



Hospitality & Facility Management Services

CIN : U74930MH2006PLC159290

ISO 9001 : 2008  
ISO 14001 : 2004  
OHSAS 18001 : 2007

**OUR SERVICES :**

- + Housekeeping Mgmt.
- + Front Office Mgmt.
- + Guest House Mgmt.
- + Gardening Mgmt.
- + Property Mgmt.
- + Building Maintenance Mgmt.
- + Pest Control Mgmt.
- + Catering / Pantry Mgmt.

**"YOUR IMAGE IS OUR BUSINESS"**

Date: 23<sup>rd</sup> July, 2020

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited  
'Exchange Plaza', C-1 Block G, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400051.

**SYMBOL: KHFM**

**SUB: OUTCOME OF THE MEETING OF BOARD OF DIRECTORS OF THE COMPANY THE HELD ON 23<sup>RD</sup> JULY, 2020**

Dear Sir/Mam,

Pursuant to the regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 we wish to inform you that the Board of Directors of the Company at their meeting held today i.e. Thursday, 23<sup>rd</sup> July, 2020 (Commenced at 2.00 P.M. and concluded at 3.15 P.M) at its registered office of the Company.

The Board of Directors had discussed and approved the following:

1. Audited Standalone Financial Results and Statement of Assets and Liabilities for the half and year ended on 31<sup>st</sup> March, 2020 along with Independent Standalone Auditors Report Thereon,
2. The Appointment of M/s. Mishra & Associates, Practicing Company Secretaries, Mumbai as Secretarial Auditors of the Company for the FY 2020-21.
3. The Appointment of M/s. G. R. Shetty & Co., Chartered Accountants, Mumbai as Internal Auditors of the Company for the FY 2020-21.
4. Recommended Final Dividend the rate of 2.5 % (Rs 0.25 per Equity Share) subject to the approval by shareholders in ensuing Annual General Meeting of the Company for the FY ended 31<sup>st</sup> March, 2020.

Kindly take the same on your record and acknowledge.

Yours Faithfully,

**For KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**

**RAVINDRA MALINGA HEGDE**  
**MANAGING DIRECTOR**  
**DIN: 01821002**  
**Place: Mumbai**

**KHFM Hospitality & Facility Management Services Ltd.**

REGD. OFFICE : 01, "NIRMA PLAZA, MAKHWANA ROAD, MAROL NAKA, ANDHERI (E), MUMBAI - 400 059.

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**KHFM Hospitality & Facility Management Services Limited**  
(CIN - U74930MH2006PLC159290)

**Statement of Standalone Audited Financial Results for the year ended March 31st ,2020**

Sr. No	PARTICULARS	(Amount in Rs)				
		6 Month Ended			Year ended	
		March 31, 2020 (Audited)	September 30,2019 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
(I)	Revenue from Operations	62,68,36,801	52,56,52,655	40,25,73,817	1,15,24,89,456	78,00,11,978
(II)	Other Income	31,31,686	37,60,511	9,84,444	68,92,197	20,49,075
(III)	<b>TOTAL REVENUE (I+II)</b>	<b>62,99,68,486</b>	<b>52,94,13,167</b>	<b>40,35,58,261</b>	<b>1,15,93,81,653</b>	<b>78,20,61,053</b>
(IV)	<b>Expenses</b>					
	Employee Benefit Expense	32,22,77,316	25,90,16,754	21,14,86,720	58,12,94,070	47,16,53,457
	Finance Cost	1,97,21,864	2,33,27,544	2,81,23,811	4,30,49,407	4,97,08,898
	Depreciation and amortisation expense	14,69,067	13,62,754	19,51,858	28,31,821	31,79,641
	Other expenses	25,59,85,239	22,64,90,858	14,45,35,528	48,24,76,098	22,18,69,899
	<b>TOTAL EXPENSES (IV)</b>	<b>59,94,53,487</b>	<b>51,01,97,909</b>	<b>38,60,97,917</b>	<b>1,10,96,51,396</b>	<b>74,64,11,895</b>
(V)	<b>Profit before exceptional items and tax(III-IV)</b>	<b>3,05,14,999</b>	<b>1,92,15,257</b>	<b>1,74,60,344</b>	<b>4,97,30,257</b>	<b>3,56,49,158</b>
(VI)	Exceptional Items	-	-	-	-	-
(VII)	<b>Profit/(Loss) before Tax (V-VI)</b>	<b>3,05,14,999</b>	<b>1,92,15,257</b>	<b>1,74,60,344</b>	<b>4,97,30,257</b>	<b>3,56,49,158</b>
(VIII)	Tax Expense	12,33,953	45,04,373	54,36,347	57,38,326	93,37,032
(IX)	<b>Profit for the period (VII-VIII)</b>	<b>2,92,81,046</b>	<b>1,47,10,884</b>	<b>1,20,23,997</b>	<b>4,39,91,931</b>	<b>2,63,12,126</b>
(X)	<b>Other Comprehensive Income</b>					
	(1) Items that will not be reclassified subsequently to Statement of Profit & Loss	6,18,337	-	(8,90,546)	6,18,337	(8,90,546)
	(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss	(1,72,021)	-	2,47,750	(1,72,021)	2,47,750
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss	-	-	-	-	-
(XI)	<b>Total Comprehensive Income for the period(IX+X)</b>	<b>2,88,34,731</b>	<b>1,47,10,884</b>	<b>1,26,66,793</b>	<b>4,35,45,615</b>	<b>2,69,54,922</b>
	Share of Profit/ (Loss) of Associates	-	-	-	-	-
	Minority Interest	-	-	-	-	-
	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates	-	-	-	-	-
	<b>Paid-up equity share capital</b>	<b>9,69,90,000</b>	<b>9,69,90,000</b>	<b>6,75,00,000</b>	<b>9,69,90,000</b>	<b>6,75,00,000</b>
	<b>Earnings Per Share</b>					
	(a) Basic	2.97	1.55	1.88	4.54	3.99
	(b) Diluted	2.97	1.55	1.88	4.54	3.99

**Notes:**

- a) The above results have been published in accordance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meeting held on 23rd July, 2020.
- b) These results have been prepared on the basis of audited financial statements for the year ended 31st March, 2020 and the interim financial results for the half year and six months ended 30th September, 2019 which are prepared in accordance with the Ind As notified under the Companies (Indian accounting Standards) Rules 2015. The figures of the six month ended 31st March, 2020 are the balancing figures between audited figures for the full financial year 2019-20 and unaudited figures up to the six month dated 30th September, 2019.
- c) Previous period figures have been re-grouped and/ or re-arranged wherever necessary to make their classification comparable with the current period.

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

  
**RAVINDRA MALINGA HEGDE**  
DIRECTOR  
DIN NO : 01821002

  
**SUJATA RAVINDRA HEGDE**  
DIRECTOR  
DIN NO : 01829352

Mumbai  
23rd July, 2020



BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	All Amount in INR	
	As at 31st March, 2020	As at 31st March, 2019
<b>A ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	1,17,11,990	1,26,00,014
(b) Right-of-Use Assets	-	-
(c) Capital Work in Progress	-	-
(d) Investment properties	65,20,407	68,54,207
(e) Goodwill	-	-
(f) Other Intangible Assets	-	-
(g) Intangible Assets Under Development	1,40,000	42,000
(h) Biological assets other than Bearer plants	-	-
(i) Financial Assets		
(i) Investments	5,00,000	5,00,000
(ii) Loans	-	-
(iii) Other Financial Assets	8,02,74,252	3,78,92,697
(j) Deferred Tax Assets (Net)	31,81,805	8,18,261
(k) Other Non-Current Assets	-	-
<b>SUB-TOTAL</b>	<b>10,23,28,453</b>	<b>5,87,07,179</b>
<b>Current Assets</b>		
(a) Inventories	92,97,511	3,29,001
(b) Financial Assets		
(i) Investments	-	-
(i) Trade Receivables	36,11,05,427	40,10,98,665
(ii) Cash and Cash Equivalents	7,18,03,688	4,17,86,421
(iii) Bank Balances other than (i) above	-	-
(iv) Other Financial Assets	-	-
(c) Current Tax Assets (Net)	1,30,56,899	8,66,235
(d) Other Current Assets	24,95,27,821	7,10,36,917
<b>SUB-TOTAL</b>	<b>70,47,91,345</b>	<b>51,51,17,239</b>
Non Current Assets Classified as Held for sale	-	-
<b>Total Assets</b>	<b>80,71,19,799</b>	<b>57,38,24,418</b>
<b>B EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	9,69,90,000	6,75,00,000
(b) Other Equity	25,02,37,876	13,71,30,086
	<b>34,72,27,876</b>	<b>20,46,30,086</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	6,86,89,602	7,91,43,484
(ii) Other Financial Liabilities	-	-
(b) Provisions	-	-
(c) Deferred tax Liabilities (Net)	-	-
(d) Other Non-Current Liabilities	-	3,45,631
	<b>6,86,89,602</b>	<b>7,94,89,115</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	19,68,03,689	17,09,06,408
(ii) Trade Payables	5,98,34,479	2,43,66,435
(iii) Other Financial Liabilities	6,44,08,936	5,39,66,757
(c) Provisions	3,88,90,094	1,64,01,219
(b) Other Current Liabilities	3,12,65,122	2,40,64,398
	<b>39,12,02,320</b>	<b>28,97,05,217</b>
<b>Total Equity and Liabilities</b>	<b>80,71,19,799</b>	<b>57,38,24,418</b>

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

  
Ravindra Malinga Hegde  
Director  
DIN NO : 01821002

  
Sujata Ravindra Hegde  
Director  
DIN No. - 01829352

Mumbai  
23rd July, 2020

CASH FLOW STATEMENT

All Amount in INR

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	4,97,30,257	3,56,49,158
<b>Adjustment for:</b>		
Depreciation and Amortization Expense	28,31,821	31,79,641
Finance cost	4,30,49,407	4,97,08,898
Interest paid on Security Deposit	-	-
Allowance for Doubtful Debts	1,70,70,903	81,85,687
Balances Written Back	-	-
Reversal of Allowance for Doubtful Debts	-	-
Unbilled revenue during the year	(20,56,04,617)	-
Profit on sale of Property, Plant & Equipment	-	-
Interest Income on Security Deposit	-	-
Interest Income on Fixed Deposit and Income Tax Refund	(47,65,232)	(10,84,174)
<b>Operating Profit before Working Capital changes</b>	<b>(9,76,87,460)</b>	<b>9,56,39,210</b>
<b>Adjustment for:</b>		
(Increase)/decrease in Trade Receivables	2,29,22,335	(10,93,56,777)
(Increase)/decrease in Other Current Financial Assets	-	-
(Increase)/decrease in Non-Current Loans	-	-
(Increase)/decrease in Other Non-Current Financial Assets	(4,24,22,117)	(10,86,947)
(Increase)/decrease in Other Current Assets	1,81,94,256	4,92,86,809
(Increase)/decrease in Non-Current Assets	-	-
(Increase)/decrease in Inventories	(89,68,510)	1,12,753
Increase/(decrease) in Trade-Payable	3,54,68,044	78,73,465
Increase/(decrease) in Other Current Financial Liability	3,63,39,459	7,49,75,663
Increase/(decrease) in Non Current Liability	(3,45,631)	1,91,063
Increase/(decrease) in Provision	2,24,88,875	1,51,12,334
Increase/(decrease) in Other Non-Current Financial Liability	(1,04,53,881)	(4,14,40,169)
Increase/(decrease) in Current Liabilitly	72,00,725	(1,01,89,144)
Increase/(decrease) in Non-Current Liabilitly	-	-
Cash Generated from Operations	<b>(1,72,63,906)</b>	<b>8,11,18,260</b>
Direct Taxes	(89,24,793)	(1,01,45,852)
<b>Net Cash from Operating Activities (A)</b>	<b>(2,61,88,699)</b>	<b>7,09,72,408</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(17,07,997)	(14,34,783)
Sale of Property, Plant & Equipment	-	-
Fixed Deposits placed/matured/realised	(87,85,651)	(1,06,11,519)
Interest Received	47,65,232	10,84,174
<b>Net Cash used in Investing Activities (B)</b>	<b>(57,28,416)</b>	<b>(1,09,62,128)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expenses	(4,30,49,407)	(4,97,08,898)
Dividend Paid	(48,49,500)	-
Dividend Distribution Tax	(9,96,829)	-
Proceeds from Issue of Equity Instruments	10,61,64,000	-
Payment For share issue related costs	(41,19,532)	(50,32,598)
<b>Net Cash from Financing Activities (C)</b>	<b>5,31,48,731</b>	<b>(5,47,41,496)</b>
<b>Net Changes in Cash and Cash Equivalents (A+B+C)</b>	<b>2,12,31,616</b>	<b>52,68,784</b>
Opening Balance of Cash and Cash Equivalents	<b>1,98,65,797</b>	<b>1,45,97,013</b>
Closing Balance of Cash and Cash Equivalents	<b>4,10,97,413</b>	<b>1,98,65,797</b>

Notes:-

- The Cash Flow Statement is prepared by the indirect method set out in Indian Accounting Standard (Ind AS) Cash Flow statement prescribed in the The Companies (Indian Accounting Standards) Rules, 2015, Cash flow statement presents cash flows by operating, investing and financing activities.
- Cash and Cash Equivalents at the year end comprises

Cash on Hand	41,13,341	46,78,223
In Current Account	3,69,84,072	1,51,87,575
	<b>4,10,97,413</b>	<b>1,98,65,797</b>

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

  
Ravindra Malinga Hegde  
Director  
DIN NO : 01821002

  
Sujata Ravindra Hegde  
Director  
DIN No. - 01829352

Mumbai  
23rd July, 2020





## **INDEPENDENT AUDITOR'S REPORT**

**To**

**The Members**

**KHFM Hospitality & Facility Management Services Ltd**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the standalone Ind AS financial statements of KHFM Hospitality & Facility Management Services Ltd ("the Company"), which comprises of the Balance Sheet as at 31<sup>st</sup> March, 2020, 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.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, 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 31<sup>st</sup> March, 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered



Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provision of the Act and the Rules there under, and we have fulfilled our other ethic responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

### **Emphasis of Matter**

1. We draw attention to Note no.14 to the standalone financial statements, relating to Non-Current Liabilities as on 31st March 2020, the Company has opted for Moratorium benefit offered by bankers due to COVID-19 pandemic allowing deferment of repayment of principal / interest as per bank's policy. However, Management of the company informed us that the revised repayment schedules considering the moratorium availed on the unsecured loans for calculation of effective rate of interest is not yet made available from the Banks / NBFC to the company to assess and quantify effect of interest on loans recognized in the financial statements and hence the impact of moratorium and rescheduling of liabilities has not been considered in this financial statement.

Our opinion is not modified in respect of this matter

2. We draw attention to Note No.2.12 and 26 to the standalone financial statements, relating to Employee Benefit Expenses (including transactions related to provident fund, ESIC, profession tax & gratuity), Site Expenses, Advance for Site Expenses for the year ended on 31st March 2020. We found that the system of recording needs improvement to ensure completeness, transaction trail and related documentary evidences. The board of directors have stepped in by directing the top management to keep suitable records and are placing efforts to invest resources to establish and maintain internal controls over such expenses. However, according to Management estimates, the site expenses and related transactions are fairly stated in the financial statement and there are no material deficiencies.

Our opinion is not modified in respect of this matter





3. Refer Note No. 44 of Standalone Financial Statements, the Confirmations/ Reconciliation of balances of secured & unsecured loans, certain balances with banks including certain fixed deposits, trade receivables, trade and other payables (including micro and small enterprises and including capital creditors) and loans and advances are pending. The management is confident that on confirmation/ reconciliation there will not be any material impact on the financial statements.

Our Opinion is not modified in respect of aforesaid matter.

4. As more fully described in Note no.2.2 to the standalone financial statements, the Company is responding to inquiries from Indian regulatory authorities. The scope, duration or outcome of these matters are uncertain.

Our Opinion is not modified in respect of aforesaid matter.

5. However, we found that the recording system are scant regard to site expenses and pertinent advances, needs improvement to ensure completeness, transaction trial and relevant documentary evidences. In absence of conventional record, we are unable to assess and quantify the effect of said transactions on financial statements. However, Management is reasonably assured about transactions are fairly stated in the financial statement and there is no material deficiencies.

Our opinion is not modified in respect of aforesaid matter.

6. Restatement with respect to Gratuity Provision & Plan Assets. We draw attention to Note no.2.12 to the Standalone Financial Statements which states that during the current year, the management noted an error in accounting of Gratuity Provision and its plan Assets with respect to accounting for Plan assets during fiscal years. The Company during the year could not practically determine the period specific effect of an error on comparative information for prior period presented, therefore the opening balance of gratuity plan asset and equity is restated for the financial year 2019-20.

Our opinion is not modified in respect of aforesaid matter.



## 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 Ind AS 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
<b>Revenue recognition</b>	
<p>Revenue recognition was identified as key Audit Matter since-</p> <ul style="list-style-type: none"><li>• There is an inherent risk around the accuracy and existing of revenues recognized considering the customized and complex nature of these contracts.</li><li>• 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.</li><li>• 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.</li></ul>	<p>Our Audit Procedures on revenue recognized from fixed price contracts included:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the systems, process and controls implemented by the management for recording and computing revenue and the associated contract assets.</li><li>• On selected specific/statistical samples of contracts, we tested that the revenue recognized is in accordance with the revenue recognition accounting standard.</li><li>• We selected a sample of continuing and new contracts and performed the following procedures:<ul style="list-style-type: none"><li>➤ 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.</li><li>➤ For Fixed maintenance contracts, we verified the period of the</li></ul></li></ul>





- These contracts may involve onerous obligations which requires critical assessment of foreseeable losses to be made.

contract with the customer agreements and the determination of the revenue. We verified if the revenue was recognised appropriately over the period of contract of services being rendered and whether the revenue recognised 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



	<p>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</p> <ul style="list-style-type: none"><li>➤ Inspected underlying documents and performed analytics to determine reasonableness of contract costs.</li></ul>
<b>Allowance for doubtful debts/ Provision for Expected Credit Loss</b>	
<p>Allowance for doubtful debts was identified as key Audit Matter since-</p> <ul style="list-style-type: none"><li>• Receivables comprise a significant portion of the liquid assets of the Company.</li><li>• There is an inherent risk around the accuracy of company's trade receivables being fairly valued and adequately provided against where doubt exists.</li><li>• There is a risk of debtors being misstated and disclosures related to the same in the financial statements.</li><li>• 31% of the trade receivables are past due for more than 6 months but not impaired.</li><li>• Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter.</li></ul>	<ul style="list-style-type: none"><li>• We assessed the validity of material long outstanding receivables by considering , past payment history and unusual patterns to identify potentially impaired balances.</li><li>• The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures including:<ul style="list-style-type: none"><li>➤ Verifying the appropriateness and reasonableness of the assumptions applied in the management's assessment of the receivables allowance.</li><li>➤ 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.</li></ul></li></ul>

**Other Information**





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.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and



other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### **Report on Other Legal and Regulatory Requirements**

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order.

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

- i. 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.
- ii. 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.
- iii. The Standalone 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



- iv. In our opinion, the aforesaid standalone Ind AS 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.
  - v. On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - vi. 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:
- i. The Company has disclosed the impact of pending litigation as at 31 March 2020 on its financial position in its standalone financial statements- refer Note no.30 to the standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contract.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- The disclosures in the standalone financial statements regarding holding as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.





**BHUSHAN KHOT & CO**  
Chartered Accountants

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- c. With respect to the matter to be included in the Auditor's Report under section 197(16):
- i. In our opinion and according to the information and explanation given to us, the remuneration paid by the company to this director 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) which are required to be commented upon by us.

For Bhushan Khot & Co.  
Chartered Accountants

(Firm's Registration No.116888W)

**BHUSHAN  
PANDURAN  
G KHOT**

Bhushan Khot

(Partner)

Membership No. 101858

UDIN : 20101858AAAACA7067

Digitally signed by BHUSHAN PANDURANG  
KHOT  
DN: c=IN, o=Personal, cn=BHUSHAN  
PANDURANG KHOT,  
serialNumber=7184c29ef892739386ac8cf6cccc0  
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Place: Mumbai

Date: 23rd July 2020



**Annexure A to the Independent Auditor's Report**

With reference to the Annexure A reference to in the Independent Auditor's Report to the member of the Company on the standalone financial statements for the year ended 31st March 2020, we report the following:

1. (a) The Company has maintained but not updated fixed assets register and recorded any additions or disposal of fixed assets in the books of accounts on the basis of purchase or sales invoices only.  
  
(b) The Company has a regular Schedule of Physical Verification of its fixed assets performed by Management and Internal Auditors, by which all fixed assets are verified in a phased manner over a period of three year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the Schedule of Physical Verification, certain fixed assets were physically verified existing in office during the year and no material discrepancies were noticed on such verification.  
  
(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- 2 The inventory has been physically verified by the management during the year. In our opinion, The frequency of such verification is reasonable. The Company has maintained proper record of inventory. The discrepancies noticed on verification between the physical stock and the book record were not material.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to company, Firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loan given, investments made, guarantees and securities given.
5. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act. Any other relevant provisions of the Act and the relevant rules framed thereunder.
6. The Central Governments has not prescribed the maintained of cost records under Section 148 of the Act for any of the services rendered by the Company.



**BHUSHAN KHOT & CO**  
Chartered Accountants

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7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee State Insurance, Income tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been deposited but not accurately during the year by the Company with the appropriate authorities.
- (b) According to the information and explanation given to us, it is not feasible for us to comment on timely payment in respect of Provident fund, Employee State Insurance, Income tax, Goods and Service tax, Profession Tax, Cess and other material statutory dues were in arrears as at 31 March 2020 belongs to a period for more than Six months from the date they become payable.
- (c) According to the information and explanation given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and service tax or duty of Customs of duty of excise or value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount( in Lakh)	Period	Forum where dispute is pending
The Financial Act,1994	Service Tax	625.79	F Y 2007-2008, to 2014-15	Customs, Excise and Service Tax Appellate Tribunal.
		763.62	F Y 2015-16	

8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayments of loans or borrowings to financial institutions, banks, government and there are no dues to debenture holders during the year.
9. In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of initial public offer and the term loans during the year for the purposes for which they were raised. Pending utilization of the funds raised through Initial Public Offer, the funds were temporarily kept under Fixed Deposit but were ultimately utilized for the stated end-use
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.





**BHUSHAN KHOT & CO**  
Chartered Accountants

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11. To the best of our knowledge and according to the information and explanation given to us and based on examination of the record of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Scheduled V tot the Act.
12. According to the information and explanation given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
13. 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.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year, Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
15. According to the information and explanation given to us and based on our examination of the record of the Company, the Company has not entered into any non-cash transaction with its directors or persons connected with him. Accordingly, Paragraph 3(xv) of the Order is not applicable to the Company.
16. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For Bhushan Khot & Co.  
Chartered Accountants  
FRN 116888 W

**BHUSHAN  
PANDURANG KHOT**

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CA Bhushan Khot  
Partner  
Mem. No. 101858  
UDIN : 20101858AAAACA7067  
Place: Mumbai  
Date: 23rd July 2020



**“ANNEXURE B” TO INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 1 A(f) under “Report on Other Legal and Regulatory Requirements “  
section of our report of even date)

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

We have audited the internal financial controls over financial reporting of KHFM Hospitality and Facility Management Services Ltd as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statement based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate



internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls over Financial Reporting**

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.

### **Opinion**

In our opinion, the Company has, in all material aspects, have an adequate internal financial controls with reference to financial statements and such internal financials controls peculiarity to updation of maintained fixed assets register, factual allocation and disbursement of expenses against site advances, unfit documentation and inappropriate payroll reconciliation with actual payments of employee benefit expenses, sustantation of credit and collection policy for trade receivables and procedure of collecting external balance for verification of variations confirmation with reference to standalone financial statements were operating effectively as at 31st March,2020, 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.

For Bhushan Khot & Co.  
Chartered Accountants  
(Firm's Registration No.116888W)

**BHUSHAN  
PANDURANG  
KHOT**  
Bhushan Khot  
(Partner)  
Membership No. 101858  
UDIN : 20101858AAAACA7067  
Place: Mumbai  
Date: 23rd July 2020

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ISO 9001 : 2008  
ISO 14001 : 2004  
OHSAS 18001 : 2007

Hospitality & Facility Management Services

CIN : U74930MH2006PLC159290

**OUR SERVICES :**

- + Housekeeping Mgmt.
- + Guset House Mgmt.
- + Property Mgmt.
- + Pest Control Mgmt.
- + Front Office Mgmt.
- + Gardening Mgmt.
- + Building Maintenance Mgmt.
- + Catering / Pantry Mgmt.

**"YOUR IMAGE IS OUR BUSINESS"**

Date: 23<sup>rd</sup> July, 2020

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited  
'Exchange Plaza', C-1 Block G, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051.

**SYMBOL: KHFH**

**SUB: Declaration pursuant to Regulation 33(3) (d) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015 (as amended) read with the SEBI Circular bearing No CIRCFD/CMD/56/2016 Dated 27 May 2016.**

We Mr. Ravindra Malinga Hegde (Managing Director DIN 01821002) and Mrs. Sujata Ravindra Hegde (Executive Director DIN No: 01829352 ) of KHFH Hospitality And Facility Management Services Limited (CIN: L74930MH2006PLC159290) hereby confirm and declare that the Statutory Auditors of the Company M/s Bhushan Khot & Co. Chartered Accountants (Firm Registration Number: 116888W), Chartered Accountants, Mumbai have issued an audit report with unmodified opinion in respect of Audited Financial results (Standalone) of the Company for the Half Year (H-2) / Year ended on 31st March 2020, duly reviewed by the Audit Committee of the Company and approved by the Board of Directors of the Company at their respective meetings held on Thursday 23<sup>rd</sup> July, 2020.

You are therefore, kindly requested to place the aforesaid information on records and do the needful. Meantime, kindly acknowledge the receipt.

**For KHFH HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**

**RAVINDRA MALINGA HEGDE  
MANAGING DIRECTOR  
DIN: 01821002**

**SUJATA RAVINDRA HEGDE  
DIRECTOR  
DIN: 01829352**



**Place: Mumbai**

**KHFH Hospitality & Facility Management Services Ltd.**

REGD. OFFICE : 01, "NIRMA PLAZA, MAKHWANA ROAD, MAROL NAKA, ANDHERI (E), MUMBAI - 400 059.

MOBLIE: +91 9987870000,+91 9987574333 HELLO : +91-22-28511234, +91-22-28514141

Tele Fax : +91-22-2859 1483 Email : sales@khfm.in Website : www.khfm.in

## **FIRM PROFILE:**

1	<b>Name of the Firm</b>	Mishra & Associates
2	<b>Address of the Firm</b>	G/17, Washington Plaza, Topiwala Lane, Goregaon (W), Mumbai – 400062.
3	<b>Name of the Proprietor</b>	CS Manish Mishra
4	<b>Certificate of Practice</b>	18303
5	<b>Membership No.</b>	41066
6	<b>Mail Id</b>	office@mishraandassociates.in
7	<b>Experience</b>	Mishra & Associates has experience in dealing with matters relating to Company Law, FEMA, Securities Laws, Intellectual Property Rights (IPR), Legal Due Diligence, Joint Ventures, Mergers and Acquisitions, Listings of Securities etc.
8	<b>Terms of Appointment</b>	2020-21

## **FIRM PROFILE:**

1	<b>Name of the Firm</b>	G. R. Shetty & Co.
2	<b>Address of the Firm</b>	B/5, Sai Prasad, Telly Gully Cross Lane, Andheri (East) Mumbai – 400069.
3	<b>Name of the Proprietor</b>	G. R. Shetty
4	<b>Firm Registration No.</b>	110093W
5	<b>Membership No.</b>	040599
6	<b>Mail Id</b>	grshettyco@gmail.com
7	<b>Experience</b>	G. R. Shetty & Co.has experience in dealing with matters relating to Income Tax, GST, Accounting, Corporate Laws etc.
8	<b>Terms of Appointment</b>	2020-21