher Secondary Education from Sheth Anandilal Podar Junior College in 1988. She has been the Director of the Company since inception and is also one of the subscribers to the MOA of our Company. She has over 22 years of experience of handling Financial and Administrative activities of our Company. She is also in charge of maintaining quality checks as per ISO Standards across all the functional sites.

Name of the Director	Mrs. Sujata Ravindra Hegde
DIN	01829352
Date of Birth	18/09/1968
Date of First Appointment on the Board	January 27, 2006
Qualification & Expertise	She pursued her Higher Secondary Education from Sheth Anandilal Podar Junior College in 1988 and has been the Director of the Company since inception. She has experience of over 22 years of handling Financial and Administrative activities of our Company. She is also in charge of maintaining quality checks as per ISO Standards across all the functional sites.
No. of Equity Share held in the Company	10,47,800 Shares
Relationship with Other Directors of the Company & Their Shareholding in the company	1. Spouse: Mr. Ravindra Hegde, Managing Director, holding 67,02,819 Shares. 2. Son: Mr. Saurav Hegde, Director, Holding 6,303 Shares
Year of Experience	More than 22 Years
Remuneration Last Drawn by such person, if any	Rs.12,00,000 p.a. during the F.Y. 2024-25
Remuneration proposed to be paid	Rs.12,00,000 p.a.
Terms and conditions of appointment/ re-appointment & Remuneration sought for	N.A.
No. of Meeting of the Board attended during the year	5 out of 5
List of Directorship held in other companies	KHFM HR Consultancy Private Limited
Chairman/Member of the Committee of the Board of Directors of Company	Member of the Stakeholders' Relationship Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	N.A.

Profile of Mr. Rudra Narayan Kar

Mr. Rudra Narayan Kar is a seasoned finance professional with over 35 years of experience in banking, financial markets, foreign exchange and debt management, and regulatory policy. He served as the first Chief Executive Officer of Financial Benchmarks India Pvt. Ltd. (FBIL) from 2017 to 2023, where he played a key role in establishing FBIL as a credible and transparent financial infrastructure institution. Prior to this, he was associated with the Reserve Bank of India for over three decades, retiring as Chief General Manager in June 2017. During his tenure at RBI, he was closely involved in policy-making and implementation relating to foreign exchange management, sovereign debt, development of financial markets, and regulation and supervision of banks and NBFCs.

He has also served as RBI's Nominee Director on the Boards of State Bank of Hyderabad (2004–2007) and Syndicate Bank (2014–2017). He currently acts as a Consultant to FBIL, advising on benchmark design and methodology in financial instruments. Mr. Kar holds a B.A. (Hons.) in Political Science from Ravenshaw College, an M.A. and M.Phil. in Political Science from Jawaharlal Nehru University, an M.S. in Finance from the University of Illinois at Urbana-Champaign (USA), and is a Certified Associate of the Indian Institute of Bankers (CAIIB).

Name of the Director	Mr. Rudra Narayan Kar
DIN	10898326
Date of Birth	20/03/1958
Date of First Appointment	January 09, 2025
Qualification & Expertise	Mr. Rudra Narayan Kar is a veteran finance professional with over 35 years of experience across RBI and FBIL. He has held key leadership roles in banking regulation, financial markets, and benchmark development. He retired as Chief General Manager at RBI and later served as the first CEO of FBIL. He is presently engaged as a Consultant with FBIL.
No. of Equity Share held in the Company	Nil
Relationship with Other Directors of the Company & Their Shareholding in the company	Mr. Rudra Narayan Kar is not related to any of the Directors or Key Managerial Personnel or Promoters and Promoter group of the Company and does not hold any shares in the Company
Year of Experience	35 Years
Terms and conditions of appointment	The term of appointment of an Independent Director (ID) of the Company is for a period of 5 consecutive years from the date of his/ her appointment. Independent Director is not liable to retire by rotation.
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Mr. Rudra Narayan Kar's leadership roles at RBI and FBIL reflect his strong expertise in financial regulation and market infrastructure, aligning well with the requirements of the position.
Remuneration / sitting fees last drawn	Sitting Fees - Rs. 7,500
Remuneration proposed to be paid	Sitting fees as applicable
No. of Meeting of the Board attended during the year	1 out of 1
List of Directorships held in other companies	N.A.
Chairman/Member of the Committee of the Board of Directors of Company	Member of Audit Committee and Nomination & Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other Companies	N.A.

BOARD'S REPORT

DIRECTORS' REPORT

To,

The Members,

KHFM Hospitality and Facility Management Services Limited

Your Directors are pleased to present the **19th Annual Report** on the affairs of the KHFM Hospitality and Facility Management Services Limited ("the Company") together with the Audited Financial Statements for the financial year ended **March 31, 2025** ("year under review").

1. FINANCIAL HIGHLIGHTS / PERFORMANCE OF THE COMPANY:

The Company's financial performance (Standalone and Consolidated) during the financial year ended **March 31, 2025** are summarized in the following table:

(In Rs. Lakhs)

PARTICULARS	Standalone		Consolidated	
	Year ended 31.03.2025	Year ended 31.03.2024	Year ended 31.03.2025	Year ended 31.03.2024
Revenue from Operations	9,518.25	10,744.51	10,429.96	11,209.48
Other Income	79.47	66.55	96.34	67.33
Profit Before Depreciation, Interest & Tax	**1,092.26**	**1,042.27**	**1,153.88**	**1,043.52**
Interest (Finance Cost)	528.02	507.76	560.42	532.81
Profit Before Depreciation & Tax	**564.24**	**534.51**	**593.46**	**510.71**
Depreciation and amortization expense	85.05	58.44	85.86	58.65
Profit Before Tax	**479.19**	**476.07**	**507.60**	**452.06**
Current Tax	(154.62)	(82.04)	(145.99)	(74.16)
Reversal / Provision of Income Tax	271.46	64.17	271.64	63.79
Deferred Tax	37.70	147.48	37.73	147.51
Total Tax Expense	**154.54**	**129.61**	**163.38**	**137.14**
Profit / (Loss) for the Year	**324.65**	**346.46**	**344.22**	**314.92**

2. COMPANY'S PERFORMANCE REVIEW:

The audited financial statements of the Company, both Standalone and Consolidated, for the financial year ended March 31, 2025, have been prepared in accordance with the applicable provisions of the Companies Act, 2013, the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant accounting principles and policies.

During FY 2024–25, the Company recorded Standalone Revenue from Operations of Rs. 9,518.25 lakh, compared with Rs. 10,744.51 lakh in FY 2023–24. Standalone EBITDA (including other income) stood at Rs. 1,092.26 lakh in FY 2024–25, compared with Rs. 1,042.27 lakh in FY 2023–24. The Standalone Profit after Tax (PAT) for the year was Rs. 324.65 lakh in FY 2024–25, compared with Rs. 346.46 lakh in FY 2023–24.

We secured new work orders valued at approximately Rs. 7,927.82 lakh during the year, reaffirming our strong market presence and execution capabilities.

3. STATE OF COMPANY'S AFFAIRS

Pursuant to Section 134(3)(i) of the Companies Act, 2013 and in accordance with Secretarial Standard-4 issued by the Institute of Company Secretaries of India, the Board of Directors states as under:

The Company continues to be engaged in the business of hospitality and facility management services, which remains its principal line of activity. Operations during the year spanned across its established service segments, including housekeeping, engineering maintenance, Catering, Horticulture, Gardening, security services, and other facility management solutions. These activities were carried out in the ordinary course of business, and there has been no change in the overall nature or scope of operations

There has been no change in the status of the Company during the financial year, and the financial year of the Company also remains unchanged. No major business developments occurred during the year that would have a material impact on the Company's affairs. The Company did not undertake any new capital expenditure programmes beyond routine operational requirements, and no acquisitions, mergers, expansions, modernisations, or diversifications were carried out.

Further, there were no developments, acquisitions, or assignments of any material intellectual property rights during the year. There were also no other material events or circumstances during the financial year or after its close till the date of this Report that could have an impact on the Company's financial position or business operations.

The Board remains committed to sustaining operational efficiency and service quality and will continue to focus on leveraging the Company's existing capabilities to maintain stable and efficient performance in the year ahead.

4. TRANSFER TO RESERVES

No amount has been transferred to any reserve during the year under review. The entire profit has been retained in the Statement of Profit and Loss to strengthen the Company's internal accruals.

5. DIVIDEND

After careful consideration of the Company's financial performance, liquidity position, prevailing economic conditions and future capital requirements, the Board of Directors have decided not to recommend any dividend for the financial year ended March 31, 2025. This approach is aligned with the Company's strategic focus on reinvesting profits for long-term value creation.

6. TRANSFER OF UNCLAIMED DIVIDEND AND UNCLAIMED SHARES:

In accordance with the provisions of Section 124 of the Companies Act, 2013, any dividend amount that remains unpaid or unclaimed for a period of seven consecutive years is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

During the year under review, there were no amounts lying in the Unpaid / Unclaimed Dividend Account that had remained unpaid / unclaimed for seven years or more from the date of their transfer. Accordingly, no amounts were required to be transferred to the IEPF during the financial year.

Further, in accordance with the Secretarial Standard on Dividend (SS–3) issued by the Institute of Company Secretaries of India, the details of the unclaimed dividend accounts along with the respective due dates for transfer of such amounts and the corresponding shares to the IEPF Authority are provided in the table below.

Financial Year	Type of Dividend	Rate (%)	Date of Declaration	Due Date for Transfer to IEPF	Amount Transferred to Unpaid Unclaimed Dividend Account
2018-19	Final Dividend	5%	25/09/2019	02/10/2026	Rs. 4,500/-
2019-20	Final Dividend	2.5%	30/09/2020	07/10/2027	Rs. 6,438/-
2024-25	Final Dividend	5%	30/09/2024	07/10/2031	Rs. 19,070/-

Shareholders are requested to note that the unclaimed dividend and the corresponding shares once transferred to the IEPF Authority along with any benefits that may accrue thereon can be claimed by the concerned shareholders by submitting an application in the prescribed manner in accordance with the applicable provisions of the IEPF Rules.

7. MATERIAL CHANGES AND COMMITMENTS

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

8. SHARE CAPITAL

As on March 31, 2025, the Paid-up Equity Share Capital of the Company stood at Rs. 20,87,84,990, comprising 2,08,78,499 equity shares of face value Rs. 10 each.

Board of Directors, at their meeting held on February 15, 2024, had approved a preferential issue comprising of 9,20,700 equity shares (of which only 8,37,000 equity shares were subsequently allotted) and 22,32,000 convertible warrants, each convertible into one equity share, in accordance with applicable provisions of the Companies Act, 2013 and SEBI (ICDR) Regulations, 2018. The said proposal was approved by the shareholders at the Extra-Ordinary General Meeting held on March 18, 2024, and the in-principle listing approval for both instruments was received from the National Stock Exchange of India Limited (“NSE”) on April 29, 2024.

During the year under review 7,54,141 equity shares were allotted upon conversion of convertible warrants. The final listing and trading approval for 3,93,700 of these shares was received from NSE on May 21, 2025, and for the balance 3,60,441 shares on May 22, 2025, both after the closure of the financial year.

Accordingly, upon receipt of these approvals, the Paid-up Equity Share Capital stood revised to Rs. 21,63,26,400, comprising 2,16,32,640 equity shares of Rs. 10 each.

Preferential Allotment of Equity Shares

Pursuant to the aforementioned approvals, the Preferential Allotment Committee of the Board, at its meeting held on May 02, 2024, allotted 8,37,000 equity shares on a preferential basis, as under:

- 1,51,900 equity shares were allotted to Mr. Ravindra Hegde, Promoter and Managing Director, against conversion of unsecured loans aggregating Rs. 78,98,800, at an issue price of Rs. 52 per share;
- 6,85,100 equity shares were allotted to non-promoter (public category) investors for cash consideration, aggregating Rs. 3,56,25,200.

The final listing and trading approval for these equity shares was received from the NSE on August 06, 2024.

Conversion of Warrants into Equity Shares

On May 13, 2024, the Preferential Allotment Committee of the Board allotted 22,32,000 convertible warrants on a preferential basis at an issue price of Rs. 52 per warrant (comprising Rs. 10 face value and Rs. 42 premium), Of these, 8,58,700 warrants were allotted to promoters and 13,73,300 warrants to non-promoters. In accordance with the terms of issue, 25% of the issue price was duly received at the time of allotment, with the balance 75% payable upon conversion.

During the FY 2024–25, a total of 7,54,141 warrants were converted into an equivalent number of fully paid-up equity shares upon receipt of the balance issue price, in compliance with the terms of issue and applicable SEBI regulations. This included 25,641 warrants converted by Mr. Ravindra Hegde, Promoter and Managing Director, on December 18, 2024, and 7,28,500 warrants converted by allottees other than promoters on different occasions during the year

The final listing and trading approval for these equity shares was received from the NSE on May 22, 2025, after the closure of the financial year. The remaining 14,77,859 warrants continue to be eligible for conversion within the stipulated period in accordance with the terms of allotment.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments pursuant to the provisions of Section 186 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, are provided in the notes to the financial statements.

10. PUBLIC DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review and has complied with the provisions of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. As such, no amount of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

11. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

During the year under review, there were no additions to or cessations from the list of subsidiaries, associate companies, or joint venture entities of the Company.

The Company has the following subsidiary and joint venture entities as on March 31, 2025:

KHFM Infra Projects Private Limited:

KHFM Infra Projects Private Limited is a wholly owned subsidiary of the Company. It was incorporated as a Special Purpose Vehicle (SPV) to execute plantation works along the Hindu Hrudaysamrat Balasaheb Thackeray Maharashtra Samruddhi Mahamarg on EPC mode for the section from Ch. Km. 0+000 to Km. 31+000 (Village Shivmadka to Village Khadki Amgaon, Nagpur District), covering a total stretch of 31 kilometers under package “LPP 01”.

KHFM & DP Jain Company:

KHFM & DP Jain Company is a partnership firm formed between the Company (holding a 99% stake) and DP Jain & Company Private Limited (holding 1%). The firm was constituted as a Special Purpose Vehicle (SPV) for the execution of plantation works along the Hindu Hrudaysamrat Balasaheb Thackeray Maharashtra

Samruddhi Mahamarg on EPC mode for the section from Ch. Km. 623+479 to Km. 664+479 (Village Tarangpada – Pimpri Sadroddin to Village Birwadi, in Nashik and Thane Districts), covering a total stretch of 41.10 kilometers under package "LPP 14".

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries, in the prescribed Form AOC–1, is attached as Annexure I of this Report

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions entered into by the Company during the financial year were in the ordinary course of business and on an arm's length basis, in accordance with the provisions of the Section 188 of the Companies Act, 2013.

There were no material related party transactions requiring approval of the shareholders as required under Section 188 of the Companies Act, 2013.

Form AOC-2, as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, is attached as Annexure II of this Report.

13. PARTICULARS OF EMPLOYEES AND REMUNERATION

Information as required under the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s)/amendment(s)/re-enactment thereof, for the time being in force), is set out in Annexure III hereto, which forms part of this Board's Report.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

i. Retirement by Rotation and subsequent Re-appointment

In accordance with Section 152 of the Companies Act, 2013, Mrs. Sujata Ravindra Hegde (DIN: 01829352), Director, is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered herself for re-appointment. The Board recommends her re-appointment for the approval of the Members.

ii. Changes in the Composition of the Board of Directors

Resignation of Mr. Kapildeo Ramswarup Agrawal

Mr. Kapildeo Ramswarup Agrawal (DIN: 09679952), Non-Executive Independent Director, resigned from the Board and its Committees with effect from October 11, 2024, due to other professional commitments that limited his availability. The Board places on record its sincere appreciation for his guidance, strategic insights, and valuable contributions during his association with the Company.

Appointment of Mr. Rudra Narayan Kar

Mr. Rudra Narayan Kar (DIN: 10898326) was appointed as an Additional (Independent) Director with effect from January 09, 2025. He is a seasoned finance and banking professional with over 34 years of experience in senior leadership roles at the Reserve Bank of India. He also served as the Chief Executive Officer of Financial Benchmarks India Pvt. Ltd. for seven years. His expertise spans across regulatory policy, financial institution supervision, monetary operations, and corporate governance. The Board is confident that his appointment will further strengthen the Company's governance framework.

iii. Changes in Key Managerial Personnel

Appointment of Mrs. Sujata Ravindra Hegde as Chief Financial Officer:

Mrs. Sujata Ravindra Hegde (DIN: 01829352), Promoter and Director of the Company, was also appointed as the Chief Financial Officer with effect from May 14, 2024. She brings more than 22 years of experience in financial management, administration and implementation of ISO standards across operational sites. Her appointment was made in accordance with Section 203 of the Companies Act, 2013 and applicable SEBI Listing Regulations.

Appointment and Resignation of Mr. Akash Bate as Company Secretary & Compliance Officer

Mr. Akash Bate, an Associate Member of the Institute of Company Secretaries of India, was appointed as the Company Secretary and Compliance Officer of the Company with effect from May 14, 2024. He resigned from the said position with effect from February 20, 2025 due to other professional pursuits. The Board places on record its appreciation for his professional services and contribution during his tenure.

Appointment of Mr. Ritesh K Mishra as Company Secretary and Compliance Officer

Mr. Ritesh K. Mishra, an Associate Member of the Institute of Company Secretaries of India, was appointed as the Company Secretary and Compliance Officer of the Company with effect from April 30, 2025, in compliance with the provisions of Section 203 of the Companies Act, 2013 and Regulation 6(1) of the SEBI Listing Regulations.

iv. Composition of Board and Key Managerial Personnel as on March 31, 2025:

The composition of the Board of Directors and Key Managerial Personnel of the Company as on March 31, 2025, is as under:

Sr. No.	Name	Designation	DIN/PAN
1.	Mr. Ravindra Malinga Hegde	Managing Director	01821002
2.	Mrs. Sujata Ravindra Hegde	Director and CFO	01829352
3.	Mr. Saurav Hegde	Director	08116567
5.	Mr. Girish Ramnani	Independent Director	09362318
6.	Mr. Prabhakar Patil	Independent Director	00377406
7.	Mr. Rudra Narayan Kar	Additional (Independent) Director	10898326

v. Declaration / Statement by Independent Directors:

The Independent Directors have submitted their declaration of independence, stating that:

a) They continue to fulfil the criteria of independence provided in Section 149 (6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations; and

b) There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct. In terms of Section 150 of the Companies Act, 2013 and Rules framed thereunder, the Independent Directors have also confirmed their registration (including renewal of applicable tenure) and compliance of the online proficiency self- assessment test (unless exempted) with the Indian Institute of Corporate Affairs.

The Board opined and confirm, in terms of Rule 8 of the Companies (Accounts) Rules, 2014 that the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

vi. Policy on Appointment and Remuneration of Directors and Key Managerial Personnel

The Company has in place a duly approved Nomination and Remuneration Policy, which sets out the framework for appointment, evaluation, and remuneration of Directors, Key Managerial Personnel, and senior management. The Policy aims to ensure that appointments are merit-based and remuneration is aligned with industry standards and business performance, while also supporting the Company's strategic objectives.

The policy is available on the Company's website at: https://www.khfm.in/category/event_70.pdf

vii. Disqualification of Directors:

Pursuant to the provisions of Section 164(2) of the Companies Act, 2013 ("Act") read with Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has received Form DIR-8 from all Directors confirming that none of them are disqualified from being appointed or continuing as Directors of the Company. The Board is of the opinion that the Directors of the Company meet the criteria of eligibility prescribed under the Act and Rules framed thereunder

15. BOARD MEETINGS AND GENERAL MEETING HELD DURING THE YEAR

During the year under review, five meetings of the Board of Directors were held in compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The requisite quorum was present at all the meetings. The details of the Board meetings and attendance of Directors are as under:

May 14, 2024	**May 30, 2024**	**November 11, 2024**
	September 06, 2024	**March 30, 2025**

The Annual General Meeting of the Company for the year under review was held on September 30, 2024.

Sr. No.	Name of the Director	No. of Board Meetings		Whether present at AGM held on September 30, 2024
		Entitled to attend	Attended	
1.	Mr. Ravindra Malinga	**5**	**5**	**Yes**
2.	Mrs. Sujata Ravindra	**5**	**5**	**Yes**
3.	Mr. Saurav Hegde	**5**	**5**	**Yes**
4.	Mr. Prabhakar Patil	**5**	**5**	**Yes**
5.	Mr. Girish Ramnani	**5**	**4**	**No**
6.	Mr. Rudra Narayan Kar	**1**	**1**	**NA**
7.	Mr. Kapildeo Agrawal*	**3**	**2**	**Yes**

* Mr. Kapildeo Ramswarup Agrawal resigned w.e.f. October 11, 2024

16. COMMITTEES OF THE BOARD

As on March 31, 2025, the Board has constituted the following Committees in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

i. Audit Committee

The Company has a duly constituted Audit Committee in compliance with the applicable provisions of the Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended).

The Audit Committee comprises the following members: -

Name of the Director / Member	Designation	Nature of Directorship
Mr. Girish Ramnani	Chairman	Independent Director
Mr. Ravindra Malinga Hegde	Member	Managing Director
Mr. Rudra Narayan Kar	Member	Additional (Independent) Director

During the year under review, four Audit Committee Meetings were held and all the recommendations made by the Audit Committee were accepted by the Board.

All members of the Audit Committee possess sound knowledge and expertise in finance, accounting, and internal controls. The Committee plays a vital role in monitoring the financial reporting process, internal audit functions, risk management, and statutory audit matters.

The Company Secretary acts as the Secretary to the Committee.

The roles and responsibilities 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.

23) 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).

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.

24) 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).

25) Powers of the Audit Committee:

a) Investigating any activity within its terms of reference;

b) Seeking information from any employee;

c) Obtaining outside legal or other professional advice; and

d) Securing attendance of outsiders with relevant expertise, if it considers necessary.

ii. Nomination & Remuneration Committee

The Company has a duly constituted Nomination and Remuneration Committee in accordance with the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

The Nomination and Remuneration Committee comprises the following members:

Name of the Director/Member	Designation	Nature of Directorship
Mr. Prabhakar R.Patil	Chairman	Independent Director
Mr. Girish Ramnani	Member	Independent Director
Mr. Rudra Narayan Kar	Member	Additional (Independent) Director

During the year under review, two Nomination and Remuneration Committee Meetings were held.

The Committee is responsible for identifying individuals qualified to become Directors and for determining the criteria for their independence. It also reviews and recommends the remuneration policy for Directors, Key Managerial Personnel, and other employees, ensuring it is aligned with market benchmarks and the Company's performance objectives.

The roles and responsibilities of the Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other associates.

2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.

3. Devising a policy on diversity of Board of Directors.

4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

6. 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 a duly constituted Stakeholders Relationship Committee in compliance with Section 178(5) and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

The Stakeholders Relationship Committee comprises the following members:

Name of the Director/Member	Designation	Nature of Directorship
Mr. Prabhakar Patil	Chairman	Independent Director
Mrs. Sujata Ravindra Hegde	Member	Director & CFO
Mr. Saurav Ravindra Hegde	Member	Director

The Committee is responsible for resolving grievances and overseeing redressal mechanisms related to investor complaints including issues concerning non-receipt of annual reports, dividend payments, transfer/transmission of shares, issue of duplicate share certificates, and other investor-related matters.

The roles and responsibilities of the Committee are as under

1. Resolving investor grievances and monitoring redressal status.

2. Overseeing performance of the Registrar and Share Transfer Agent.

3. Ensuring effective communication with shareholders.

4. Reviewing measures for effective exercise of voting rights.

5. Monitoring adherence to service standards for investor services.

17. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and in line with the guidance provided by the Nomination and Remuneration Committee ("NRC"), the Board carried out the annual evaluation of its own performance, that of its Committees, and of individual Directors.

A separate exercise was undertaken to evaluate the performance of each Director, including the Chairman of the Board. The evaluation was based on defined parameters such as attendance and active participation at Board and Committee meetings, quality of contributions, independence of judgment, and effective safeguarding of the interests of minority shareholders.

The performance of the Independent Directors was evaluated by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. In addition, the Independent Directors also reviewed the overall performance of the Board and its functioning as a collective body.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement as specified under Section 134 of the Companies Act, 2013 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), with respect to Directors' Responsibility Statement, the Directors of your Company hereby state and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2025, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors have prepared the annual accounts on a going concern basis;

- the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is not engaged in any manufacturing activities during the financial year under review and is primarily involved in hospitality and facility management services. The information, as applicable, has been provided in Annexure IV forming part of this Report.

20. EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is not required to annex the extract of the Annual Return in Form MGT-9 to this Report. Instead, the Annual Return in Form MGT-7 has been uploaded on the Company's website and can be accessed at the following link: https://www.khfm.in/financials.php?ID=1

21. 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.

22. COMPLIANCES OF SECRETARIAL STANDARDS

The Board of Directors confirms that the Company, during the year under review has duly complied 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.

23. RISK MANAGEMENT

Risk is an inherent aspect of business, especially in a dynamic economic scenario. The Company's risk management philosophy is to ensure that the Company has an effective risk management system in place comprising strategies, processes and reporting procedures necessary to continuously identify, measure, monitor, manage and report risks to which the Company is or could be exposed to as well as their interdependencies.

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the Company has Risk Management Policy to identify the elements of risk, if any which in the opinion of Board may threaten the existence of the Company and the same is available on the Company's website at https://www.khfm.in/financials.php?ID=9.

During the financial year under review the Board of Directors did not come across any potential risks which may threaten the existence of the Company.

24. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has 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.

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

25. AUDITORS

(a) Statutory Auditor

M/s GTA & Co. LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a term of five years pursuant to the resolution passed at the Extra-Ordinary General Meeting held on October 27, 2023. However, they tendered their resignation on August 19, 2024, prior to the completion of their term, due to non-agreement on the revised fee structure for audit services.

In view of the said resignation, and pursuant to the provisions of Section 139(1) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Audit Committee and the Board of Directors, at their respective meetings held on September 06, 2024, recommended and approved the appointment of M/s YRKDAJ and Associates LLP, Chartered Accountants (Firm Registration No. W100288), as the Statutory Auditors of the Company. Their appointment was subsequently approved by the shareholders at the 18th Annual General Meeting held on September 27, 2024, for a period of five consecutive years, i.e., from the conclusion of the said Annual General Meeting until the conclusion of the 23rd Annual General Meeting to be held in the year 2029.

The Board places on record its appreciation for the professional services rendered by M/s GTA & Co. LLP during their tenure.

(b) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have re-appointed M/s. Mishra & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company for the financial year 2025–26.

The Secretarial Audit Report for the financial year 2024–25, issued by M/s. Mishra & Associates, is annexed as Annexure V to this Report.

(c) Internal Auditor

In accordance with the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Board of Directors, based on the recommendation of the Audit Committee, has re-appointed M/s. C.C. Talreja & Co., Chartered Accountants (Firm Registration No. 157820W), as the Internal Auditor of the Company for the financial year 2025–26.

The Internal Auditor shall carry out the audit in accordance with the scope approved by the Audit Committee and provide independent assurance on the adequacy and effectiveness of internal controls, risk management, and governance processes.

26. MAINTENANCE OF COST RECORDS

Maintenance of Cost Audit Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company and accordingly such accounts and records are not required to be made and maintained.

Also, Cost Audit is not applicable to the Company.

27. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) read with Schedule V of SEBI Listing Regulations, is enclosed to this Report as Annexure VI.

28. DETAILS OF SIGNIFICANT 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 its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required

29. VIGIL MECHANISM

The Company in accordance with the provisions of section 177 (9) of the Companies Act, 2013, read with rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations has established a robust Vigil Mechanism Policy for Directors and employees.

The vigil mechanism is overseen by the Audit Committee.

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 also provided to them,

The Whistle Blower Policy/ Vigil Mechanism Policy of the Company is available on the website of the Company at https://www.khfm.in/category/event_61.pdf

30. CODE OF CONDUCT

The Board has laid down a 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 SEBI Listing Regulations, as amended, the Company has formulated and adopted the Code of Conduct to regulate, monitor and report trading by designated persons. 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 relatives" 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 communicates with shareholders through its website and through all stipulated filings/announcements to the stock exchange where its shares are listed, including financial results, annual report, notices, outcomes of meetings, and policies.

33. PREVENTION OF SEXUAL HARASMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance for any form of sexual harassment and is committed to creating a safe and inclusive work environment, especially for women. In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and applicable rules, the Company has formulated and implemented a comprehensive policy to prevent and redress sexual harassment at the workplace.

During the financial year 2024–25:

- Number of complaints received: Nil
- Number of complaints disposed of: Nil
- Number of complaints pending beyond 90 days: Nil

34. COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961

The Company has complied with the provisions of the Maternity Benefit Act, 1961, including all applicable amendments and rules framed thereunder. The Company is committed to ensuring a safe, inclusive, and supportive workplace for women employees. All eligible women employees are provided with maternity benefits as prescribed under the Maternity Benefit Act, 1961, including paid maternity leave, nursing breaks, and protection from dismissal during maternity leave.

The Company also ensures that no discrimination is made in recruitment or service conditions on the grounds of maternity. Necessary internal systems and HR policies are in place to uphold the spirit and letter of the legislation.

35. HUMAN RESOURCE

The Company continues to invest in its people, who form the backbone of its success. The focus remains on fostering a performance-driven culture, internal talent development, leadership building, and capability enhancement.

Employee engagement, training, and development programs are conducted throughout the year to strengthen the skills, productivity, and morale of employees. The Company also supports cross-functional exposure, job rotations, and merit-based progression to align career development with business goals

The Board acknowledges the commitment and contribution of all employees and looks forward to their continued dedication.

36. WEBSITE

The Company's Website (www.khfm.in) contains the information about the 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 contents of the website are reviewed and updated on a periodic basis to ensure the availability of timely and accurate information to stakeholders.

37. CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, CSR provisions are applicable to companies that satisfy the specified financial criteria.

During the year under review, the Company did not meet the thresholds prescribed under sub-section (1) of Section 135 of the Companies Act, 2013 and accordingly, was not required to constitute a CSR Committee or undertake CSR expenditure.

38. OTHER DISCLOSURE

- No Director has received any remuneration or commission from any subsidiary of the Company.
- The Company does not have any scheme for provision of funds for purchase of its own shares by employees or trustees for their benefit.
- The Company has not accepted any public deposits during the year under review.
- No shares (including sweat equity) have been issued to employees under any scheme.
- There are no proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016.
- The Company has not undertaken any one-time settlement with any bank or financial institution during the year under review.

39. ACKNOWLEDGEMENT

The Board of Directors expresses its sincere appreciation to the Company's shareholders, customers, vendors, bankers, financial institutions, and regulatory authorities for their continued support and confidence in the Company.

The Board also places on record its deep appreciation for the dedication, professionalism, and commitment displayed by the entire KHFM team across all levels, which has contributed to the Company's sustained progress and operational resilience

For and on behalf of the Board
KHFM Hospitality and Facility Management Services Limited

Sd/-	**Sd/-**
Mr. Ravindra Hegde	**Mrs. Sujata Hegde**
Managing Director	**Director & CFO**
DIN: 01821002	**DIN: 01829352**

Date: August 25, 2025
Place: Mumbai

ANNEXURES TO THE BOARD'S REPORT

ANNEXURE - I

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	Details	
1	Name of the subsidiary	KHFM Infra Projects Pvt Ltd	KHFM & DP Jain Company
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2024 - March 31, 2025	April 01, 2024 - March 31, 2025
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR
4	The date since when subsidiary was acquired*	22.04.2022	03.01.2023
5	Share capital	1	-
6	Reserves & surplus	28.88	-
7	Total assets	178.48	109.48
8	Total Liabilities	148.40	164.72
9	Investments	-	-
10	Turnover	735.95	192.62
11	Profit before taxation	22.51	5.89
12	Provision for taxation	8.84	-
13	Profit after taxation	13.67	5.89
14	Proposed Dividend	-	-
15	% of shareholding	99%	99%

*KHFM Infra Projects Private Limited and KHFM & DP Jain Company were incorporated with the Company as promoter/founding partners. Accordingly, their respective dates of incorporation have been considered as the dates on which they became a subsidiary/associate, in lieu of the acquisition date.

Names of subsidiaries which have been liquidated or sold during the year - Nil

Names of subsidiaries which are yet to commence operations - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - Not Applicable

Sd/- **Mr. Ravindra Hegde** **Managing Director** **DIN: 01821002**	**Sd/-** **Mrs. Sujata Hegde** **Director & CFO** **DIN: 01829352**

ANNEXURE – II

FORM 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)

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

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

There were no contracts / arrangements / transactions with related parties during the year that were not on an arm's-length basis.

DETAILS OF CONTRACTS / ARRANGEMENTS / TRANSACTIONS AT ARM'S LENGTH BASIS

(a) Details of Contract and Arrangements

Sr. No.	Related Party	Relationship	Nature of Transaction	2024-25 Amount (in Lakhs)
1.	Sujata Hegde (Prop. Palemar Enterprises)	Companies under Common Management	Interest Expenses	0.18
			Unsecured Loans	0.56
2.	Ravindra Hegde (Prop. KHFM Pest Control)	Companies under Common Management	Interest Expenses	1.12
			Unsecured Loans	22.69
3.	Saurav Hegde (Prop. SRV Enterprises)	Companies under Common Management	Interest Expenses	0.25
			Unsecured Loans	23.50
4.	KHFM HR Consultancy Private Limited	Companies under Common Management	Unsecured Loans	0.10
5.	Ravindra Hegde HUF (Prop. KHFM Overseas)	Companies under Common Management	Creditor	2.60
6.	Ravindra Hegde	Managing Director	Director's Remuneration	12.00
			Rent Paid	10.80
			Dividend Paid	33.39
			Creditor	1.94
			Salary Payable	5.31
7.	Saurav Hegde	Director	Director's Remuneration	09.00
			Dividend Paid	0.03
			Creditor	0.36
			Salary Payable	0.46
8.	Sujata Hegde	Director & CFO	Director's Remuneration	12.00
			Dividend Paid	5.24
			Labour Charges	75.00
			Creditor	1.13
			Salary Payable	0.05

(b) Duration of contracts/arrangements/transactions

Sr. No.	Contracts/Arrangements/Transactions	From	To
1.	Transactions	01/04/2024	31/03/2025

(c) Salient terms of the contracts or arrangements or transactions including the value, if any

The sales and purchases / services rendered to and from related parties are made on terms equivalent to those that prevail on an arm's-length transaction. The Board of Directors has furnished guarantee of properties held in their own names against loans/ working capital limits sanctioned by the Banks to the company. Details of the same are provided in Note: 28 of the Standalone Financial Statements.

Further there were no transactions with subsidiaries during the year ended March 31, 2025, except for the closing balance of investment in equity instruments, as disclosed in Note 4 of audited standalone financial statements. The consolidated financial statements include the financial results, position and other relevant disclosures pertaining to the subsidiaries. The consolidated profit and loss account, balance sheet and other related figures are presented in the consolidated financial statements and the accompanying notes.

(d) Date(s) of approval by the Board: May 30, 2024

(e) Amount paid as advances, if any: Nil

Sd/- **Mr. Ravindra Hegde** **Managing Director** **DIN: 01821002**	**Sd/-** **Mrs. Sujata Hegde** **Director & CFO** **DIN: 01829352**

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, 2025 and the Percentage Increase in Remuneration of Each Director, Chief Financial Officer, Company Secretary and Manager during the Financial Year ending on March 31, 2025.

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2024-25
Mr. Ravindra Malinga Hegde	Managing Director	77.76	No change
Mrs. Sujata Ravindra Hegde	Executive Director & CFO	77.76	66.67
Mr. Saurav Ravindra Hegde	Executive Director	58.32	No change
*Mr. Akash Bate	Company Secretary	24.63	Not Applicable

*Mr. Akash Bate, Company Secretary & Compliance Officer Resigned w.e.f. February 20, 2025

**Independent Directors receive only sitting fees for attending the board meetings. The sitting fees are not covered in the above table.

b) The median remuneration of employees of the Company during the financial year was: Rs. 15,432 /-

c) The percentage increase/(decrease) in the median remuneration of employees in the financial year 2024-25 is 49.35%

d) The Total number of employees on the rolls of the Company for the Financial Year ending March 31, 2025 was 2,569.

e) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof: 17.02%

f) It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

g) Employees employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees: NA

h) Employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month: NA

i) Employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: NA

j) List of top ten employees in terms of remuneration drawn in FY 2024-25: NA

Sd/- **Mr. Ravindra Hegde** **Managing Director** **DIN: 01821002**	**Sd/-** **Mrs. Sujata Hegde** **Director & CFO** **DIN: 01829352**

ANNEXURE – IV

Disclosure under Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014

(a)	**Conservation of Energy:**	
	i. the steps taken or impact on conservation of energy	The operations of the Company are not energy intensive. However, adequate measures have been initiated for conservation of energy wherever possible.
	ii. the steps taken by the Company for utilizing alternate sources of energy	Though the operations of the Company are not energy intensive, the Company explores alternative source of energy, as and when the necessity arises.
	iii. the capital investment on energy conservation equipment	Nil
(b)	**Technology Absorption:**	
	i. the efforts made towards technology absorption	Nil
	ii. the benefits derived like product improvement, cost reduction, product development or import substitution	Nil
	iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Nil
	iv. The expenditure incurred on Research and Development	Nil
(c)	**Foreign exchange earnings and outgo**	
	i. Total Foreign Exchange earned	Nil
	ii. Total Foreign Exchange outgo	Nil

Sd/- **Mr. Ravindra Hegde** **Managing Director** **DIN: 01821002**	**Sd/-** **Mrs. Sujata Hegde** **Director & CFO** **DIN: 01829352**

SECRETARIAL AUDIT REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

[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, 2025 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, 2025** 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. The Company have not made entries in the SDD Software with in the time limit prescribed

iii. The Company have not filed Statement of Deviation as per Regulation 32 of Sebi (Listing Obligation and Disclosure Requirements) Regulation 2015 with respect to Preferential Issue of Shares and Share Warrants.

iv. Outcome of Board Meeting for Approval of Financial Results for the Half Financial Year ended March 31, 2024 was not given within 30 minutes of the Closure of the Board Meeting.

v. The Company has failed to comply with Regulation 44(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 with respect to submission of voting results of Annual General Meeting held on September 30, 2024.

vi. The Company has failed to comply with SEBI circular no SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 which prescribe for Listed Companies to make an application for trading approval to the stock exchange/s within 7 working days from the date of grant of listing approval by the stock exchange. However, Company has made a delay of 4 days for making application of trading approval in case of preferential allotment.

vii. The Company has failed to comply with Section 123(4) with respect to transfer of dividend amount in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

viii. The Company has not disclosed the pre preferential holding of one of the allottee at the time of filing the in-principle application due to which the post shareholding percentage disclosure in the notice was not in compliance of Regulation 163 of SEBI ICDR Regulation.

ix. The Company has failed to comply with Regulation 167(1) & 167 (2) of SEBI (ICDR) Regulations, 2018 with respect to lock – in of Shar Warrants which were locked in with delay.

x. The Company has failed to comply with Regulation 167(6) of SEBI (ICDR) Regulations, 2018 with respect to lock -in of pre-preferential shareholding of allottees from the relevant date up to a period of 90 trading days from the date of trading approval.

xi. The Company has failed to submit the Annual Disclosure required under Regulation 31(5) of (Substantial Acquisition of Shares and Takeovers) Regulations, 2011to the Stock Exchange.

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 specific laws to the extent applicable to the Company;

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. The Company has allotted in 6,85,100 Equity Shares on Preferential Basis to Non – Promoter Shareholders on May 02, 2024

ii. The Company has allotted in 1,51,900 Equity Shares on Preferential Basis to Promoter Shareholders on May 02, 2024.

iii. The Company has allotted 22,32,000 convertible warrants, on preferential basis to Promoters group and Non-Promoters on May 13, 2024.

iv. Mr. Akash Anant Bate have been appointed as Company Secretary and Compliance Officer with effect from May 14, 2024.

v. Mrs. Sujata Ravindra Hegde have been appointed as Chief Financial Officer (CFO) of the Company with effect from May 14, 2024.

vi. M/s. GTA & Co., Chartered Accountants, have resigned as Statutory Auditor of the Company with effect from August 19, 2024. The resignation has been attributed to a lack of consensus on the proposed revision of professional fees.

vii. M/s. YRKDAJ & Associates LLP (FRN: W100288) have been appointed as Statutory Auditor of the Company to fill up the Casual Vacancy and also for the period of Five (5) Years.

viii. Mr. Kapildeo Ramswarup Agrawal resigned from the position of Non-Executive Independent Director of the Company, with effect from October 11, 2024.

ix. The Company has allotted 7,54,141 Equity Shares pursuant to conversion of Warrants in to Equity Shares or various dates.

x. Mr. Rudra Narayan Kar have been appointed as an Additional Director (Category – Independent) with effect from January 09, 2025.

xi. Mr. Akash Anant Bate have resigned from the post of Company Secretary and Compliance Officer with effect from February 20, 2025.

For **MISHRA & ASSOCIATES**
Company Secretaries

Sd/-

Manishkumar Premnath Mishra
Proprietor
Membership No. 41066
C. P. No. 18303
FRN: S2017MH516400
PR NO.: 2157/2022
UDIN: A041066G001072272

Date: 25.08.2025
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

Sd/-

Manishkumar Premnath Mishra
Proprietor
Membership No. 41066
C. P. No. 18303
FRN: S2017MH516400
PR NO.: 2157/2022
UDIN: A041066G001072272

Date: 25.08.2025
Place: Mumbai

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANNEXURE - VI

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-looking statement

This Management Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that reflect the Company's current expectations, assumptions, projections, and beliefs concerning future events, business performance, and strategies. These statements may include expressions such as "believe," "anticipate," "expect," "estimate," "intend," "project," "forecast," or similar terminology and are made in compliance with applicable Indian securities laws and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

These forward-looking statements are based on certain assumptions and expectations regarding future developments, many of which are inherently uncertain and beyond the control of the Company. While the management believes the assumptions are reasonable, there can be no assurance that such expectations will prove to be accurate or that the anticipated events and developments will materialize as planned. Actual results, performance, or achievements may differ materially from those projected in such statements due to various factors including, but not limited to, changes in the macroeconomic environment, regulatory and policy shifts, fluctuations in input costs, currency volatility, market dynamics, technological disruptions, supply chain constraints, or unforeseen geopolitical or climatic events.

The Company expressly disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, unless legally mandated under applicable law. Stakeholders are advised to interpret such statements with caution and in conjunction with the Company's audited financial statements and accompanying notes.

In accordance with Regulation 34 of the SEBI Listing Regulations, every listed entity is required to furnish a Management Discussion and Analysis Report ("MDAR") as part of the Board's Report to the shareholders. Further, as prescribed under Schedule V of the said Regulations, the MDAR must cover the following specific areas:

- Industry structure and developments
- Opportunities and threats
- Segment-wise or product-wise performance
- Outlook
- Risk and concerns
- Internal control systems and their adequacy
- Discussion on financial performance with respect to operational performance
- Material developments in human resources / industrial relations, including number of people employed

The MDAR presented herein is aligned with the aforementioned requirements and is aimed at providing the Company's shareholders and other stakeholders with a comprehensive, transparent, and insightful view of the business environment, strategic direction, risk landscape, financial and operational performance, and the long-term growth roadmap of the Company.

1. ECONOMIC ENVIRONMENT - AN OVERVIEW

GLOBAL ECONOMY

The global economy continues to undergo a phase of moderated expansion amid a complex interplay of structural and cyclical forces. As per the latest World Economic Outlook released by the International Monetary Fund (IMF), global output growth is projected at 3.2% in calendar years 2024 and 2025, supported by resilient services activity, gradual easing of inflation, and stable demand in emerging markets. The World Bank, in its June 2024 Global Economic Prospects, projects a slightly lower trajectory of 2.6% in 2024 and 2.7% in 2025, indicating a slower pace of recovery due to tight financial conditions and global trade moderation.

Inflation, which had surged in the post-pandemic period due to supply bottlenecks, commodity price volatility, and demand-side imbalances, is now exhibiting signs of easing across most major economies. Global headline inflation is forecasted to decline to 4.3% in 2025, owing to the cumulative impact of monetary policy tightening by central banks, improved global logistics, and easing energy prices. However, core inflation particularly in services and housing remains elevated in several jurisdictions, posing challenges for monetary authorities navigating the delicate balance between price stability and growth revival.

Advanced economies, which include the United States, Eurozone countries, Japan, and others, are projected to grow at a subdued pace of 1.4% in 2025, reflecting tight credit conditions, high sovereign debt levels, and weakening consumer demand. In contrast, emerging market and developing economies are expected to expand by around 4.1%, led by strong domestic consumption, infrastructure-led investments, and a demographic dividend that continues to support medium-term growth. The global economic environment continues to be shaped by evolving risks including trade fragmentation, regional conflicts, and climate-related shocks, which require concerted multilateral responses to preserve financial and economic stability.

INDIAN ECONOMY

India continues to reinforce its position as a global growth engine and the world’s fastest-growing major economy, underpinned by resilient domestic demand, strong fiscal management, and a vibrant entrepreneurial ecosystem. As per estimates from the Ministry of Statistics and Programme Implementation (MoSPI), India’s real GDP grew by 8.2% in FY 2023–24, driven by strong manufacturing output, buoyant services activity, and robust investment flows. Growth is expected to moderate to between 6.3% and 6.7% in FY 2024–25, reflecting a more stable and sustainable expansion path, while the World Bank has forecast GDP growth of 6.3% for FY 2025–26. This steady performance is attributed to a conducive policy environment, rising public capex, and steady private consumption, supported by macroeconomic and monetary stability.

One of the key contributors to this growth has been the Government’s significant investments in physical infrastructure, including highways, urban metro systems, smart cities, and logistics corridors. These initiatives, coupled with supportive reforms in taxation, digital governance, and the production-linked incentive (PLI) schemes across various sectors, have revitalized private investment sentiment. The services sector, particularly information technology, financial services, and hospitality, has exhibited strong traction, while the construction and manufacturing sectors continue to benefit from increased infrastructure deployment. However, the agriculture sector faced headwinds due to uneven monsoon conditions and regional climatic uncertainties, underscoring the need for climate-resilient practices in rural India.

India’s inflation outlook remains favorable, with headline Consumer Price Index (CPI) inflation averaging 4.3% in FY 2024–25, comfortably within the Reserve Bank of India’s target range of 2%–6%. For FY 2025–26, inflation is expected to remain range-bound between 3.7% and 4.2%, aided by food price stability, targeted fiscal spending, and monetary prudence. The Indian economy continues to exhibit robust macroeconomic fundamentals, including a manageable current account deficit, strong forex reserves of over Rs. 64 lakh crore, and a stable currency supported by net capital inflows and remittance strength

The long-term economic vision for India is shaped by the objective of becoming a high middle-income country by 2047, coinciding with the centenary of independence. In line with this aspiration, policy emphasis is being placed on inclusive development, green energy transition, skill development, and structural reforms that enhance productivity and formalisation. India remains committed to achieving its Sustainable Development Goals (SDGs), including its nationally determined contributions (NDCs), with a target of reaching net-zero carbon emissions by 2070 through clean energy investments, electric mobility, and carbon-neutral infrastructure.

FACILITY MANAGEMENT

The Indian Facility Management (FM) industry continues to witness robust growth and structural transformation, emerging as a critical enabler of operational excellence across sectors. According to recent industry research by Technavio, the Indian FM market is projected to grow at a compound annual growth rate (CAGR) of approximately 20.5% during 2024–2029, significantly higher than global averages. The industry is estimated to be valued at over Rs.13.5 lakh crore in 2025 and is expected to surpass Rs.19 lakh crore by 2030, fuelled by the rapid expansion of commercial and residential infrastructure, increasing preference for outsourced services, evolving regulatory frameworks, and rising expectations of safety, hygiene, and sustainability in built environments.

A prominent trend reshaping the industry is the transition towards Integrated Facility Management (IFM), which combines multiple services such as HVAC operations, fire safety systems, electrical and electromechanical maintenance, water management, pest control, housekeeping, and security under a unified service delivery model. IFM is gaining preference due to its inherent ability to streamline vendor interactions, reduce operational costs, and deliver data-driven performance metrics that improve efficiency and asset longevity. This bundling of services also supports scalability, standardisation, and compliance especially critical for large organisations operating across multiple locations.

Technology is increasingly emerging as the cornerstone of facility operations. Innovations such as IoT enabled building management systems, AI-based predictive maintenance tools, cloud-integrated work order management platforms, and real-time resource tracking are revolutionising service delivery. These digital enablers enhance transparency, ensure service continuity, and enable proactive issue resolution leading to improved client satisfaction and cost savings. As organisations adopt smart building technologies and digitised infrastructure, FM providers must invest in upskilling their workforce, enhancing digital literacy, and integrating emerging technologies into their delivery frameworks.

Simultaneously, environmental, social, and governance (ESG) imperatives are influencing client procurement preferences. Businesses are increasingly evaluating facility partners on their ability to provide green services, ensure workforce diversity, follow ethical procurement, and support energy-efficient building operations. ESG-focused facility management includes waste segregation, energy audits, water conservation initiatives, use of eco-friendly cleaning materials, and compliance with green building certifications such as IGBC and LEED.

India, along with other Asia-Pacific economies, is rapidly emerging as a regional leader in the facility management sector. The formalisation of this industry, previously fragmented and unorganized is gaining momentum with the entry of large players, increased consolidation, and a growing shift from manpower-driven models to tech-enabled service platforms. Urbanisation trends, growing infrastructure investments, and government-led initiatives such as the Smart Cities Mission are accelerating the demand for organised FM services in metro and Tier-II cities alike.

KHFM is strategically positioned to capitalise on these sectoral shifts. With its robust pan-India presence, deep experience in both soft and technical services, strong digital capabilities, and a client-centric operating model, the Company is well-aligned to meet the evolving needs of large institutional and corporate clients. Its continued focus on ESG compliant practices, integrated service delivery, and innovation-led efficiency ensures that KHFM remains a preferred partner in the facility management industry's dynamic and competitive landscape.

2. OPPORTUNITY & THREATS

The Indian facility management industry is currently experiencing a paradigm shift, driven by the growing emphasis on outsourcing non-core operations and a preference for specialised, tech-enabled services. This transformation is being fueled by diverse sectors including infrastructure, healthcare, retail, IT/ITES, manufacturing, logistics, and real estate, all of which are increasingly relying on professional facility service providers to manage their day-to-day operational requirements. This change has been accelerated by the rising complexity of infrastructure, the need for hygiene and compliance post-pandemic, and the pressure to optimise costs while improving service efficiency. As companies seek to streamline their operations, improve productivity, and enhance the user experience of physical assets and workspaces, demand for integrated and scalable facility solutions continues to grow.

The digitalisation of facility management is another major catalyst shaping the future of the sector. Technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), cloud-based facility platforms, and intelligent video surveillance are revolutionising how services are delivered and monitored. These technologies allow for predictive and condition-based maintenance, energy optimisation, real-time issue tracking, automation of repetitive tasks, and more agile reporting systems, thereby driving measurable value to clients. Furthermore, the deployment of Building Management Systems (BMS) and smart sensors is empowering service providers to achieve energy efficiency, ensure occupant safety, and meet sustainability benchmarks.

India's rapid urbanisation and real estate expansion are also contributing significantly to the sector's growth. The influx of urban populations, coupled with increasing demand for residential, commercial, and institutional spaces, has created a surge in demand for structured and compliant facility management. Major government-led initiatives such as the Smart Cities Mission, AMRUT, and the continued development of metro, airport, and highway infrastructure have opened avenues for long-term facility management contracts. Regulatory reforms such as the Real Estate (Regulation and Development) Act (RERA) have further institutionalised the sector and enhanced the scope of professional FM services in both greenfield and brownfield developments.

The evolving nature of workplaces, especially after the pandemic, has resulted in hybrid work models, remote operations, and decentralised office structures, which demand customised, responsive, and health-conscious facility management strategies. Clients are increasingly looking for partners who can manage sanitisation, health and wellness, air quality control, touchless access systems, and integrated workplace management solutions. These trends have created an unprecedented opportunity for organised FM companies like KHFM to build differentiated offerings and deepen their value proposition to enterprise clients.

Despite this favourable environment, the facility management industry faces certain operational, regulatory, and economic challenges. One of the foremost concerns is the shortage of trained and skilled manpower, particularly for technical functions such as HVAC systems, fire safety, MEP (mechanical, electrical, and plumbing) services, and occupational health and safety compliance. High attrition levels, especially among frontline workers, coupled with the lack of standardised training infrastructure, often lead to service inconsistency, increased onboarding costs, and client dissatisfaction.

The rapid pace of technological change, while offering opportunities, also poses integration and cost-related challenges. Implementing digital solutions across geographically dispersed client sites requires substantial capital investment, robust IT infrastructure, and domain expertise. Smaller companies find it difficult to scale such platforms profitably, whereas larger players face challenges in ensuring consistency in service levels, cybersecurity risks, and change management at the client interface. Additionally, the increasing push from clients for value-based pricing models and outcome-driven contracts exerts pressure on operating margins.

Another threat to the sector is the intensifying cost sensitivity among clients, especially in the context of macroeconomic uncertainties and volatile input costs such as wages, fuel, and raw materials. Balancing expectations for high service quality with tight financial controls is a constant concern for FM providers, particularly in price-competitive tenders and large-volume contracts. Further, the regulatory environment, including labour laws, environmental compliance, and health and safety norms, requires companies to stay agile and continuously invest in governance mechanisms.

KHFM acknowledges these risks and is actively addressing them through focused investments in workforce development, technology innovation, and digital transformation. The Company continues to prioritise client-centricity, quality assurance, and scalable service models to mitigate external threats and unlock sustainable value. By fostering collaborative partnerships, building operational resilience, and maintaining a strong compliance posture, KHFM is well-positioned to navigate industry risks and leverage structural opportunities for long-term growth.

3. SEGMENT - WISE OR PRODUCT- WISE PERFORMANCE

KHFM Hospitality and Facility Management Services Limited operates within the Integrated Hospitality and Facility Management (IHFM) space, delivering end-to-end services across both hard and soft facility domains. The Company's value proposition lies in its ability to provide unified solutions through a combination of mechanised housekeeping, pest control, security and surveillance services, horticulture and landscaping, sanitation, building operations and maintenance (O&M), and specialised technical support functions such as electrical, HVAC, fire safety, and plumbing systems.

During the year under review, KHFM strengthened its operational footprint across multiple service verticals, catering to a broad and diversified client base. This includes central and state government departments, public sector undertakings (PSUs), municipal corporations, Indian Railways, major infrastructure projects, and private sector enterprises across manufacturing, healthcare, education, and commercial real estate. The Company continued to execute complex facility management assignments involving large-area operations, stringent service level agreements (SLAs), and high workforce mobilisation, all of which were delivered with a strong focus on compliance, responsiveness, and customer satisfaction.

A significant share of revenue was derived from long-tenured contracts with government and quasi-government clients, which provide revenue stability and visibility. In parallel, KHFM deepened its presence in high-potential sectors such as industrial manufacturing parks, healthcare institutions, urban civic infrastructure, and railways, which offer large scale, recurring service opportunities. Notably, the Company's tailored service delivery models, built on rigorous site-level supervision and digital monitoring tools, allowed it to maintain performance standards while managing cost efficiency.

KHFM's segmental strategy is anchored in delivering integrated and bundled services to clients seeking a single-point FM partner. This approach reduces operational fragmentation, enhances accountability, and ensures end-to-end oversight of critical building functions. Through the deployment of trained manpower, mobile command centres, IoT-based service dashboards, and compliance reporting tools, KHFM has created a differentiated execution model in the IHFM industry.

To sustain future growth, the Company is strategically expanding its offerings in the domains of energy management, ESG-aligned services, and green housekeeping. Investments are being made in mechanisation, training academies, and standard operating procedures (SOPs) to ensure consistent service quality across regions. KHFM's product-wise performance continues to reflect a strong alignment between its integrated service capabilities and the evolving expectations of clients operating in regulated, high-footfall, and mission-critical environments.

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 outlook for the Indian facility management sector remains fundamentally strong, supported by an evolving demand landscape, regulatory momentum, infrastructure expansion, and the growing maturity of the outsourcing ecosystem. As organisations increasingly seek partners who can deliver integrated, technology-led, and ESG-compliant solutions, the industry is expected to continue on a high-growth trajectory over the next five years. According to industry estimates, the Indian FM market is projected to grow at a compounded annual growth rate (CAGR) of over 15% between FY 2025 and FY 2030, reaching a value of more than Rs.19 lakh crore by the end of the decade.

Key macro-level growth drivers include sustained urbanisation, increasing investments in Tier 2 and Tier 3 city infrastructure, proliferation of co-working and hybrid workplaces, heightened focus on hygiene and safety, and the digitisation of asset management. Government-led initiatives such as the PM GatiShakti National Master Plan, National Infrastructure Pipeline (NIP), and the Smart Cities programme are expected to further boost the demand for structured, compliant, and accountable FM services. Simultaneously, the global shift toward net-zero buildings and sustainable built environments is pushing clients to adopt green facility management practices.

On the global front, the Asia-Pacific region is emerging as a dominant market for facility services, led by countries like India, China, and Indonesia. The demand for integrated workplace solutions, energy-efficient buildings, and digital building ecosystems is growing, particularly across commercial real estate, transport hubs, educational institutions, and healthcare infrastructure. India’s cost competitiveness, growing pool of skilled facility professionals, and maturing service providers make it a preferred FM destination for multinationals and global facility outsourcing programmes.

KHFM is strategically aligned to capitalise on this opportunity-rich environment. With a well-diversified portfolio, operational presence across urban and semi-urban locations, and deep domain expertise in integrated service delivery, the Company is ideally placed to cater to the rising demand for professional FM services. KHFM’s continued investments in digital technologies, mobile workforce solutions, and AI-driven operational analytics are expected to further strengthen service responsiveness and scalability.

Looking ahead, the Company intends to deepen its penetration into growth verticals such as industrial logistics, healthcare facilities, civic urban infrastructure, smart townships, and railway stations, where integrated and compliant facility services are critical. KHFM also aims to enhance its ESG offerings by promoting energy conservation, water reuse, waste segregation, and inclusive workforce policies. With a robust order pipeline, strategic government contracts, and long-term partnerships with marquee clients, KHFM is poised to consolidate its leadership position and deliver sustained value to stakeholders in the years ahead.

5. RISK AND CONCERN

Risks	Risk Mitigation
Economic Risk	The Company recognises the impact of macroeconomic cycles, policy changes, and inflationary trends on business continuity. To mitigate this, KHFM follows a strategy of sectoral and geographical diversification, reducing reliance on any single industry or region. By operating across stable and counter-cyclical sectors, the Company maintains revenue visibility and minimises exposure to broad-based economic downturns.
People Risk	Given the labor-intensive nature of the facility management sector, challenges related to skill availability and retention persist. KHFM addresses this through structured training, regular upskilling, employee engagement, and robust onboarding systems. These initiatives help reduce attrition, improve workforce quality, and ensure continuity across diverse client sites.
Financial Risk	Liquidity management and timely collection of receivables are critical to operational stability. KHFM maintains financial discipline through prudent working capital management, active receivable monitoring, and strong credit control mechanisms. A structured collection process and internal review systems support cash flow visibility and timely payments.
Competition Risk	The facility management industry is highly competitive, with pricing pressures and service differentiation challenges. KHFM maintains its edge through integrated service offerings, digital capabilities, strict SLA adherence, and continuous performance benchmarking. These efforts enhance service quality and client retention.
Post-Pandemic Operational Risk	The post-COVID environment demands greater resilience and safety compliance. KHFM has institutionalised hybrid service models, remote monitoring tools, and robust health and safety protocols. These adaptive measures ensure operational continuity and preparedness for future disruptions.
Efficiency and Innovation Risk	As client expectations evolve, there is increased demand for tech-enabled, outcome-oriented solutions. KHFM mitigates this risk by fostering a culture of innovation and continuous improvement. The Company actively invests in process optimisation, automation, and digital transformation to ensure scalability, service efficiency, and alignment with client-specific goals.

6. INTERNAL CONTROL SYSTEM

KHFM Hospitality and Facility Management Services Limited has instituted a robust and well-documented internal control framework, meticulously designed to ensure sound governance, operational efficiency, and strict regulatory compliance across all levels of the organisation. This framework forms the backbone of the Company’s risk management strategy and facilitates transparency, accountability, and integrity in day-to-day operations. The internal controls are embedded into every functional area including finance, procurement, service delivery, human resources, statutory compliance, and project execution and are tailored to accommodate the specific operational intricacies of the integrated facility management industry.

The Company’s internal control systems are reviewed on a periodic basis and are continuously calibrated to address evolving operational risks, changing regulatory requirements, and the increasing complexity of multi-location service delivery. The objective is to ensure that controls remain aligned with best-in-class industry practices, support real-time decision-making, and provide assurance on the reliability of financial reporting, safeguarding of assets, and adherence to internal policies and external obligations.

A structured internal audit mechanism is in place, facilitated by a dedicated Internal Audit team under the supervision of the Audit Committee of the Board. The audit process covers key operational, financial, and compliance parameters across all major locations, and evaluates adherence to standard operating procedures (SOPs), efficiency of resource deployment, and alignment with client expectations. Audit findings and recommendations are reviewed at the management level, and corrective actions are promptly implemented to mitigate identified gaps.

The Company has also made significant progress in adopting digital technologies to enhance the effectiveness of internal controls. Tools such as enterprise resource planning (ERP) systems, biometric attendance, compliance tracking dashboards, and real-time reporting mechanisms have been integrated into internal operations, allowing for tighter monitoring, better exception handling, and improved oversight across multiple touchpoints. The finance and compliance functions are supported by automated workflows to ensure accuracy, reduce manual intervention, and reinforce control consistency.

KHFM's commitment to internal control excellence is further reflected in its emphasis on training and upskilling of employees responsible for governance functions. Regular workshops, policy orientation programmes, and compliance certifications are conducted to ensure a uniform understanding and implementation of internal control standards across the organisation. In a dynamic regulatory environment, this proactive approach to governance enables KHFM to anticipate emerging risks, respond with agility, and maintain its reputation as a compliant and dependable service provider.

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company for the financial year ended March 31, 2025, reflects continued growth momentum, improved operational execution, and enhanced financial resilience.

During FY 2024–25, the Company recorded Standalone Revenue from Operations of Rs. 9,518.25 lakh, compared with Rs. 10,744.51 lakh in FY 2023–24. Standalone EBITDA (including other income) stood at Rs. 1,092.26 lakh in FY 2024–25, compared with Rs. 1,042.27 lakh in FY 2023–24. The Standalone Profit after Tax (PAT) for the year was Rs. 324.65 lakh in FY 2024–25, compared with Rs. 346.46 lakh in FY 2023–24.

We secured new work orders valued at approximately Rs. 7,927.82 lakh during the year, reaffirming our strong market presence and execution capabilities.

The Company's financial performance is a testament to the strength of its integrated business model, the durability of its client relationships, and its strategic agility in responding to market dynamics. The consistent improvement in profitability, achieved without compromising on compliance or service quality, underscores KHFM's ability to deliver value to stakeholders even in a challenging environment marked by inflationary pressures and evolving client demands.

The Company remains focused on further strengthening its financial position through service innovation, disciplined cost management, and diversification across industry verticals and geographies.

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

KHFM firmly believes that its human capital is the cornerstone of its long-term success and a key enabler of operational excellence. As of March 31, 2025, the Company employed a workforce of over 2,500 individuals, including permanent employees and contractual personnel deployed across a pan-India network of client sites. The workforce comprises a diverse mix of technical staff, facility supervisors, customer support personnel, security officers, sanitation workers, horticulture professionals, and skilled and semi-skilled technicians, reflecting the breadth and complexity of KHFM's integrated service offerings.

The Company's human resource strategy is centred around fostering a culture of learning, meritocracy, and employee well-being. KHFM has institutionalised robust training and development programmes designed to enhance domain-specific competencies, leadership acumen, and service excellence. These include on-the-job training, health and safety certifications, workshops on compliance and behavioural skills, and digital skill development modules aimed at creating a future-ready workforce. The Company operates multiple training centres and collaborates with external institutes to deliver certified training courses for upskilling its workforce, particularly in areas such as HVAC systems, fire safety, facility automation, and customer service.

The performance management framework at KHFM is designed to be transparent, feedback-oriented, and aligned with the Company's strategic goals. Individual and team performance is monitored through key result areas (KRAs), regular appraisals, and structured reviews that promote accountability, recognise excellence, and identify high-potential talent for future leadership roles. The Company also runs incentive programmes and employee engagement initiatives aimed at fostering a sense of belonging, improving retention, and driving productivity across all levels.

With the ongoing digital transformation of the facility management industry, KHFM has digitised its core HR processes, including recruitment, onboarding, attendance tracking, payroll, compliance documentation, and performance monitoring. The adoption of human capital management (HCM) systems has improved decision-making, reduced administrative inefficiencies, and enhanced employee experience through better accessibility and process transparency.

In recognition of the increasingly diverse and mobile nature of its workforce, KHFM has adopted inclusive and flexible HR practices. These include gender-sensitive policies, health and wellness initiatives, and grievance redressal mechanisms designed to ensure a safe and equitable working environment. The Company has also taken proactive steps to align with evolving employment models, including the structured use of gig workers and part-time support staff to meet fluctuating client demands while ensuring compliance with labour laws.

Industrial relations during the year remained stable and constructive. KHFM continued to maintain an open and collaborative dialogue with employees and union representatives, ensuring proactive resolution of issues and implementation of fair employment practices. The Company is deeply committed to promoting occupational health and safety and has implemented stringent protocols, including regular site audits, safety drills, and compliance training, to minimize workplace risks.

Looking ahead, KHFM will continue to invest in building a high-performing, agile, and inclusive workforce that can support the Company's strategic ambitions and meet the growing expectations of clients. By embedding learning, innovation, and employee-centricity into its HR framework, KHFM aims to position itself as an employer of choice in the Indian facility management industry.

9. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the financial year, the details of significant changes in key financial ratios as compared to the previous year, along with remarks, are summarized below:

Particulars	As at March 31, 2025	As at March 31, 2024	% of change in ratio	Remarks
Current Ratio	2.03	1.77	-14.63%	Improvement in current ratio due to increase in receivables, inventories and other current assets
Debt-Equity Ratio	0.89	1.23	27.45%	Improvement in debt equity ratio due to proceeds from issue of shares/warrants on preferential basis during the year.
Debt Service Coverage Ratio	1.13	1.21	7.14%	The Company managed to earn enough profit to cover its interest payments by cutting down on other expenses.
Return on Equity Ratio (%)	5.71%	7.29%	21.57%	Average networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on equity has reduced.

Inventory Turnover Ratio	2.90	10.75	73.00%	Stock of Inventory has been increased significantly as compared to previous year.
Trade Receivables Turnover Ratio	3.34	4.74	29.48%	Increase in average trade receivables resulted in decline of Trade receivables turnover ratio.
Trade Payable Turnover Ratio	15.93	12.10	-31.64%	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 from issue of shares/warrants on preferential basis.
Net Capital Turnover Ratio	1.63	2.29	28.84%	Net worth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly, net capital turnover ratio has reduced.
Net Profit Ratio (%)	3.16%	3.08%	-2.80%	The Company manages to earn profit over a previous year due to reduction in cost attributable to project.
Return on Capital Employed (%)	19.11%	21.68%	11.84%	Average net worth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on capital employed has reduced.

10.CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis may include “forward-looking statements” within the meaning of applicable laws and regulations. These are based on certain assumptions and expectations of future events. Actual results may differ materially due to economic conditions, regulatory changes, amendments in tax laws, and other internal or external factors beyond the Company’s control. The Company undertakes no obligation to update such statements, except as required under applicable law.

Sd/- **Mr. Ravindra Hegde** **Managing Director** **DIN: 01821002**	**Sd/-** **Mrs. Sujata Hegde** **Director & CFO** **DIN: 01829352**

STANDALONE FINANCIAL STATEMENTS

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, 2025, 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, 2025, 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 ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 and other government 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, 2025, the Company has ascertained contingent liabilities of Rs. 3,040.54 lakhs which includes disputed Service tax, GST, ESIC, Income Tax 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 favor of the company for its ascertained contingent liabilities.

b) Note 39 of Standalone Financial Statements- Balances of certain trade receivables, trade and other payables (including payables to micro, small and medium enterprises, capital creditors), and loans & advances are subject to third party confirmations. The management is confident that this process will not have any material impact on the financial statements.

c) Note 11 of Standalone Financial Statements- Contract Assets disclosed in the standalone financial results, where there is an area of enhanced professional judgment relating to the recoverable work in progress (Contract Assets) amounting to Rs. 3911.04 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2025. Recognition of unbilled 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.

   While we note that the recoverability of such assets is subject to future outcome, we consider this to be an area of enhanced professional judgment due to the materiality of the amount. The management has represented that these balances are fully recoverable based on the progress of underlying projects. However, requisite provisions have been made against the same.

d) Note 26 & Note 11 of Standalone Financial Statements. The recording system regard to site expenses and related site advances 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.

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- • 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.	Our Audit Procedures on revenue recognized from fixed price contracts included: • 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: ➢ We read the agreements with the customers to identify the distinct performance

• 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 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, 2025, contract assets of business operation comprises of Rs. 3911.04 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.	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 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 reasonableness of contract costs. • Our audit procedures included the following: ➢ 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	
Allowance for doubtful debts was identified as key Audit Matter since- • Receivables comprise a significant portion of the liquid assets of the Company. • There is an inherent risk around the accuracy of the company's trade receivables being appropriately provided for, particularly in cases where resolution is in progress. • The estimation of the allowance for trade receivables is a significant judgement area and accordingly is therefore considered a key audit matter.	• 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: ➢ 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.

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, of has no realistic alternative but to do so.

Board of Directors are 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 of 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 of 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, of 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 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 disclosers 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 currents 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, 2024 were audited by another auditor who expressed an unmodified opinion on those statements as on 30th May 2024.

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.

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 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2025 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 2025 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 have not declared or recommended any dividend for the financial year ended March 31, 2025.

f. Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended March 31st, 2025 which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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 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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

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, 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 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-2024	7327.55	7906.75	(579.20)
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-2025	7354.63	8010.15	(655.52)

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 favor 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 tenth 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 1018.22 lakhs as on 31st March, 2025 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 31st March 2025 for a period of more than six months from the date they became payable except for:

Name of the statue	Nature of the dues	Amount (Rs in Lacs)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Statutory dues-TDS Payable	20.90	FY 2021-22	Various dates	Unpaid and expenses disallowed under the Act-Nil Demand order passed by TDS Officer.
Income Tax Act, 1961	Statutory dues-TDS Payable	9.85	FY 2022-23	Various dates	Unpaid and expenses disallowed under the Act-Nil Demand order passed by TDS Officer.
Income Tax Act, 1961	Statutory dues-TDS Payable	13.80	FY 2023-24	Various dates	Unpaid and expenses disallowed under the Act.
Income Tax Act, 1961	Statutory dues-TDS Payable	17.63	FY 2024-25	Various dates	Unpaid
Employee State insurance (ESIC), Act, 1948	ESIC	0.82	FY 2024-25	Various dates	Unpaid

The reporting of statutory dues outstanding for a period exceeding six months from the date they became payable has been made based on the review of the books of account, relevant schedules, and information and explanations provided by the management. In accordance with Clause 3(vii)(b) of CARO 2020, the auditor is required to report the extent of undisputed statutory dues payable which have remained outstanding as at the balance sheet date for more than six months from the date they became payable.

In respect of Tax Deducted at Source (TDS), only those liabilities have been reported which:

i) have been actually deducted by the company, and
ii) remained unpaid to the credit of the Central Government for a period of more than six months from the date they became payable.

As per management representations, it is clarified that no reporting has been made in respect of TDS not deducted, as such amounts do not constitute "statutory dues payable" until such time an order is passed by the relevant authority creating a demand under the Income-tax Act, 1961. Further, in many such instances, no provision or liability has been recognized in the books, making the amount of TDS not deducted not ascertainable or quantifiable. Hence, the reporting is limited to dues for which a statutory obligation to deposit exists, based on actual deductions made and liabilities recorded.

Further, the summary does not include Goods and Services Tax (GST) on contract assets (work-in-progress) as on 31st March 2025. As per the management's assessment, GST liability on such contract assets shall arise only at the time of invoicing, and accordingly, no GST has been accrued on the same as of the balance sheet date.

(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 2025 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)
Income Tax Act,1961	Income Tax	488.83	-	2022-23	Commissioner of Income Tax (Appeals)

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 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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of equity shares and convertible warrants during the year. Out of the total warrants issued, 7,54,141 warrants have been converted into equity shares during the year. The said allotments have been made in compliance with the provisions of Sections 42 and 62 of the Companies Act, 2013. Further, the funds so raised have, prima facie, been applied for the purposes for which they were raised.

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. The previous statutory auditors have resigned during the year. As per the information and explanations provided to us, no issues, objections, or concerns were raised by the outgoing auditors. Accordingly, we have considered the same in forming our opinion.

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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

"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, 2025 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 2025, 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, 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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED
CIN – L74930MH2006PLC159290

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2025

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 PREPARTION 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, 2025 were approved for issue in accordance with the resolution of the Board of Directors on 18th June, 2025.

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 realiasable 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 inassessing 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; andperiods 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, 2025, 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.

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

AUDITED STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2025

All Amount in INR Lakhs

	Particulars	Note	As at 31st March, 2025	As at 31st March, 2024
A	**ASSETS**			
	Non-Current Assets			
	(a) Property, Plant and Equipment	3	253.14	264.76
	(b) Right- of - Use Assets		-	-
	(c) Capital Work in Progress		-	-
	(d) Investment properties	3(a)	50.79	53.39
	(e) Goodwill			
	(f) Other Intangible Assets	3	0.75	2.03
	(g) 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	969.08	1,058.45
	(j) Deferred Tax Assets (Net)	6	312.71	346.08
	(k) Other Non-Current Assets			
	SUB-TOTAL		**1,593.06**	**1,731.30**
	Current Assets			
	(a) Inventories	7	79.92	18.38
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	8	3,080.88	2,612.96
	(iii) Cash and Cash Equivalents	9	50.50	77.09
	(iv) Bank Balances other than (iii) above	9	996.78	1,006.40
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)	10	687.24	629.94
	(d) Other Current Assets	11	4,567.96	4,389.70
	SUB-TOTAL		**9,463.28**	**8,734.47**
	Non Current Assets Classified as Held for sale			
	Total Assets		**11,056.34**	**10,465.77**
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	12	2,163.26	2,004.15
	(b) Other Equity	13	3,681.67	2,691.19
			5,844.93	**4,695.34**
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	501.77	816.78
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred tax Liabilities (Net)		-	-
	(d) Other Non-Current Liabilities	15	51.00	24.80
			552.77	**841.58**
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,407.55	3,431.37
	(ii) Trade Payables	17	203.62	254.41
	(iii) Other Financial Liabilities	18	540.83	548.38
	(b) Provisions	19	216.55	413.02
	(c) Other Current Liabilities	20	290.09	281.68
			4,658.64	**4,928.85**
	Total Equity and Liabilities		**11,056.34**	**10,465.77**

Significant Accounting policies

See accompanying notes to the Audited Standalone Financial Statements ***1-55'***

As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

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

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2025

All Amount in INR Lakhs

	Particulars	Note No.	For the year ended 31st March, 2025	For the year ended 31st March, 2024
I	Revenue from Operations	21	9,518.25	10,744.51
II	Other Income	22	79.47	66.55
III	**Total Revenue (I+II)**		**9,597.72**	**10,811.06**
IV	**EXPENSES**			
	Employee Benefits Expense	23	4,856.93	5,242.16
	Finance Costs	24	528.02	507.76
	Depreciation and Amortization Expense	25	85.05	58.44
	Other Expenses *	26	3,648.53	4,526.63
	Total Expenses (IV)		**9,118.53**	**10,334.99**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**479.19**	**476.07**
VI	Exceptional Items			
VII	Profit/(Loss) before Tax (V-VI)		479.19	476.07
VIII	**Tax Expense:**			
	(1) Current Tax		(154.62)	(82.04)
	(2) Reversal/Provision of Income Tax- Earlier years		271.46	64.17
	(3) Deferred Tax		37.70	147.48
	Total Tax Expense		**154.54**	**129.61**
IX	**Profit (Loss) for the period (VII-VIII)**		**324.65**	**346.46**
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		31.41	21.15
	(2) Income tax relating to items that will not be reclassified to Statement of Profit		(7.90)	(5.32)
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
XI	**Total Comprehensive Income for the period (IX+X)**		**301.14**	**330.63**
XII	Earnings per Equity Share	27		
	(1) Basic		1.54	1.73
	(2) Diluted		1.50	1.73

Significant Accounting policies
See accompanying notes to the Audited Standalone Financial Statements ***1-55'***
As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

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

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED STANDALONE CASH FLOW STATEMENT

All Amount in INR Lakhs

	Particulars	As at 31st March 2025	As at 31st March 2024
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before Tax	479.19	476.07
	Adjustment for:		
	Depreciation and Amortization Expense	85.05	58.44
	Finance cost	528.02	507.76
	Allowance for Doubtful Debts	0.14	7.48
	Profit on sale of Property, Plant & Equipment	(0.63)	-
	Re-measurement (Gain)/Loss on Defined Benefit Plan	(31.41)	(21.15)
	Interest Income on Fixed Deposit and Income Tax Refund	(68.25)	(54.62)
	Operating Profit before Working Capital changes	**992.11**	**973.98**
	Adjustment for:		
	(Increase)/decrease in Trade Receivables	(468.07)	(700.76)
	(Increase)/decrease in Other Current Financial Assets	(0.19)	1,904.61
	(Increase)/decrease in Other Non-Current Financial Assets	89.37	7.04
	(Increase)/decrease in Other Current Assets	(235.55)	(738.47)
	(Increase)/decrease in Inventories	(61.54)	(16.81)
	Increase/(decrease) in Trade-Payable	(50.78)	(239.26)
	Increase/(decrease) in Other Current Financial Liability	(31.35)	76.36
	Increase/(decrease) in Non Current Liability	26.19	2.64
	Increase/(decrease) in Provision	(196.48)	(258.06)
	Increase/(decrease) in Non-Current Liabilitty	(314.99)	(347.17)
	Increase/(decrease) in Other Current Liabilitty	8.41	45.87
	Cash Generated/Used from Operations	**(242.87)**	**709.97**
	Direct Taxes	(108.93)	23.19
	Net Cash from Operating Activities (A)	**(351.80)**	**733.16**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	(73.43)	(227.84)
	Sale of Property, Plant & Equipment	4.50	-
	Fixed Deposits placed/matured/realised (Net)	9.81	(32.71)
	Interest Received	68.25	54.62
	Net Cash used in Investing Activities (B)	**9.13**	**(205.93)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Expenses	(528.02)	(507.76)
	Dividend Paid	(104.40)	-
	Proceeds from Issue of equity shares/warrants	1,019.52	-
	Payment For share/warants issue related costs	(71.02)	(3.19)
	Net Cash from Financing Activities (C)	**316.08**	**(510.93)**
	Net Changes in Cash and Cash Equivalents (A+B+C)	**(26.59)**	**16.31**
	Opening Balance of Cash and Cash Equivalents	77.09	60.78
	Closing Balance of Cash and Cash Equivalents	**50.50**	**77.09**

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 in Hand	34.12	66.32
In Bank Account	16.38	10.77
	50.50	**77.09**

As per our Attached report of even date

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

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED STANDALONE STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital **All Amount in INR Lakhs**

Balance at April 1, 2024	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2024	Changes in equity share capital during the year*	Balance as at March 31, 2025
2,004.15	-	2,004.15	159.11	2,163.26

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

B Other Equity **All Amount in INR Lakhs**

Particulars	Reserve and Surplus			Money Received against share warrants	Items of other comprehensive income	Total Other Equity
	Securities Premium	Retained Earnings	Share Issue expenses		Remeasurements of defined benefit Plans	
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			-
Tax effect 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**
Adjustment of prior period errors	-	-	-	-	-	
Restated Opening balance as at 1st April, 2024	**1,867.35**	**872.92**	**-**	**-**	**(49.08)**	**2,691.19**
Profit /(Loss) for the year	-	324.64				324.64
Other Comprehensive income /(losses)	-	-			(23.50)	(23.50)
Total Comprehensive Income for the Year	**-**	**324.64**		**-**	**(23.50)**	**301.14**
Less: Dividend paid	-	(104.40)	-	-		(104.40)
Add : Issue of shares	668.28	-	(71.02)	-		597.26
Less: Share issue expense	(71.02)	-	71.02	-		-
Tax effect on share issue expense	4.35	-	-	-		4.35
Add: Money received towards subscription to Share Warrants	-	-	-	584.28		584.28
Less: Convertion of warrants into shares	-	-	-	(392.15)		(392.15)
Closing Balance as at 31st March 2025	**2,468.96**	**1,093.16**	**-**	**192.13**	**(72.58)**	**3,681.67**

As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June, 2025

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

DIN No. - 01821002
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT

Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total	Intangible Assets
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**
Additions	-	64.16	0.57	-	8.70	73.43	-
Disposals	-	-	-	3.87	-	3.87	-
Gross Carrying Value as at 31st March,2025	**110.34**	**101.55**	**93.71**	**94.32**	**349.97**	**749.90**	**10.76**
Accumulated Depreciation							
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**
Additions	22.07	30.07	13.57	1.19	13.92	80.81	1.28
Disposal	-	-	-	0.36	-	0.36	-
Balance as at 31st March, 2025	**47.17**	**44.78**	**32.73**	**91.71**	**280.37**	**496.76**	**10.01**
Net Carrying Value							
As at 31st March 2024	**85.24**	**22.69**	**73.98**	**8.03**	**74.82**	**264.76**	**2.03**
As at 31st March 2025	**63.17**	**56.78**	**60.98**	**2.61**	**69.60**	**253.14**	**0.75**

* 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, 2025 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 2025	As at 31st March 2024
3(a)	**INVESTMENT PROPERTIES**		
	Gross Carrying Value	99.63	99.63
	Accumulated depreciation	48.84	46.24
	Net Carrying Value	**50.79**	**53.39**

	As at 31st March 2025	As at 31st March 2024
ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES		
Accumulated depreciation at the beginning of the year	46.24	43.49
Addition	2.60	2.75
Accumulated depreciation at the end of the year	**48.84**	**46.24**

i) Amount recognised in profit and loss for investment properties	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Rental Income	10.59	9.73
Direct operating expenses from property that generated Rental Income	0.75	1.01
Direct operating expenses from property that didn't generated Rental Income	-	-
Profit from investment properties before depreciation	**9.84**	**8.72**
Depreciation	2.60	2.74
Profit from investment properties	**7.24**	**5.98**

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, 2025**	**As at 31st March, 2024**
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.

		As at 31st March 2025	As at 31st March, 2024
4	**INVESTMENTS**		
	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) - (Subsidiary)		
	KHFM & D.P Jain Company	0.10	0.10
	(99% holding stake in partnership firm) - (Subsidiary)		
	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.

		As at 31st March 2025	As at 31st March, 2024
5	**OTHER FINANCIAL ASSETS**		
	(Unsecured, considered good, unless stated otherwise)		
	Security Deposits & Retension Money	859.52	948.89
	Service tax Appeal Deposit	101.93	101.93
	GST Appeal deposit	7.63	7.63
	Total	**969.08**	**1,058.45**

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

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

6	DEFERRED TAX ASSETS (NET)	As at 31st March 2025	As at 31st March, 2024
	Deferred Tax Assets / (Liabilities) in relation to		
	Deferred Tax Assets		
	Interest / Processing Fees Ind As Adjustments	(0.36)	5.35
	Provision for Employee Benefits	20.97	11.71
	Allowance for Bad & Doubtful Debts	256.27	300.50
	Share/warrants Issue expenses	34.52	30.17
	Property, Plant & Equipment		
	Sub-Total (A)	**311.40**	**347.73**
	Deferred Tax Liabilities		
	Property, Plant & Equipment	(1.31)	1.65
	Interest / Processing Fees Ind As Adjustments		
	Sub-Total (B)	**(1.31)**	**1.65**
	Deferred Tax Assets / (Liability) (Net) (A-B)	**312.71**	**346.08**
	Balance at the Opening of Reporting period - Deferred Tax Asset	**346.07**	**507.69**
	Allowance for Bad & Doubtful Debts	(44.24)	(152.26)
	Property, Plant & Equipment	2.96	2.24
	Provision for Employee Benefits	9.26	2.19
	Interest / Processing Fees Ind As Adjustments	(5.71)	0.34
	Recognised in Profit & Loss A/c	**(37.72)**	**(147.48)**
	Adjusted against share issue expenses/IPO expenses in equity	**-**	
	Share issue expenses/IPO expenses	4.35	(14.13)
	Total Movement of Deferred Tax Asset	**(33.37)**	**(161.62)**
	Charge to Other Comprehensive Income	**-**	
	Remeasurement of Defined Benefit Plans	-	
	Balance at the Closing of Reporting period- Deferred Tax Asset	**312.71**	**346.08**

7	Inventories	As at 31st March 2025	As at 31st March, 2024
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished Goods	-	-
	Traded Goods	-	-
	Stores & spares	79.92	18.38
	Total Inventories	**79.92**	**18.38**

Inventories are carried at lower of cost and net realisable value.

8	TRADE RECEIVABLES	As at 31st March 2025	As at 31st March, 2024
	Non Current Debtors	-	
	- Unsecured	-	
	Considered Good	794.12	969.38
	Considered Doubtful	-	
		-	
		-	
	- Less:- Allowance for Bad & Doubtful Debts	794.12	969.38
	Total Non Current debtors	**-**	**-**

	Current Debtors	As at 31st March 2025	As at 31st March 2025
	- Unsecured		
	Considered Good	3,098.83	2,631.56
	Considered Doubtful	-	-
		-	-
		-	-
	- Less:- Allowance for Bad & Doubtful Debts	17.95	18.60
	Total Current debtors	**3,080.88**	**2,612.96**

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2025 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	Total
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	-	-	-	-	794.12	794.12
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	
	-	-	-	-	794.12	794.12
Less: Allowance for doubtful trade receivables - Billed						794.12
Trade receivables - Unbilled						**-**
					Total	**-**

Ageing for trade receivables - billed current outstanding as at March 31, 2025 is as follows

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

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	1,902.47	366.46	153.71	303.89	372.30	3,098.83
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	-	-	-	-	-	
	-	-	-	-		3,098.83
Less: Allowance for doubtful trade receivables - Billed						(17.95)
Trade receivables - Unbilled						-
						3,080.88

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					
	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		**-**

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	1,689.09	131.92	296.36	399.94	114.25	2,631.56
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	-	-	-	-		
	1,689.09	131.92	296.36	399.94	114.25	2,631.56
Less: Allowance for doubtful trade receivables - Billed						(18.60)
Trade receivables - Unbilled						**-**
				Total		**2,612.96**

9	**CASH AND BANK BALANCES**	**As at 31st March 2025**	**As at 31st March, 2024**
	Cash and cash equivalents		
	Balances with Banks	16.38	10.77
	Cash on hand	34.12	66.32
		50.50	**77.09**
	Bank Balances other than above		
	Fixed Deposit - Margin in lieu of charge creation	996.48	1,006.29
	Unpaid dividend	0.30	0.11
	Escrow Account- Right Issue	-	-
		996.78	**1,006.40**
	Total	**1,047.28**	**1,083.49**

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

		As at 31st March 2025	As at 31st March, 2024
10	**CURRENT TAX ASSETS (NET)**		
	Advance Income Tax (net of Provisions)	687.24	629.94
	Total	**687.24**	**629.94**

		As at 31st March 2025	As at 31st March, 2024
11	**OTHER CURRENT ASSETS**		
	Advances to Staff	1.38	0.08
	(Unsecured Considered Good)		
	Loans & Advances	5.22	5.22
	Advances against site/Expenses	597.49	436.65
	Prepaid expenses	52.82	33.50
	Contract Assets	3,911.05	3,914.25
	Total	**4,567.96**	**4,389.70**

Changes in Contract Assets are as follows:	As at 31st March 2025	As at 31st March, 2024
Contract Assets at the beginning of the year	4,120.27	3,970.67
Revenue Recognised during the year	9,518.72	10,746.41
Invoices raised during the year	(9,521.78)	(10,596.81)
Total	**4,117.20**	**4,120.27**
Provision for contract assets	(206.15)	(206.01)
Contract Assets at the end of the year	**3,911.05**	**3,914.25**

		As at 31st March 2025	As at 31st March, 2024
12	**SHARE CAPITAL**		
	(a) Authorised		
	2,50,00,000 Equity Shares of Rs. 10 each	2,500.00	2,500.00
	Total	2,500.00	2,500.00
	(b) Issued, Subscribed and Paid Up		
	2,16,32,640 Equity Shares of Rs. 10 each	2,163.26	2,004.15
	(As at 31st March, 2024 : 2,00,41,499 Equity Shares of Rs. 10 each)		
	Total	2,163.26	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	15.91	100.19
	Shares bought back during the year		
	Shares outstanding at the Closing of the year	216.32	200.41

During the year, the Company allotted 8,37,000 fully paid-up equity shares of face value ₹10 each on a preferential basis to promoters and other investors at an issue price of ₹52 per share (including a share premium of ₹42 per share). In addition, the Company had issued 22,32,000 fully convertible warrants on a preferential basis at an issue price of ₹52 per warrant (comprising ₹10 face value and ₹42 share premium). Of these, 7,54,141 warrants were converted into an equivalent number of equity shares during the year, pursuant to the receipt of the balance 75% of the consideration, subsequent to the initial 25% received at the time of allotment. The remaining 14,77,859 warrants are pending conversion, with 25% of the consideration having been received in accordance with the applicable terms and regulatory timelines. There is no deviation in uses of proceeds from objects stated in the offer documents.

(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

Equity Shares of Rs.10 each fully paid held by-	**No. of shares**	**No. of shares**
(i) Ravindra Malinga Hegde	67,02,819	65,25,278
(ii) Sujata Ravindra Hegde	10,47,800	10,47,800

(f) Shareholding of promoters	**Number of shares**	**Shareholding %**
	As at 31st March 2025	
(i) Ravindra Mahalinga Hegde	67,02,819	30.98%
(ii) Sujata Ravindra Hegde	10,47,800	4.84%
(iii) Saurav Hegde	6303	0.03%
(iv) Riddhi Hegde	103	0.00%
	As at 31st March 2024	
(i) Ravindra Mahalinga Hegde	65,25,278	32.56%
(ii) Sujata Ravindra Hegde	10,47,800	5.23%
(iii) Saurav Hegde	6,303	0.03%
(iv) Riddhi Hegde	103	0.00%

		As at 31st March 2025	As at 31st March, 2024
13	**OTHER EQUITY**		
	(a) Security Premium		
	Opening Balance	1,867.35	1,884.67
	add : issue of shares	668.28	-
	less : Bonus issue	-	-
	less: Share/Warrants issue expenses net of Tax benefit	(66.67)	(17.32)
	Closing balance	**2,468.96**	**1,867.35**
	(b) Retained Earnings		
	Balance at the beginning of the Financial Year	872.92	526.44
	Adjustment of prior period expense	-	-
	Restated balance at the beginning of the Financial Year	**872.92**	**526.44**
	Profit during the year transferred	324.64	346.48
	Less: Dividend Paid	(104.40)	-
	Balance at the end of the Financial Year	**1,093.16**	**872.92**

Balance consists of Surplus retained from earned profit after payment of dividend.

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

(c) Share isuue expenses		
Opening Balance		
Add : expenses incurred	(71.02)	(3.19)
Less : Transfer to Securities Premium Account	71.02	3.19
Closing Balance	-	-
Total Reserve & Surplus (a)+(b)+(c)	**3,562.12**	**2,740.27**
(d) Money Received against share warrants		
Balance at the beginning of the Financial Year	-	-
Add: Money received towards subscription of Share Warrants	584.28	-
Less: Conversion of warrants into shares	(392.15)	
Balance at the end of the Financial Year	**192.13**	-
(e) Items of Other Comprehensive income		
Remeasurements of defined benefit plans		
Opening Balance	(49.08)	(33.25)
Add: Current year Income/(expense)	(23.50)	(15.83)
Closing balance	**(72.58)**	**(49.08)**
Total Other Equity (a)+(b)+(c)+(d)+(e)	**3,681.67**	**2,691.19**

14	Non-Current Liabilities	As at 31st March 2025	As at 31st March, 2024
	Financial Liabilities		
	Borrowings		
-	1-Secured loans	484.80	807.50
	2-Unsecured loans	16.97	9.28
	TOTAL	**501.77**	**816.78**

Secured Loans are secured against property, plant and Equipments and Fixed Deposits

15	OTHER NON-CURRENT LIABILITIES	As at 31st March 2025	As at 31st March, 2023
	Provision for gratuity- Non Current	51.00	24.80
	Total	**51.00**	**24.80**

16	Current Borrowings	As at 31st March 2025	As at 31st March, 2024
	Working capital and Credit facilities from banks & financial institutions-Secured		
	Apna Sahakari Bank Ltd	1,983.86	1,972.47
	American express corporate card	8.09	-
	Bank of India	751.58	741.76
	State Bank of India	617.17	585.06
	From Related Parties	-	-
	Ravindra Hegde	22.69	123.40
	Sujata Hegde	0.56	8.58
	Saurav Hegde	23.50	-
	KHFM HR Consultancy Private Limited	0.10	0.10
		3,407.55	**3,431.37**

Working Capital Loans are secured against current assets(book debts) property, plant and equipments,fixed deposits and personal guarantee of directors.

17	TRADE PAYABLES	As at 31st March 2025	As at 31st March, 2024
	Financial Liabilities carried at Amortised Cost		
	(i) Related Parties	6.03	2.48
	(ii) Other Parties	197.59	251.92
	Total	**203.62**	**254.41**

Ageing for trade payables outstanding as at March 31, 2025 is as follows

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Trade payables					
MSME*	11.58	-	-	-	11.58
Others	143.01	49.03	-	-	192.04
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	154.59	**49.03**	**-**	**-**	**203.62**
Accrued expenses					

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

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

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

Accrued expenses	228.18	19.60	5.86	-	254.41

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

18	OTHER FINANCIAL LIABILITIES	As at 31st March 2025	As at 31st March, 2024
	Financial Liabilities carried at Amortised Cost		
	Current Maturity of long term debt	527.19	356.70
	Unclaimed Dividend	0.30	0.11
	Subcontractor deposits	9.34	187.07
	Deposit premises	4.00	4.50
	Total	**540.83**	**548.38**

19	PROVISIONS (CURRENT)	As at 31st March 2025	As at 31st March, 2024
	Provision for Gratuity	32.34	21.72
	Provision for Employee benefit expenses	177.01	384.30
	Provision for Audit fees	7.00	7.00
	Provision for other expense	0.20	-
	Total	**216.55**	**413.02**

20	OTHER CURRENT LIABILITIES	As at 31st March 2025	As at 31st March, 2024
	Statutory dues	290.09	281.68
	Total	**290.09**	**281.68**

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

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

All Amount in INR Lakhs

21	REVENUE FROM OPERATIONS	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Contracted Price (Services)	9,518.72	10,746.41
Less:	Reduction towards variable consideration components	0.47	1.90
	Total	**9,518.25**	**10,744.51**

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, 2025	For the year ended 31st March, 2024
	Rental Income	10.59	9.73
	Profit on Sale of Property, Plant & Equipments	0.63	-
	Interest on Bank Fixed Deposits	68.25	54.62
	Remission of Liability	-	2.20
	Total	**79.47**	**66.55**

23	EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Salaries, Wages and Bonus	4,345.25	4,657.07
	Contribution to Provident Fund and Other funds	483.44	572.09
	Staff Welfare expenses	28.24	13.00
	Total	**4,856.93**	**5,242.16**

24	FINANCE COST	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Interest Expenses for financial liabilities measured at amortised cost	528.02	507.76
	Total	**528.02**	**507.76**

25	DEPRECIATION	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Depreciation on property, plant and equipment	81.17	52.19
	Depreciation on investment property	2.60	2.74
	Amortisation of intangible assets	1.28	3.51
	Total	**85.05**	**58.44**

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

26	OTHER EXPENSES	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Direct Expenses		
	Site Expenses	996.81	1,166.80
	Labour Charges	1,926.78	2,672.16
	Consumption of stores, spares & Consumables	142.62	107.18
	Uniform Expenses	20.27	16.86
	Blocked credit	32.63	31.79
	Deductions on Service dues	59.03	149.51
	Indirect Expenses	-	
	Advertising and domain expenses	36.43	12.23
	Computer, Software & Printer Expenses	4.81	2.99
	Commission	32.81	1.93
	Donation	2.45	1.03
	Insurance	56.13	45.31
	Miscellaneous Expenses	1.58	11.77
	Office Expenses	21.21	9.71
	Power & Fuel	7.93	6.86
	Professional tax	0.05	0.08
	Legal & Professional Charges*	39.78	37.10
	Licence fees	1.55	0.15
	Interest late fees and penalty	6.95	14.07
	Printing & Stationery	5.38	2.05
	Rent Including Lease Rentals	28.81	39.19
	Repair & Maintenance	40.97	15.99
	Allowance for Bad & Doubtful Debts/ Contract Assets	0.14	7.48
	Tender realted expense	4.41	27.70
	Telephone Charges	2.88	2.67
	Transport Charges	22.92	16.47
	Travelling and Conveyance	152.33	127.55
	Total	**3,648.53**	**4,526.63**

***Includes Auditors Remuneration**

Auditor's remuneration consists of the following		
Statutory Audit Fees	7.00	7.00
Certifications and other review services**	0.13	1.03
	7.13	**8.03**

**The above summary pertains solely to the remuneration/fees paid to the statutory auditors in their capacity as such. Certification and other review services primarily comprise fees paid to the auditors for certification work.

27 INCOME TAX	For the year ended 31st March, 2025	For the year ended 31st March, 2024
(a) Income Tax recognized in Statement of Profit & Loss		
Current Tax Expenses	(154.62)	(82.04)
Tax of the Earlier Years	271.46	64.17
Deferred Tax Expenses	37.70	147.48
Total Tax Expenses recognized in Statement of Profit & Loss	**154.54**	**129.61**
(b)Tax expenses related to Items recognized in Statement of Other Comprehensive Income		
Remeasurement of Defined Benefit Plans	(7.90)	(5.32)
Income tax Charged to Statement of Other Comprehensive Income	**(7.90)**	**(5.32)**
(c) Reconciliation of Effective Tax Rate		
Profit Before Tax	479.17	476.10
Tax at India's stautory Income Tax rate	25.17	25.17
Expected Income tax expense/(benefit)	**120.60**	**119.83**
Tax effect of adjustments to reconcile expected Income Tax expense to reported Income Tax expense		
Tax on Items inadmissible to be debitted to P/L	209.49	288.53
Tax on Items admissible to be debitted to P/L /Considered under separate head	(503.75)	(505.86)
Tax on Items Considered under other Head of income	19.04	15.46
Tax pertaining to prior years	271.46	64.17
Current Tax Expense	116.84	(17.87)
Tax on Items recognised in other comprehensive income	(7.90)	(5.32)
Total Tax Expenses /(benefits)(A)	**108.94**	**(23.19)**
Incremental Deferred Tax Liability/(Assets) on account of Property, Plant and Equipment	(2.98)	(2.24)
Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	40.68	149.72
Deferred Tax Provision (B)	**37.70**	**147.48**
Total Tax Expenses/(benefits) (A + B)	**146.64**	**124.29**

The Government of India, vide Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019, introduced section 115 BAA in the Income Tax Act, 1961, providing domestic companies an irrevocable option to adopt reduced corporate tax rate, subject to certain conditions.

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
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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 31-03-2025	As At 31-03-2024
Secured Borrowings								
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	1,940.77	1,927.24
State Bank of India	Working Capital (Cash Credit)	585.00	10.90%	As per Note 5	On Demand	NA	617.17	585.06
Bank of India	Working Capital (Cash Credit)	752.00	13.63%	As per Note 4	On Demand	NA	751.58	741.75
American Express Corporate card	Credit card	99.00	Delinquency Fee @ 3.5% on unpaid balance	-	Monthly on usage	NA	8.09	-
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	119.00	154.95
	Business Loan (Loan Against Property)	100.00	12% p.a.	**Security :** As per note no 2.	120 EMIs of Rs. 1.45 Lacs each	NA	8.06	23.66
	Temporary overdraft	45.20	8.30%	-	Monthly interest remittance	NA	43.10	45.22
	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	NA	297.09	373.56
Bank of India	Business Loan (Loan Against Property)	185.00	13.63% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	NA	39.95	53.16
	Business Loan (Loan Against Property)	53.00	13.63% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	NA	24.61	32.17
	Business Loan (Loan Against Property)	48.00	13.63% p.a.	As per Note 4	36 EMIs of Rs 1.33 lacs each	NA	-	5.33
	Business Loan (Loan Against Property)	500.00	9.25% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	No	301.61	452.70

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

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: Hypothecation on Book Debts (Pari-Passu charge). Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLR, Jogeshwari (E), Mumbai -60, owned by Mr Ravindra Hegde & Sujata Hegde.EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60 Owned by Mr Ravindra Hegde along with Bank's TDR of 2.16 crores.

State Bank of India

5.Security: First pari pasu charge on stocks and receivable, both present and future with Apna Sahakari Bank and Bank of India. Equitable mortgage of commercial building: 3rd Floor, Antariksh, Village Marol, Andheri, Mumbai, Maharashtra-400059

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

All Amount in INR Lakhs

29	EARNING PER SHARE	Year ended 31st March, 2025	Year ended 31st March, 2024
	(a) Net Profit for Basic & diluted EPS	324.65	346.46
	(b) Number of Equity Shares at the beginning of the period (in Lakhs)	200.41	200.41
	(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	216.33	200.41
	(d) Adjusted Weighted Average number of Equity Shares outstanding (in Lakhs)	210.66	200.41
	Add: Weighted Average number of potential equity shares arising out of conversion of share warrants	5.99	-
	(e) Adjusted Weighted Average number of Diluted Equity Shares outstanding (in Lakhs)	216.64	200.41
	Earning Per Share - Basic	**1.54**	**1.73**
	Earning per share - Diluted	**1.50**	**1.73**
	Face value per share (Rs.)	**10.00**	**10.00**

30	CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2025	As at 31st March, 2024
	(a) Claims against the company not acknowledged as debt:		
	- Service Tax	1,389.40	1,389.40
	- ESIC	15.07	15.07
	- Goods and Service Tax	179.49	179.49
	- Income tax	488.83	-
	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	967.75	935.93

31	THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2025	As at 31st March, 2024
	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, 2025	11.58	8.13
	(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	-	-

The management has identified dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company.

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS

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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 Palemar Enterprises)
(b) Ravindra Hegde (Prop KHFM Pest Control)
(c) Saurav Hegde (Prop SRV Enterprises)
(d) KHFM HR Consultancy Private limited
(e) Ravindra Hegde HUF (Prop KHFM Overseas)

(ii) Key Managerial Personnel	**Designation**
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director & Chief Financial Officer (CFO)
(c) Saurav Hegde	Director
(d) Ritesh Mishra	Company Secretary & Compliance officer
(e) Akash Bate	Company Secretary & Compliance officer (Resigned wef from 20.02.2025)
(f) Girish Ramnani	Non Executive & Independent Director
(g) Kapildeo Agarwal	Non Executive & Independent Director (Resigned wef from 11.10.2024)
(h) Prabhakar Reddy Patil	Non Executive & Independent Director
(i) Rudra Narayan Kar	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	2024-25 Amount	2023-24 Amount
Sujata Hegde (Prop Palemar Enterprises)	Companies under Common Management	Interest Expenses	Expense	0.18	0.58
		Closing Balance			
		Unsecured Loans	Liability	0.56	8.58
Ravindra Hegde (Prop. KHFM Pest Control)	Companies under Common Management	Interest Expenses	Expense	1.12	4.63
		Closing Balance			
		Unsecured Loans	Liability	22.69	123.40
Saurav Hegde (Prop SRV Enterprises)	Companies under Common Management	Interest Expenses	Expense	0.25	-
		Closing Balance			
		Unsecured Loans	Liability	23.50	-
KHFM HR Consultancy Private Limited	Companies under Common Management	Unsecured Loans	Liability	0.10	0.10
Ravindra Hegde HUF(Prop KHFM Overseas)	Companies under Common Management	Creditor	Liability	2.60	-
Ravindra Hegde	Managing Director	Director Remuneration	Expense	12.00	12.00
		Rent Paid	Expense	10.80	10.80
		Dividend Paid	Expense/Equity	33.39	-
		Closing Balance			
		Creditor	Liability	1.94	2.10
		Salary Payable	Liability	5.31	1.31
Saurav Hegde	Director	Director remuneration	Expense	9.00	9.00
		Dividend paid	Expense/Equity	0.03	-
		Closing Balance			
		Creditor	Liability	0.36	-
		Salary payable	Liability	0.46	0.21
Sujata Hegde	Director	Director Remuneration	Expense	12.00	7.20
		Dividend Paid	Expense/Equity	5.24	-
		Labour charges	Expense	75.00	-
		Closing Balance			
		Creditor	Liability	1.13	0.38
		Salary Payable	Liability	0.05	2.06

Name of Party	Type of relation	Nature of Transaction	Income / Expense/ Asset/ Liability	2024-25 Amount	2023-24 Amount
Akash Bate	Company Secretary & Compliance officer (Resigned)	Salary	Expense	3.80	-
		Closing Balance			
		Salary Payable	Liability	-	-
Kapildeo Agarwal	Non Executive & Independent Director (Resigned)	Sitting fees	Expense	0.23	0.38
		Closing Balance			
		Sitting fees payable	Liability	-	0.34
Rudra Narayan Kar	Non Executive & Independent Director	Sitting fees	Expense	0.08	0.12
		Closing Balance			
		Sitting fees payable	Liability	0.08	-
Girish Ramnani	Non Executive & Independent Director	Sitting fees	Expense	1.00	1.00
		Closing Balance			
		Sitting fees payable	Liability	1.08	1.08
Prabhakar Patil	Non Executive & Independent Director	Sitting fees	Expense	0.38	0.38
		Closing Balance			
		Sitting fees payable	Liability	0.34	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

(d) Transactions with subsidiaries

There were no transactions with subsidiaries during the year ended 31st March 2025, except for the closing balance of investment in equity instruments, as disclosed in Note 4 of audited standalone fianancial statements.The consolidated financial statements include the financial results, position and other relevant disclosures pertaining to the subsidiaries. The consolidated profit and loss account, balance sheet and other related figures are presented in the consolidated financial statements and the accompanying notes.

NOTES TO AUDITED STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st,2025

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 2025	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
Financial Asset :				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-		6.59	6.59
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	-	-
Other Non-Current Financial Assets	-	-	969.08	969.08
Current Assets:-				
Cash & Cash equivalents	-	-	50.50	50.50
Bank Balance other than above	-	-	996.78	996.78
Trade receivables	-	-	3080.88	3080.88
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-	-	-	-	-
Borrowings	-	-	501.77	501.77
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3407.55	3407.55
Trade payables	-	-	203.62	203.62
Other financial liabilities			540.83	540.83

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	-		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			548.38	548.38

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, 2025 and 31st March, 2024 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 overseas 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 2025**	**31st March 2024**
Opening Expected Credit Loss	987.99	1600.43
Additions	-	-
Less: Bad Debts Booked	(175.91)	(612.44)
Closing Expected Credit Loss	812.08	987.99

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, 2025. **(All Amount in INR Lakhs)**			
Particulars	**Due within 12 Months**	**Due within 1 to 3 years**	**More than 3 years**
Financial Liabilities Borrowings	527.19	469.17	32.60
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2024.			
Financial Liabilities Borrowings	356.70	620.89	195.88

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rate and interest rates will affect the Company'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	**31st March, 2025**	**31st March, 2024**
Financial Assets		
Fixed rate instruments Bank Deposits - Current - Non Current	1012.85	1017.07
Financial Liabilities		
Fixed rate instruments		

Variable rate instruments		
Borrowing - Short term borrowing - Long term borrowing	3934.75 501.77	3788.07 816.78

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 n 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 alsodue 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, 2025**	**For the year ended 31st March, 2024**
Present value of funded obligations	208.34	139.43
Fair value of plan assets	(125.00)	(92.91)
Net Liability (Asset)	83.33	46.52

Profit and loss for the period: (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Service Cost:		
Current Service Cost	29.32	14.54
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	2.56	2.11
Total included in ''Employee benefit expense''	**31.88**	**16.66**

Other comprehensive Income for the period (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	-	-
Due to change in demographic assumption	-	-
Due to experience adjustments	33.46	22.87
Return on plan assets excluding amounts included in interest income	(2.05)	(1.72)
Amounts recognized in Other Comprehensive (Income) / Expense	31.40	21.14

Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Opening Defined Benefit Obligation	139.43	103.51
Current service cost	29.32	14.54
Interest cost	8.08	5.94
Components of actuarial gain/losses on obligations:	-	-
Due to Change in financial assumptions	-	-
Due to change in demographic assumption	-	-
Due to experience adjustments	33.46	22.87
Benefits paid from fund	-	(6.28)
Benefits paid by the company	(1.96)	(1.16)
Closing Defined Benefit Obligation	**208.34**	**139.43**

Reconciliation of Plan assets (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Opening value of plan assets	92.91	66.80
Transfer in/(out) plan assets	-	-
Interest Income	5.51	3.82
Return on plan assets excluding amounts included in interest income	2.05	1.72
Contributions by employer	24.52	26.84
Contributions by Employee	-	-
Benefits paid	-	(6.28)
Closing value of Plan assets	125.00	92.91

The assumptions used in accounting for the defined benefit plan are set out below:		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
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 reporatable 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

There are 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, 2025 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 trasaction 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 31,2025	As at March 31, 2024	% of change in ratio	Remarks
Current Ratio	2.03	1.77	-14.63%	Improvement in current ratio due to increase in receivables, inventories and other current assets
Debt-Equity Ratio	0.89	1.23	27.45%	Improvement in debt equity ratio due to proceeds from issue of shares/warrants on preferential basis during the year.
Debt Service Coverage Ratio	1.13	1.21	7.14%	The company managed to earn enough profit to cover its interest payments.
Return on Equity Ratio(%)	5.71%	7.29%	21.57%	Average networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on equity has reduced.
Inventory Turnover Ratio	2.90	10.75	73.00%	Stock of Inventory has been increased significantly as compared to previous year.
Trade Receivables Turnover Ratio	3.34	4.74	29.48%	Increase in average trade receivables resulted in decline of Trade receivables turnover ratio.
Trade Payable Turnover Ratio	15.93	12.10	-31.64%	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 from issue of shares/warrants on preferential basis.
Net Capital Turnover Ratio	1.63	2.29	28.84%	Networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly net capital turnover ratio has reduced.
Net Profit Ratio(%)	3.16%	3.08%	-2.80%	The Company manages to earn a profit over the previous year due to reduction in cost attributable to projects.

Return on Capital Employed (%)	19.11%	21.68%	11.84%	Average networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on capital employed has reduced.

PARAMETERS USED FOR COMPUTATION OF FINANCIAL RATIOS ARE AS FOLLOWS:

Particulars	Formula
Current Ratio	Current Asset /Current Liablities
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 and Joint Ventures/ Average Capital Employed

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. The company has used accounting software's for maintaining its books of account for the financial year ended March 31st, 2025, which has the 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, audit trail feature during the year was not tempered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

54. The Board of Directors has not recommended any dividend for the financial year ended March 31, 2025.

55. APPROVAL OF FINANCIAL STATEMENTS

The Standalone Financial Statements were approved for issue by the Board of Directors on June 18th, 2025.

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 and on behalf of the Board of

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Regn No. W100288

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

Ravindra Hegde
Managing Director
DIN – 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN - 01829352
Place: California, USA

Rohit Teli
Partner
M No. 155581
UDIN : 25155581BMIHXP2979
Place: Mumbai
Date: 18th June 2025

Saurav Hegde
Director
DIN: 08116567
Place: Mumbai

Ritesh Mishra
Company Secretary and Compliance officer
ICSI Membership No: A76039
Place: Mumbai

Date: 18th June 2025

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To

The Members
KHFM Hospitality & Facility Management Service Limited

Report on the audit of the Consolidated Financial Statements

<u>Opinion</u>

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, 2025, 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, 2025, 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.

<u>Basis for Opinion:</u>

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.

<u>Emphasis of Matter</u>

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 and other government 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 31st March, 2025, the holding company has ascertained contingent liabilities of Rs. 3,040.54 lakhs which includes disputed Service tax, GST, ESIC, Income Tax 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. 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 subject to third party confirmations. The management is confident that this process will not have any material impact on the financial statements.

c) Note no 11 of the Consolidated Financial Statements. Contract Assets disclosed in the consolidated financial statements, where there is an area of enhanced professional judgment relating to the recoverable work in progress (Contract Assets) amounting to Rs.3946.23 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2025. Recognition of unbilled 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.

While we note that the recoverability of such assets is subject to future outcome, we consider this to be an area of enhanced professional judgment due to the materiality of the amount. The management has represented that these balances are fully recoverable based on the progress of underlying projects. However, requisite provisions have been made against the same.

d) Note 11 & Note 26 of the Consolidated Financial Statements. The recording system regard to site expenses and related site advances 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.

e) Gratuity provisions in respect of the subsidiary- KHFM Infra Projects Private Limited, where management believes there are no permanent employees and hence there are no prerequisites for actuarial valuation and related provisions. Management considers the impact on the financial statements to be not material.

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.

<table>
<tr><th>The key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue recognition</td></tr>
<tr><td>Revenue recognition was identified as key Audit Matter since-
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, 2025, contract assets of business operation comprises of Rs. 3946.23 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.</td><td>Our Audit Procedures on revenue recognized from fixed price contracts included:
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:
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 Group is entitled in</td></tr>
</table>

	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 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 reasonableness of contract costs. • Our audit procedures included the following

	➢ 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 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	
Allowance for doubtful debts was identified as key Audit Matter since- • Receivables comprise a significant portion of the liquid assets of the Group. • There is an inherent risk around the accuracy of the company's trade receivables being appropriately provided for, particularly in cases where resolution is in progress. • The estimation of the allowance for trade receivables is a significant judgement area and accordingly is therefore considered a key audit matter.	• 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: ➢ 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.

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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

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, 2024 were audited by another auditor who expressed an unmodified opinion on those statements as on 30th May 2024.

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 178.48 lakhs as at 31st March, 2025 and total revenues of Rs 735.95 lakhs and total Net Profit (after tax) of Rs. 13.67 lakhs and net cash outflow of Rs.23.96 Lacs for the year ended on 31st March, 2025, 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. 109.48 lakhs as at 31st March, 2025, total revenue of Rs 192.62 lakhs and total profit after tax of Rs. 5.89 lakhs for the year ended 31st March, 2025 respectively, as considered in the consolidated financial statements. This 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 2025.

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.

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, 2025 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, 2025 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, 2025 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, 2025 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 Company have not declared or recommended any dividend for the financial year ended March 31, 2025.

f) 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 for the financial year ended March 31st, 2025, which has the 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, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

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	18.06.2025	ii(b), vii(a), vii(b)

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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN: 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

"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 2025, 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, 2025, 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 YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
Membership No. 155581
UDIN: 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN – L74930MH2006PLC159290

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31st, 2025

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 ,2025 presents the financial position of the company as well as and its subsidiaries.

Nature of Operations

The Company and its subsidiaries (collectively reffered 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 PREPARTION 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.

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GROUP INFORMATION

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

Particulars	Country of Incorporation	As on 31st March, 2025	As on 31st March, 2024
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,2025. 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 2025.

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) 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.

c) 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.

d) 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.

e) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of capital in each subsidiary.

f) 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.

g) 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

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

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2025

All Amount in INR Lakhs

	Particulars	Note	As at 31st March, 2025	As at 31st March, 2024
A	**ASSETS**			
	Non-Current Assets			
	(a) Property, Plant and Equipment	3	254.72	265.70
	(b) Right- of - Use Assets		-	-
	(c) Capital Work in Progress		-	-
	(d) Investment properties	3(a)	50.79	53.39
	(e) Goodwill			
	(f) Other Intangible Assets	3	0.75	2.03
	(g) 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		1,010.93	1,058.45
	(j) Deferred Tax Assets (Net)	6	312.67	346.05
	(k) Other Non-Current Assets			
	SUB-TOTAL		**1,635.36**	**1,731.12**
	Current Assets			
	(a) Inventories	7	79.92	18.38
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	8	3,205.27	2,653.02
	(iii) Cash and Cash Equivalents	9	58.97	109.49
	(iv) Bank Balances other than (iii) above	9	996.78	1,006.40
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)	10	682.28	622.07
	(d) Other Current Assets	11	4,634.12	4,530.45
	SUB-TOTAL		**9,657.34**	**8,939.81**
	Non Current Assets Classified as Held for sale			
	Total Assets		**11,292.70**	**10,670.94**
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	12	2,163.26	2,004.15
	(b) Other Equity	13	3,675.91	2,666.08
	Total equity attributable to equity holders of the Company		**5,839.17**	**4,670.23**
	(c) Non- Controlling Interests		(20.70)	39.47
			5,818.47	**4,709.70**
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	501.78	816.78
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred tax Liabilities (Net)		-	-
	(d) Other Non-Current Liabilities	15	51.00	24.80
			552.78	**841.58**
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,446.49	3,607.81
	(ii) Trade Payables	17	264.39	282.65
	(iii) Other Financial Liabilities	18	565.83	548.38
	(b) Provisions	19	309.15	413.62
	(c) Other Current Liabilities	20	335.59	267.20
			4,921.45	**5,119.66**
	Total Equity and Liabilities		**11,292.70**	**10,670.94**

Significant Accounting policies
See accompanying notes to the Audited Consolidated Financial Statements ***1-47'***
As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

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

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2025

All Amount in INR Lakhs

	Particulars	Note No.	For the year ended 31st March, 2025	For the year ended 31st March, 2024
I	Revenue from Operations	21	10,429.96	11,209.48
II	Other Income	22	96.34	67.33
III	**Total Revenue (I+II)**		**10,526.30**	**11,276.81**
IV	**EXPENSES**			
	Employee Benefits Expense	23	4,913.59	5,281.42
	Finance Costs	24	560.42	532.81
	Depreciation and Amortization Expense	25	85.86	58.65
	Other Expenses *	26	4,458.83	4,951.87
	Total Expenses (IV)		**10,018.70**	**10,824.75**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**507.60**	**452.06**
VI	Exceptional Items			
VII	Profit/(Loss) before Tax (V-VI)		507.60	452.06
VIII	**Tax Expense:**			
	(1) Current Tax		(145.99)	(74.16)
	(2) Reversal/Provision of Income Tax- Earlier years		271.64	63.79
	(3) Deferred Tax		37.73	147.51
	Total Tax Expense		**163.38**	**137.14**
IX	**Profit (Loss) for the period (VII-VIII)**		**344.22**	**314.92**
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		31.41	21.15
	(2) Income tax relating to items that will not be reclassified to Statement of Profit		(7.90)	(5.32)
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
XI	**Total Comprehensive Income for the period (IX+X)**		**320.71**	**299.09**
	Profit attributable to			
	Owners of the company		344.02	315.24
	Non-controlling interests		0.20	(0.32)
			344.22	**314.92**
	Other Comprehensive income attributable to			
	Owners of the company		(23.50)	(15.83)
	Non-controlling interests			-
			(23.50)	**(15.83)**
	Total Comprehensive income attributable to			
	Owners of the company		320.51	299.41
	Non-controlling interests		0.20	(0.32)
			320.71	**299.09**
XII	Earnings per Equity Share	27		
	(1) Basic		1.63	1.57
	(2) Diluted		1.59	1.57

Significant Accounting policies
See accompanying notes to the Audited Consolidated Financial Statements ***1-47'***
As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

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

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED CONSOLIDATED CASH FLOW STATEMENT

All Amount in INR Lakhs

	Particulars	As at 31st March 2025	As at 31st March 2024
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before Tax	507.60	452.06
	Adjustment for:		
	Depreciation and Amortization Expense	85.86	58.65
	Finance cost	560.42	532.81
	Allowance for Doubtful Debts	0.14	7.48
	Profit on sale of Property, Plant & Equipment	(0.63)	-
	Re-measurement (Gain)/Loss on Defined Benefit Plan	(31.41)	(21.15)
	Interest Income on Fixed Deposit and Income Tax Refund	(85.12)	(55.39)
	Operating Profit before Working Capital changes	**1,036.86**	**974.46**
	Adjustment for:		
	(Increase)/decrease in Trade Receivables	(552.39)	(740.83)
	(Increase)/decrease in Other Current Financial Assets	(0.19)	1,904.61
	(Increase)/decrease in Other Non-Current Financial Assets	47.52	7.04
	(Increase)/decrease in Other Current Assets	(163.88)	(728.18)
	(Increase)/decrease in Inventories	(61.54)	(16.81)
	Increase/(decrease) in Trade-Payable	(18.27)	(227.75)
	Increase/(decrease) in Other Current Financial Liability	(143.85)	109.17
	Increase/(decrease) in Non Current Liability	26.19	2.64
	Increase/(decrease) in Provision	(104.48)	(257.71)
	Increase/(decrease) in Non-Current Liabilitty	(314.99)	(347.17)
	Increase/(decrease) in Other Current Liabilitty	68.39	52.95
	Cash Generated/Used from Operations	**(180.63)**	**732.42**
	Direct Taxes	(117.74)	15.70
	Net Cash from Operating Activities (A)	**(298.37)**	**748.13**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	(74.87)	(228.58)
	Sale of Property, Plant & Equipment	4.50	-
	Fixed Deposits placed/matured/realised (Net)	9.81	(32.71)
	Interest Received	85.12	55.39
	Investment in subsidiaries	-	-
	Net Cash used in Investing Activities (B)	**24.56**	**(205.90)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Expenses	(560.42)	(532.81)
	Dividend Paid	(104.40)	-
	Proceeds from Rights Issue/ NCI/Shareholders	959.13	39.72
	Payment For share/warants issue related costs	(71.02)	(3.19)
	Net Cash from Financing Activities (C)	**223.29**	**(496.28)**
	Net Changes in Cash and Cash Equivalents (A+B+C)	**(50.52)**	**45.94**
	Opening Balance of Cash and Cash Equivalents	109.49	63.55
	Closing Balance of Cash and Cash Equivalents	**58.97**	**109.49**

Notes:-

1 The above Consolidated 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 in Hand	42.01	76.33
In Bank Account	16.96	33.16
	58.97	**109.49**

As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

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

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital

All Amount in INR Lakhs

Balance at April 1, 2024	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2024	Changes in equity share capital during the year*	Balance as at March 31, 2025
2,004.15	-	2,004.15	159.10	2,163.25

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

B Other Equity

All Amount in INR Lakhs

Particulars	Reserve and Surplus			Money Received against share warrants	Items of other comprehensive income	Total Other Equity	Non-Controlling Interests
	Securities Premium	Retained Earnings	Share Issue expenses		Remeasurements of defined benefit Plans		
Closing Balance as at 31st March 2023	**1,884.67**	**532.57**	**-**	**-**	**(33.25)**	**2,383.98**	**0.07**
Adjustment of prior period errors	-	-	-	-	-	-	-
Restated Opening balance as at 1st April, 2023	**1,884.67**	**532.57**	**-**	**-**	**(33.25)**	**2,383.98**	**0.07**
Profit /(Loss) for the year		315.23				315.23	(0.32)
Other Comprehensive income /(losses)				-	(15.83)	(15.83)	-
Total Comprehensive Income for the Year	**-**	**315.23**	**-**	**-**	**(15.83)**	**299.41**	**(0.25)**
Add : Issue of shares	-		(3.20)			(3.20)	-
Less: Share issue expense	(3.20)		3.20			-	-
Tax effect on share issue expense	(14.12)					(14.12)	-
Changes in the controlling stake of the subsidiary							39.72
Closing Balance as at 31st March 2024	**1,867.35**	**847.80**	**-**	**-**	**(49.08)**	**2,666.08**	**39.47**
Adjustment of prior period errors	-	-	-	-	-		
Restated Opening balance as at 1st April, 2024	**1,867.35**	**847.80**	**-**	**-**	**(49.08)**	**2,666.08**	**39.47**
Profit /(Loss) for the year	-	344.00				344.00	0.20
Other Comprehensive income /(losses)	-	-			(23.50)	(23.50)	-
Total Comprehensive Income for the Year	**-**	**344.00**		**-**	**(23.50)**	**320.50**	**39.67**
Less: Dividend paid	-	(104.40)	-	-	-	(104.40)	-
Add : Issue of shares	668.28	-	(71.02)	-	-	597.26	-
Less: Share issue expense	(71.02)	-	71.02	-	-	-	-
Tax effect on share issue expense	4.35	-	-	-	-	4.35	-
Add: Money received towards subscription to Share Warrants	-	-	-	584.28	-	584.28	-
Less: Convertion of warrants into shares	-	-	-	(392.15)	-	(392.15)	-
Changes in the controlling stake of the subsidiary					-		(60.37)
Closing Balance as at 31st March 2025	**2,468.96**	**1,087.40**	**-**	**192.13**	**(72.58)**	**3,675.91**	**(20.70)**

As per our Attached report of even date

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Registration No.: W100288

Rohit Teli
Partner
M. No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai
Date: 18th June, 2025

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

Ravindra Hegde
Managing Director
DIN No. - 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN No. - 01829352
Place: California, USA

Saurav Hegde
Director
DIN No. - 08116567
Place: Mumbai
Date: 18th June, 2025

Ritesh Mishra
Company Secretary & Compliance officer
ICSI Membership No: A76039
Place: Mumbai

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

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

3 PROPERTY, PLANT AND EQUIPMENT

Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total	Intangible Assets
Gross Carrying Value as at 31st March 2023	**7.98**	**14.92**	**6.45**	**98.19**	**325.46**	**453.01**	**10.76**
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**	**10.76**
Additions	-	65.60	0.57	-	8.70	74.87	-
Disposals	-	-	-	3.87	-	3.87	-
Gross Carrying Value as at 31st March,2025	**110.34**	**104.24**	**93.71**	**94.32**	**349.97**	**752.58**	**10.76**
Accumulated Depreciation							
Balance as at 31st March 2023	**7.01**	**12.11**	**4.91**	**86.50**	**252.94**	**363.48**	**5.22**
Additions	18.09	2.89	14.25	3.66	13.51	52.40	3.51
Disposal	-	-	-	-	-	-	
Balance as at 31st March 2024	**25.10**	**15.01**	**19.16**	**90.16**	**266.46**	**415.89**	**8.73**
Additions	22.07	30.88	13.57	1.19	13.92	81.62	1.28
Disposal	-	-	-	0.36	-	0.36	-
Balance as at 31st March, 2025	**47.17**	**45.89**	**32.73**	**91.71**	**280.37**	**497.87**	**10.01**
Net Carrying Value							
As at 31st March 2024	**85.24**	**23.63**	**73.98**	**8.03**	**74.82**	**265.70**	**2.03**
As at 31st March 2025	**63.17**	**58.35**	**60.98**	**2.61**	**69.60**	**254.72**	**0.75**

* 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, 2025 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 and its subsidiaries

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

All Amount in INR Lakhs

3(a)	INVESTMENT PROPERTIES	As at 31st March 2025	As at 31st March 2024
	Gross Carrying Value	99.63	99.63
	Accumulated depreciation	48.84	46.24
	Net Carrying Value	**50.79**	**53.39**

ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES	As at 31st March 2025	As at 31st March 2024
Accumulated depreciation at the beginning of the year	46.24	43.49
Addition	2.60	2.75
Accumulated depreciation at the end of the year	**48.84**	**46.24**

i) Amount recognised in profit and loss for investment properties	For the year ended 31st March, 2025	For the year ended 31st March, 2024
Rental Income	10.59	9.73
Direct operating expenses from property that generated Rental Income	0.75	1.01
Direct operating expenses from property that didn't generated Rental Income	-	-
Profit from investment properties before depreciation	**9.84**	**8.72**
Depreciation	2.60	2.75
Profit from investment properties	**7.24**	**5.97**

ii) Contractual obligations

The Holding 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 by holding company to one tenant under operating leases.

iv) Fair Value	As at 31st March, 2025	As at 31st March, 2024
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 Holding Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Holding 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 2025	As at 31st March, 2024
	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	**5.50**	**5.50**

5	OTHER FINANCIAL ASSETS	As at 31st March 2025	As at 31st March, 2024
	(Unsecured, considered good, unless stated otherwise)		
	Security Deposits & Retension Money	901.37	948.89
	Service tax Appeal Deposit	101.93	101.93
	GST Appeal deposit	7.63	7.63
	Total	**1,010.93**	**1,058.45**

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

6	DEFERRED TAX ASSETS (NET)	As at 31st March 2025	As at 31st March, 2024
	Deferred Tax Assets / (Liabilities) in relation to		
	Deferred Tax Assets		
	Interest / Processing Fees Ind As Adjustments	(0.36)	5.35
	Provision for Employee Benefits	20.97	11.71
	Allowance for Bad & Doubtful Debts	256.27	300.50
	Share/warrants Issue expenses	34.52	30.17
	Property, Plant & Equipment		
	Sub-Total (A)	**311.40**	**347.73**
	Deferred Tax Liabilities		
	Property, Plant & Equipment	(1.27)	1.68
	Interest / Processing Fees Ind As Adjustments		
	Sub-Total (B)	**(1.27)**	**1.68**
	Deferred Tax Assets / (Liability) (Net) (A-B)	**312.67**	**346.05**
	Balance at the Opening of Reporting period - Deferred Tax Asset	**346.05**	**507.69**
	Allowance for Bad & Doubtful Debts	(44.24)	(152.26)
	Property, Plant & Equipment	2.95	2.21
	Provision for Employee Benefits	9.26	2.19
	Interest / Processing Fees Ind As Adjustments	(5.71)	0.34
	Recognised in Profit & Loss A/c	**(37.73)**	**(147.51)**
	Adjusted against share issue expenses/IPO expenses in equity	**-**	
	Share issue expenses/IPO expenses	4.35	(14.13)
	Total Movement of Deferred Tax Asset	**(33.38)**	**(161.64)**
	Charge to Other Comprehensive Income	**-**	
	Remeasurement of Defined Benefit Plans	-	
	Balance at the Closing of Reporting period- Deferred Tax Asset	**312.67**	**346.05**

7	Inventories	As at 31st March 2025	As at 31st March, 2024
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished Goods	-	-
	Traded Goods	-	-
	Stores & spares	79.92	18.38
	Total Inventories	**79.92**	**18.38**

Inventories are carried at lower of cost and net realisable value.

8	TRADE RECEIVABLES	As at 31st March 2025	As at 31st March, 2024
	Non Current Debtors	-	
	- Unsecured	-	
	Considered Good	794.12	969.38
	Considered Doubtful	-	
		-	
		-	
	- Less:- Allowance for Bad & Doubtful Debts	794.12	969.38
	Total Non Current debtors	**-**	**-**
	Current Debtors	**As at 31st March 2025**	**As at 31st March 2025**
	- Unsecured		
	Considered Good	3,223.22	2,671.62
	Considered Doubtful	-	-
		-	-
		-	-
	- Less:- Allowance for Bad & Doubtful Debts	17.95	18.60
	Total Current debtors	**3,205.27**	**2,653.02**

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2025 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	Total
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	-	-	-	-	794.12	794.12
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	
	-	-	-	-	794.12	794.12
Less: Allowance for doubtful trade receivables - Billed						794.12
Trade receivables - Unbilled						**-**
					Total	**-**

Ageing for trade receivables - billed current outstanding as at March 31, 2025 is as follows

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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	2,026.86	366.46	153.71	303.89	372.30	3,223.22
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	-	-	-	-	-	
	-	-	-	-		3,223.22
Less: Allowance for doubtful trade receivables - Billed						(17.95)
Trade receivables - Unbilled						-
						3,205.27

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**					
	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	**-**

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	-	-	-	-		
	1,729.15	131.92	296.36	399.94	114.25	2,671.62
Less: Allowance for doubtful trade receivables - Billed						(18.60)
Trade receivables - Unbilled						**-**
					Total	**2,653.02**

9 **CASH AND BANK BALANCES**	**As at 31st March 2025**	**As at 31st March, 2024**
Cash and cash equivalents		
Balances with Banks	16.96	33.16
Cash on hand	42.01	76.33
	58.97	**109.49**
Bank Balances other than above		
Fixed Deposit - Margin in lieu of charge creation	996.48	1,006.29
Unpaid dividend	0.30	0.11
Escrow Account- Right Issue	-	-
	996.78	**1,006.40**
Total	**1,055.75**	**1,115.89**

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

10	CURRENT TAX ASSETS (NET)	As at 31st March 2025	As at 31st March, 2024
	Advance Income Tax (net of Provisions)	682.28	622.07
	Total	**682.28**	**622.07**

11	OTHER CURRENT ASSETS	As at 31st March 2025	As at 31st March, 2024
	Advances to Staff	1.38	0.08
	(Unsecured Considered Good)	0.00	
	Loans & Advances	5.22	5.22
	Advances against site/Expenses	624.42	502.82
	Prepaid expenses	56.87	39.73
	Contract Assets	3,946.23	3,982.60
	Total	**4,634.12**	**4,530.45**

Changes in Contract Assets are as follows:	As at 31st March 2025	As at 31st March, 2024
Contract Assets at the beginning of the year	4,188.61	4,104.37
Revenue Recognised during the year	10,430.43	11,211.39
Invoices raised during the year	(10,466.66)	(11,127.15)
Total	**4,152.38**	**4,188.61**
Provision for contract assets	(206.15)	(206.01)
Contract Assets at the end of the year	**3,946.23**	**3,982.60**
Total		

12	SHARE CAPITAL	As at 31st March 2025	As at 31st March, 2024
	(a) Authorised		
	2,50,00,000 Equity Shares of Rs. 10 each	2,500.00	2,500.00
	Total	2,500.00	2,500.00
	(b) Issued, Subscribed and Paid Up		
	2,16,32,640 Equity Shares of Rs. 10 each	2,163.26	2,004.15
	(As at 31st March, 2024 : 2,00,41,499 Equity Shares of Rs. 10 each)		
	Total	2,163.26	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	15.91	100.19
	Shares bought back during the year		
	Shares outstanding at the Closing of the year	216.32	200.41

During the year, the Holding Company allotted 8,37,000 fully paid-up equity shares of face value ₹10 each on a preferential basis to promoters and other investors at an issue price of ₹52 per share (including a share premium of ₹42 per share). In addition, the Holding Company had issued 22,32,000 fully convertible warrants on a preferential basis at an issue price of ₹52 per warrant (comprising ₹10 face value and ₹42 share premium). Of these, 7,54,141 warrants were converted into an equivalent number of equity shares during the year, pursuant to the receipt of the balance 75% of the consideration, subsequent to the initial 25% received at the time of allotment. The remaining 14,77,859 warrants are pending conversion, with 25% of the consideration having been received in accordance with the applicable terms and regulatory timelines. There is no deviation in uses of proceeds from objects stated in the offer documents.

(d) Terms and Rights attached to Equity Shareholders

The Holding 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 2025	As at 31st March, 2024
Equity Shares of Rs.10 each fully paid held by-	**No. of shares**	**No. of shares**
(i) Ravindra Mahalinga Hegde	67,02,819	65,25,278
(ii) Sujata Ravindra Hegde	10,47,800	10,47,800

(f) Shareholding of promoters	**Number of shares**	**Shareholding %**
	As at 31st March 2025	
(i) Ravindra Mahalinga Hegde	67,02,819	30.98%
(ii) Sujata Ravindra Hegde	10,47,800	4.84%
(iii) Saurav Hegde	6303	0.03%
(iv) Riddhi Hegde	103	0.00%
	As at 31st March 2024	
(i) Ravindra Mahalinga Hegde	65,25,278	32.56%
(ii) Sujata Ravindra Hegde	10,47,800	5.23%
(iii) Saurav Hegde	6,303	0.03%
(iv) Riddhi Hegde	103	0.00%

13	OTHER EQUITY	As at 31st March 2025	As at 31st March, 2024
	(a) Security Premium		
	Opening Balance	1,867.35	1,884.67
	add : issue of shares	668.28	-
	less: Share/Warrants issue expenses net of Tax benefit	(66.67)	(17.32)
	Closing balance	**2,468.96**	**1,867.35**
	(b) Retained Earnings		
	Balance at the beginning of the Financial Year	847.80	532.57
	Adjustment of prior period expense	-	-
	Restated balance at the beginning of the Financial Year	**847.80**	**532.57**
	Profit during the year transferred	344.00	315.23
	Less: Dividend Paid	(104.40)	-
	Balance at the end of the Financial Year	**1,087.40**	**847.80**

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

	(c) Share isuue expenses		
	Opening Balance		
	Add : expenses incurred	(71.02)	(3.20)
	Less : Transfer to Securities Premium Account	71.02	3.20
	Closing Balance	-	-
	Total Reserve & Surplus (a)+(b)+(c)	**3,556.36**	**2,715.16**
	(d) Money Received against share warrants		
	Balance at the beginning of the Financial Year	-	-
	Add: Money received towards subscription of Share Warrants	584.28	-
	Less: Conversion of warrants into shares	(392.15)	
	Balance at the end of the Financial Year	**192.13**	-
	(e) Items of Other Comprehensive income		
	Remeasurements of defined benefit plans		
	Opening Balance	(49.08)	(33.25)
	Add: Current year Income/(expense)	(23.50)	(15.83)
	Closing balance	**(72.58)**	**(49.08)**
	Total Other Equity (a)+(b)+(c)+(d)+(e)	**3,675.91**	**2,666.08**

13(a)	**Non-Controlling Interest**	**As at 31st March 2025**	**As at 31st March, 2024**
	Opening balance	39.47	0.07
	Profit /(Loss) for the period	0.20	(0.32)
	Changes in controlling interest	(60.37)	39.72
		(20.70)	**39.47**

14	**Non-Current Liabilities**	**As at 31st March 2025**	**As at 31st March, 2024**
	Financial Liabilities		
	Borrowings		
-	1-Secured loans	484.80	807.50
	2-Unsecured loans	16.98	9.28
	TOTAL	**501.78**	**816.78**

Secured Loans are secured against property, plant and Equipments and Fixed Deposits

15	**OTHER NON-CURRENT LIABILITIES**	**As at 31st March 2025**	**As at 31st March, 2023**
	Provision for gratuity- Non Current	51.00	24.80
	Total	**51.00**	**24.80**

16	**Current Borrowings**	**As at 31st March 2025**	**As at 31st March, 2024**
	Working capital and Credit facilities from banks & financial institutions-Secured		
	Apna Sahakari Bank Ltd	1,983.86	1,972.47
	American express corporate card	8.09	-
	Bank of India	751.58	741.76
	State Bank of India	617.17	585.06
	From Related Parties	-	-
	Ravindra Hegde	22.69	123.40
	Sujata Hegde	0.56	8.58
	Saurav Hegde	23.50	-
	KHFM HR Consultancy Private Limited	0.10	0.10
	Ravikumar Jugalkishor Jaiswal	12.14	134.44
	Shyam Shankarrao Deshmukh	1.00	1.00
	Lalita Jagdish Jaiswal	25.00	18.00
	Rajesh Khanderao Deshmukh	0.80	23.00
			-
		3,446.49	**3,607.81**

Working Capital Loans are secured against current assets(book debts) property, plant and equipments,fixed deposits and personal guarantee of directors.

17	**TRADE PAYABLES**	**As at 31st March 2025**	**As at 31st March, 2024**
	Financial Liabilities carried at Amortised Cost		
	Due to Micro, Small and Medium Enterprises	11.58	12.94
	Others	-	
	(i) Related Parties	53.40	21.19
	(ii) Other Parties	199.41	248.52
	Total	**264.39**	**282.65**

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Ageing for trade payables outstanding as at March 31, 2025 is as follows

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Trade payables					
MSME*	11.58	-	-	-	11.58
Others	203.78	49.03	-	-	252.81
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	215.36	**49.03**	**-**	**-**	**264.39**
Accrued expenses					

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

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

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
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**	**-**	**282.65**
Accrued expenses						

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

18	**OTHER FINANCIAL LIABILITIES**	**As at 31st March 2025**	**As at 31st March, 2024**
	Financial Liabilities carried at Amortised Cost		
	Current Maturity of long term debt	527.19	356.70
	Unclaimed Dividend	0.30	0.11
	Subcontractor deposits	34.34	187.07
	Deposit premises	4.00	4.50
	Total	**565.83**	**548.38**

19	**PROVISIONS (CURRENT)**	**As at 31st March 2025**	**As at 31st March, 2024**
	Provision for Gratuity	32.34	21.72
	Provision for Employee benefit expenses	177.01	384.30
	Provision for Audit fees	7.00	7.60
	Provision for other expense	92.80	-
	Total	**309.15**	**413.62**

20	**OTHER CURRENT LIABILITIES**	**As at 31st March 2025**	**As at 31st March, 2024**
	Statutory dues	335.59	267.20
	Total	**335.59**	**267.20**

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

All Amount in INR Lakhs

21	REVENUE FROM OPERATIONS	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Contracted Price (Services)	10,430.43	11,211.39
Less:	Reduction towards variable consideration components	0.47	1.91
	Total	**10,429.96**	**11,209.48**

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

The Group 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 group 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 Group 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, 2025	For the year ended 31st March, 2024
	Rental Income	10.59	9.73
	Profit on Sale of Property, Plant & Equipments	0.63	-
	Interest on Bank Fixed Deposits	85.12	55.39
	Remission of Liability	-	2.21
	Total	**96.34**	**67.33**

23	EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Salaries, Wages and Bonus	4,399.18	4,695.62
	Contribution to Provident Fund and Other funds	483.44	572.09
	Staff Welfare expenses	30.97	13.71
	Total	**4,913.59**	**5,281.42**

24	FINANCE COST	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Interest Expenses for financial liabilities measured at amortised cost	560.42	532.81
	Total	**560.42**	**532.81**

25	DEPRECIATION	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Depreciation on property, plant and equipment	81.98	52.40
	Depreciation on investment property	2.60	2.74
	Amortisation of intangible assets	1.28	3.51
	Total	**85.86**	**58.65**

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

26	OTHER EXPENSES	For the year ended 31st March, 2025	For the year ended 31st March, 2024
	Direct Expenses		
	Site Expenses	1,177.30	1,245.58
	Labour Charges	2,261.78	2,706.21
	Consumption of stores, spares & Consumables	359.34	386.01
	Uniform Expenses	20.27	16.86
	Blocked credit	32.73	31.79
	Deductions on Service dues	59.03	149.51
	Indirect Expenses	-	
	Advertising and domain expenses	36.43	12.23
	Computer, Software & Printer Expenses	4.81	2.99
	Commission	32.81	1.93
	Donation	2.45	1.03
	Insurance	59.71	45.31
	Miscellaneous Expenses	7.00	13.39
	Office Expenses	21.21	9.73
	Power & Fuel	40.55	20.28
	Property Tax	0.87	-
	Professional tax	0.05	0.08
	Legal & Professional Charges*	41.47	43.96
	Licence fees	1.55	0.15
	Interest late fees and penalty	7.14	14.07
	Printing & Stationery	5.38	2.16
	Rent Including Lease Rentals	53.76	48.25
	Repair & Maintenance	50.42	15.99
	Allowance for Bad & Doubtful Debts/ Contract Assets	0.14	7.48
	Tender realted expense	4.41	27.70
	Telephone Charges	2.88	2.67
	Transport Charges	22.92	16.47
	Travelling and Conveyance	152.42	130.03
	Total	**4,458.83**	**4,951.87**

***Includes Auditors Remuneration**

Auditor’s remuneration consists of the following

Statutory Audit Fees	7.00	7.60
Certifications and other review services**	0.13	1.03
	7.13	**8.63**

**The above summary pertains solely to the remuneration/fees paid to the statutory auditors in their capacity as such. Certification and other review services primarily comprise fees paid to the auditors for certification work.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

27 INCOME TAX	For the year ended 31st March, 2025	For the year ended 31st March, 2024
(a) Income Tax recognized in Statement of Profit & Loss		
Current Tax Expenses	(145.99)	(74.16)
Tax of the Earlier Years	271.64	63.79
Deferred Tax Expenses	37.73	147.51
Total Tax Expenses recognized in Statement of Profit & Loss	163.38	137.14
(b)Tax expenses related to Items recognized in Statement of Other Comprehensive Income		
Remeasurement of Defined Benefit Plans	(7.90)	(5.32)
Income tax Charged to Statement of Other Comprehensive Income	(7.90)	(5.32)
Total Consolidated Tax Expenses/(benefits)	**155.48**	**131.82**

The Government of India, vide Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019, introduced section 115 BAA in the Income Tax Act, 1961, providing domestic companies an irrevocable option to adopt reduced corporate tax rate, subject to certain conditions.

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
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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							**31-03-2025**	**31-03-2024**
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	1,940.77	1,927.24
State Bank of India	Working Capital (Cash Credit)	585.00	10.90%	As per Note 5	On Demand	NA	617.17	585.06
Bank of India	Working Capital (Cash Credit)	752.00	13.63%	As per Note 4	On Demand	NA	751.58	741.75
American Express Corporate card	Credit card	99.00	Delinquency Fee @ 3.5% on unpaid balance	-	Monthly on usage	NA	8.09	-
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	119.00	154.95
	Business Loan (Loan Against Property)	100.00	12% p.a.	**Security :** As per note no 2.	120 EMIs of Rs. 1.45 Lacs each	NA	8.06	23.66
	Temporary overdraft	45.20	8.30%	-	Monthly interest remittance	NA	43.10	45.22
	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	NA	297.09	373.56
Bank of India	Business Loan (Loan Against Property)	185.00	13.63% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	NA	39.95	53.16
	Business Loan (Loan Against Property)	53.00	13.63% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	NA	24.61	32.17
	Business Loan (Loan Against Property)	48.00	13.63% p.a.	As per Note 4	36 EMIs of Rs 1.33 lacs each	NA	-	5.33
	Business Loan (Loan Against Property)	500.00	9.25% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	No	301.61	452.70

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

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: Hypothecation on Book Debts (Pari-Passu charge). Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLR, Jogeshwari (E), Mumbai -60, owned by Mr Ravindra Hegde & Sujata Hegde.EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60 Owned by Mr Ravindra Hegde along with Bank's TDR of 2.16 crores.

State Bank of India

5.Security: First pari pasu charge on stocks and receivable, both present and future with Apna Sahakari Bank and Bank of India. Equitable mortgage of commercial building: 3rd Floor, Antariksh, Village Marol, Andheri, Mumbai, Maharashtra-400059

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

All Amount in INR Lakhs

29	EARNING PER SHARE	Year ended 31st March, 2025	Year ended 31st March, 2024
	(a) Net Profit for Basic & diluted EPS	344.02	315.24
	(b) Number of Equity Shares at the beginning of the period (in Lakhs)	200.41	200.41
	(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	216.33	200.41
	(d) Adjusted Weighted Average number of Equity Shares outstanding (in Lakhs)	210.66	200.41
	Add: Weighted Average number of potential equity shares arising out of conversion of share warrants	5.99	-
	(e) Adjusted Weighted Average number of Diluted Equity Shares outstanding (in Lakhs)	216.64	200.41
	Earning Per Share - Basic	**1.63**	**1.57**
	Earning per share - Diluted	**1.59**	**1.57**
	Face value per share (Rs.)	**10.00**	**10.00**

30	CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2025	As at 31st March, 2024
	(a) Claims against the group not acknowledged as debt:		
	- Service Tax	1,389.40	1,389.40
	- ESIC	15.07	15.07
	- Goods and Service Tax	179.49	179.49
	- Income tax	488.83	-
	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	967.75	935.93

31	THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2025	As at 31st March, 2024
	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 group:		
	(a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March, 2025.	11.58	12.94
	(b) Interest paid by the group 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 interest specified under this Act.	-	-
	(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.	-	-

The management has identified dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Group.

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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 Palemar Enterprises)
(b) Ravindra Hegde (Prop KHFM Pest Control)
(c) Saurav Hegde (Prop SRV Enterprises)
(d) KHFM HR Consultancy Private limited
(e) Ravindra Hegde HUF (Prop KHFM Overseas)

(ii) Key Managerial Personnel	**Designation**
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director & Chief Financial Officer (CFO)
(c) Saurav Hegde	Director
(d) Ritesh Mishra	Company Secretary & Compliance officer
(e) Akash Bate	Company Secretary & Compliance officer (Resigned wef from 20.02.2025)
(f) Girish Ramnani	Non Executive & Independent Director
(g) Kapildeo Agarwal	Non Executive & Independent Director (Resigned wef from 11.10.2024)
(h) Prabhakar Reddy Patil	Non Executive & Independent Director
(i) Rudra Narayan Kar	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 Subidiaries	PAN of the entity	Country of Incorporation/ Formation	Business Activity	Percentage of Control as at 31st March, 2025
KHFM Infra Projects Private Limited	AAJCK4734B (Company)	India	Facility Management Services and Infrastructure services	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 2025) **All Amount in INR Lakhs**

Name of entity	Net Assets		Share in profit or loss		Share in other comprehensive income		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	100.44%	5,843.83	94.33%	324.66	100.00%	(23.50)	93.90%	301.15
Subsidiaries								
KHFM Infra Projects Private Limited	0.51%	29.88	3.97%	13.67	-	-	4.26%	13.67
KHFM & DP Jain Company	-0.95%	(55.24)	1.71%	5.89	-	-	1.84%	5.89
Total	**100.00%**	**5818.47**	**100.00%**	**344.22**	**100.00%**	**(23.50)**	**100.00%**	**320.71**

(c) (ii)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 income		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**

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 31.03.2025	As At 31.03.2025	As At 31.03.2024	As At 31.03.2024
Non Current Assets	1.58		0.94	-
Current Assets	176.90	109.48	224.08	4.35
Total Assets	**178.48**	**109.48**	**225.02**	**4.35**
Non Current Liabilities	86.55		195.17	-
Current Liabilities	62.05	164.72	13.64	5.11
Total Liabilities	**148.60**	**164.72**	**208.81**	**5.11**
Net Assets	**29.88**	**(55.24)**	**16.21**	**(0.76)**
	-			

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 31.03.2025	For the period ended on 31.03.2025	For the period ended on 31.03.2024	For the period ended on 31.03.2024
Revenue From Operations	719.09	192.62	464.98	-
Other Income	16.86	-	0.78	-
Total Revenue	**735.95**	**192.62**	**465.76**	**-**
Employee Benefit Expense	34.29	22.37	26.46	12.80
Finance Costs	28.65	3.75	15.51	9.54
Depreciation and Amortization Expense	0.81	-	0.21	-
Other Expenses	649.69	160.61	407.04	18.24
Total Expenses	**713.44**	**186.73**	**449.22**	**40.58**
Tax Expense	**8.84**	**-**	**7.52**	**-**
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**13.67**	**5.89**	**9.02**	**(40.58)**

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 2025	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised 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	-	-	1010.93	1010.93
Current Assets:-				
Cash & Cash equivalents	-	-	58.97	58.97
Bank Balance other than above	-	-	996.78	996.78
Trade receivables	-	-	3205.27	3205.27
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-	-	-	-	-
Borrowings	-	-	501.78	501.78
Other financial liabilities				
Current :-	-	-		
Borrowings	-	-	3,446.49	3,446.49
Trade payables	-	-	264.39	264.39
Other financial liabilities			565.83	565.83

(All Amount in INR Lakhs)

31st March 2024	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	-	-	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	-	-	-	-
Financial Liability :				
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			548.38	548.38

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, 2025 and 31st March, 2024 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 2025 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.

(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, 2025. (All Amount in INR Lakhs)			
Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities Borrowings	527.19	469.17	32.60
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2024.			
Financial Liabilities Borrowings	356.70	620.89	195.88

(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 n 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, 2025**	**For the year ended 31st March, 2024**
Present value of funded obligations	208.34	139.43
Fair value of plan assets	(125.00)	(92.91)
Net Liability (Asset)	83.33	46.52

Profit and loss for the period: **(All Amount in INR Lakhs)**		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Service Cost:		
Current Service Cost	29.32	14.54
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	2.56	2.11
Total included in ''Employee benefit expense"	**31.88**	**16.66**

Other comprehensive Income for the period **(All Amount in INR Lakhs)**		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	-	-
Due to change in demographic assumption	-	-
Due to experience adjustments	33.46	22.87
Return on plan assets excluding amounts included in interest income	(2.05)	(1.72)
Amounts recognized in Other Comprehensive (Income) / Expense	31.40	21.14

Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Opening Defined Benefit Obligation	139.43	103.51

Current service cost	29.32	14.54
Interest cost	8.08	5.94
Components of actuarial gain/losses on obligations:	-	-
Due to Change in financial assumptions	-	-
Due to change in demographic assumption	-	-
Due to experience adjustments	33.46	22.87
Benefits paid from fund	-	(6.28)
Benefits paid by the company	(1.96)	(1.16)
Closing Defined Benefit Obligation	**208.34**	**139.43**

Reconciliation of Plan assets (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
Opening value of plan assets	92.91	66.80
Transfer in/(out) plan assets	-	-
Interest Income	5.51	3.82
Return on plan assets excluding amounts included in interest income	2.05	1.72
Contributions by employer	24.52	26.84
Contributions by Employee	-	-
Benefits paid	-	(6.28)
Closing value of Plan assets	125.00	92.91
The assumptions used in accounting for the defined benefit plan are set out below:		
Particulars	**For the year ended 31st March, 2025**	**For the year ended 31st March, 2024**
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

There are no adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

43. The group has used accounting software's for maintaining its books of account for the financial year ended March 31st, 2025, which has the 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, audit trail feature during the year was not tempered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention

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. DISCLOSURE OF RATIOS

Particulars	As at March 31, 2025	As at March 31, 2024	% of change in ratio	Remarks
Current Ratio	1.96	1.75	-12.38%	Improvement in current ratio due to increase in receivables, inventories and other current assets
Debt-Equity Ratio	0.94	1.27	25.67%	Improvement in debt equity ratio due to proceeds from issue of shares/warrants on preferential basis during the year.
Debt Service Coverage Ratio	1.15	1.18	2.42%	The group managed to earn enough profit to cover its interest payments.
Return on Equity Ratio(%)	6.09%	6.57%	7.34%	Average networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on equity has reduced.
Inventory Turnover Ratio	7.31	38.70	81.11%	Stock of Inventory has been increased significantly as compared to previous year.
Trade Receivables Turnover Ratio	3.56	4.90	27.37%	Increase in average trade receivables resulted in decline of Trade receivables turnover ratio.
Trade Payable Turnover Ratio	16.30	12.49	-30.54%	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 from issue of shares/warrants on preferential basis.
Net Capital Turnover Ratio	1.79	2.38	24.68%	Networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly net capital turnover ratio has reduced.

Net Profit Ratio(%)	3.07%	2.67%	-15.24%	The group manages to earn a profit over the previous year due to reduction in cost attributable to projects.
Return on Capital Employed (%)	20.29%	21.65%	6.29%	Average networth has increased compared to previous year on account of proceeds from issue of shares/warrants on preferential basis. Accordingly Return on capital employed has reduced.

46. The Board of Directors have not recommended any dividend for the financial year ended March 31, 2025.

47. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March, 2025 were approved by the Board of Directors on 18th June 2025.

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 and on behalf of the Board of

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

For YRKDAJ and Associates LLP
Chartered Accountants
Firm Regn No. W100288

Ravindra Hegde
Managing Director
DIN – 01821002
Place: California, USA

Sujata Hegde
Director & Chief Financial Officer
DIN - 01829352
Place: California, USA

Rohit Teli
Partner
M No. 155581
UDIN : 25155581BMIHXQ2888
Place: Mumbai

Date: 18th June 2025

Saurav Hegde
Director
DIN: 08116567
Place: Mumbai
Date: 18th June 2025

Ritesh Mishra
Company Secretary and Compliance officer
ICSI Membership No: A76039
Place: Mumbai

NOTES:

KHFM

KHFM Hospitality & Facility Management Services Limited

CIN L74930MH2006PLC159290

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