KHFM

Hospitality & Facility Management Services

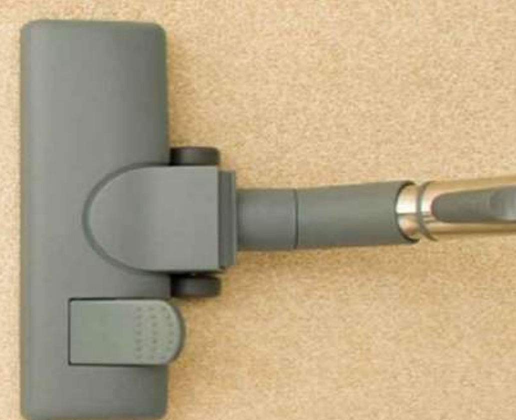
ANNUAL REPORT 2022-23

Inside the Report

For more information about the Company, visit:

www.khfm.in

or scan the QR code



BOARD OF DIRECTORS & KMP

Mr. Ravindra Malinga Hegde
Managing Director

Mrs. Sujata Ravindra Hegde
Whole Time Director

Mr. Saurav Ravindra Hegde
Whole Time Director

Mr. Brahm Pal Singh
Independent Director

Mr. Girish Ramnani
Independent Director

Mr. Kapildeo Agrawal
Independent Director

Mr. Rahul Krishna Pathak
Company Secretary-
Compliance officer & CFO

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN: L74930MH2006PLC159290
Registered Office: 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East), Mumbai– 400059
Tel: +91 22 2851 1234 **Fax:** +91 22 2859 1483
Website: www.khfm.in, **Email:** cs@khfm.in/sales@khfm.in,

AUDITORS

Statutory Auditor	Internal Auditor	Secretarial Auditor
M/s. Bhushan Khot & Company Chartered Accountants	**C.C. Talreja & Co. Chartered Accountants**	**Mishra & Associates Practicing Company Secretaries**
8-15, Sai Prasad, 3rd Floor, Telli Guily Cross Road, Andheri (East), Mumbai - 400 069.	Shop No. 15, Mona Market, Near Fish Market, Ulhasnagar, Thane-421001.	B/31, 6th Floor, Chaddha Apartment, Teli Galli Cross Lane, Near GK Gokhale Bridge, Andheri (E), Mumbai – 400069

REGISTRAR AND SHARE TRANSFER AGENTS

BIG SHARE SERVICES PRIVATE LIMITED

Office No S6-2, 6th floor Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East), Mumbai - 400093, India.
Tel:+91-022-62638200, Fax: +91-022-62638299,
Email: investor@bigshareonline.com

DEPOSITORIES	BANKERS	SHARE LISTED AT
National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL) **ISIN No:** INE00UG01014	Apna Sahakari Bank, Bank of India Central Bank of India State Bank of India	SME Platform of National Stock Exchange of India Limited i.e. NSEmerge Scrip Code- **“KHFM”**

CHAIRMAN'S MESSAGE

Dear Shareholders,

I extend a warm welcome to each and every one of you at the 17th Annual General Meeting of KHFM Hospitality and Facility Management Services Limited. It is indeed a privilege to have you here as we reflect on the company's performance for the Financial Year 2022-23 and discuss our future prospects.

First and foremost, I hope that all of you have navigated the challenges posed by the pandemic in good health. The world and the Indian economy are slowly recovering, and I am pleased to say that your Company is also making steady progress towards pre-pandemic levels.

During the year, our company undertook a major financial operation that had a profound impact on our future prospects. As you are all aware, we embarked on a Rights Issue, offering 1,00,19,200 fully paid-up equity shares of face value ₹10.00 each at a price of ₹24.00, amounting to a total of ₹24,04,60,800.00.

I want to extend my heartfelt gratitude to each and every one of you. Your support and participation in this Rights Issue have provided us with the capital necessary to pursue our growth plans, innovate, and continue delivering value to our shareholders. Your unwavering support empowers us to march ahead with confidence, knowing that our shareholders are not just investors, but partners in our journey.

I must acknowledge the unwavering dedication of our staff and associates during these trying times. They have not only sustained our business but have also garnered trust and goodwill from our customers. Our leadership teams have played a crucial role in guiding us through this journey, and I express my heartfelt gratitude to each of them.

The macro picture

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

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

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

Your Company's Performance

Your Company's standalone revenue from operations for the financial year ending 31st March, 2023 stood at Rs. 8,889.78 Lakh as compared to previous year Rs. 9,642.24 Lakh during the previous financial year. The Company has achieved Standalone EBIDTA (including other income) of Rs. 928 Lakh during the financial year 2023 as against that of EBIDTA of Rs. (1479) Lakh for the previous financial year 2022. The Standalone profit before tax for the financial year under review is 301.37 Lakh as compared to previous year Rs. (2,100.35) Lakh.

In addition to the Rights Issue, I am thrilled to announce that our company has secured new work orders valued at an impressive Rs. 152 Crores. These new contracts are a testament to the trust our clients have in our capabilities, and we are excited to embark on these new projects. With these latest additions, our total work orders in hand now stand at an incredible Rs. 300 Crores. This milestone is a result of the hard work, dedication, and commitment of our entire team, and it signifies our company's strong positioning in the market.

As we look ahead, we are optimistic about the growth prospects in the upcoming fiscal year. Our focus is on aligning our infrastructure and expansion strategies to harness the growth in the manufacturing of refractory material industry. Additionally, we are exploring avenues in construction, façade renovation, and related services to diversify our portfolio and ensure stable revenue growth.

I would like to take this opportunity to recognize the hard work and dedication of our exceptional employees. Their commitment to excellence continues to drive our success. I extend my gratitude to all of you for your ongoing support, commitment, and trust in our journey.

I also express my appreciation to our colleagues, Board Members, Management, Regulatory authorities, and stakeholders for their continuous support as we move forward in our pursuits. Our commitment to sustainable growth and value creation for all stakeholders remains unwavering.

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

Yours Sincerely

Sd/-

Ravindra Malinga Hegde
Managing Director

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN: L74930MH2006PLC159290
Registered Office: 01, Nirma Plaza, Makhwana Road, Marol Naka, Andheri (East) Mumbai– 400059
Tel: +91 22 2851 1234 **Fax:** +91 22 2859 1483
Website: www.khfm.in, **Email:** cs@khfm.in/sales@khfm.in,

NOTICE FOR ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Members of KHFM Hospitality and Facility Management Services Limited will be held on Wednesday, 27th September, 2023 at 04:00 P.M. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt ;

(a) the audited standalone financial statement of the Company for the financial year ended March 31, 2023, the reports of Statutory Auditor thereon; and

(b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2023 and report of Statutory Auditor thereon, and in this regard,

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolutions:

(a) **"RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended March 31, 2023 and the reports of Statutory Auditor thereon, as circulated to the shareholders, be and are hereby considered and adopted."

(b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2023 and the report of Statutory Auditor thereon, as circulated to the shareholders, be and are hereby considered and adopted."

2. To approve re-appointment of Mrs. Sujata Ravindra Hegde (DIN: 01829352), who retires by rotation and being eligible, offers herself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Sujata Ravindra Hegde (DIN: 01829352), who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to Section 139, 141 and 142 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015"), and on the recommendations of the Audit Committee and Board of Directors of the Company, M/s. Bhushan Khot & Co., Chartered Accountants, Mumbai, having Firm Registration No. 116888W, be and are hereby re-appointed as the Statutory Auditors of the Company for second term of five years to hold office from the conclusion of 17th Annual General Meeting to be held in the year 2023 till the conclusion of the 22nd Annual General Meeting to be held in the year 2028 at such remuneration and on such terms and conditions as recommended by the Audit Committee and as may be mutually agreed by the Board of Directors in consultation with the Statutory Auditors from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company, be authorized on behalf of the Company, including but not limited to determine role and responsibilities/ scope of work of the Statutory Auditors, to negotiate, finalize, amend, sign, deliver and execute the terms of appointment, including any contract or document in this regard and to alter and vary the terms and conditions of remuneration arising out of increase in scope of work, amendments to the Accounting Standards or the Companies Act, 2013 or Rules framed thereunder or SEBI LODR, 2015 and such other requirements resulting in any change in the scope of work, etc., without being required to seek any further consent or approval of the Members of the Company and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable for the purpose of giving effect to this Resolution and with power to the Board to settle all questions, difficulties or doubts that may arise in respect of the implementation of this Resolution.

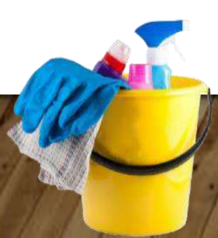
RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and are hereby severally authorized to furnish a certified copy of this resolution and to do all such acts, deeds, matters or things including filing the requisite forms or submission of documents with any authority as may be necessary or desirable to give effect to this resolution."

SPECIAL BUSINESS:

4. To appoint Mr. Prabhakar R. Patil as an independent director of the company.

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

RESOLVED THAT Mr. Prabhakar R. Patil (DIN: 00377406), who was appointed as an additional Non-executive independent director, pursuant to Sections 149, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Articles of Association of the Company, approvals and recommendations of the nomination and remuneration committee, and that of the Board, be and is hereby appointed as an independent director, not liable to retire by rotation, for a period up to 05 Years.



RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s) / authorized representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

5. 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 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015"), on recommendation of Nomination and Remuneration Committee and Board of Directors, consent be and is hereby accorded for the reappointment of Mr. Ravindra Malinga Hegde (DIN: 01821002) as Managing Director of the Company, for a further period of five years with effect from August 24, 2023 to August 23, 2028 on the terms and conditions specified in the Agreement to be entered into between the Company and Mr. Ravindra Hegde with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration as it may deem fit and in such manner as may be agreed to between the Board and Mr. Ravindra Hegde.

RESOLVED FURTHER THAT approval be and is hereby accorded to the payment of remuneration to Mr. Ravindra Hegde as set out in the Explanatory Statement annexed to the Notice and the Board of Directors of the Company be and is hereby authorized to revise the said remuneration from time to time subject to the provisions of Section 197 and Schedule V of the Act and SEBI LODR, 2015 for the time being in force within the limits increased by special resolution passed by the Members in the General Meeting held under section 197 of the Act and SEBI LODR, 2015.

RESOLVED FURTHER THAT Mr. Ravindra Hegde shall continue to be liable to retire by rotation and this appointment shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Mr. Ravindra Hegde remuneration, perquisites, allowances, benefits and amenities not exceeding the ceiling laid down in Schedule V of the Companies Act, 2013, as may be decided by the Board of Directors, subject to necessary sanctions and approvals.

RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and is hereby severally authorized to furnish a certified copy of this resolution and to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution.

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

Sd/-
SAURAV RAVINDRA HEGDE
DIRECTOR
DIN: 08116567

DATE: SEPTEMBER 04, 2023
PLACE: MUMBAI

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 to 5 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.

2. Ministry of Corporate Affairs (MCA), vide General Circular No. 10/2022 dated December 28, 2022 & Securities and Exchange Board of India vide circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, has allowed the Companies to conduct AGM through VC/OAVM on or before September 30, 2023, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI LODR, 2015 and MCA Circulars & SEBI Circulars, the AGM of the Company is being held through VC/OAVM. Further, MCA & SEBI vide relevant circulars has extended relaxations from dispatching physical copies of annual report to the shareholders, for the AGMs conducted till September 30, 2023. However, Companies are required to send hard copy of full annual reports to those shareholders who request for the same. The deemed venue for the AGM shall be the Registered Office of the Company.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF ANDSUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. A member holding more than ten percent (10%) of the total Share Capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

4. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act, 2013 are requested to send to the Company a certified true copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated, are provided.

7. The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 2023 to 27th September, 2023 (both days inclusive) in the terms of the provisions of the Companies Act, 2013 and the Listing Agreement for the purpose of the Annual General Meeting.

8. The voting rights of member(s) shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, 20th September, 2023. A person whose name is recoded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. Wednesday, 20th September, 2023 only shall be entitled to avail the facility of remote e-voting. A person who is not member as on the cut-off date should treat this notice for information purpose only.

9. The Annual General Meeting notice will also be available on the website of the Company www.khfm.in under the investor section.

10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.

11. All documents referred to in the Notice as available for inspection will be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of the AGM i.e. 27th September, 2023. Members seeking to inspect the documents can send an email to cs@khfm.in.

12. Notice of the Meeting is being sent by electronic mode to those member(s) whose e-mail IDs are registered with the Company/Depository Participant(s) unless any member has requested for physical copy of the same. For member(s) who have not registered their e-mail IDs, physical copy of the Notice of the Meeting is being sent in the permitted mode.

13. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately:

14. The change in the residential status on return to India for permanent settlement.

15. The particulars of the NRE Account with a Bank in India, if not furnished earlier.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts.

17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed

thereunder and the Regulation 31(1)(b) of the SEBI (LODR) Regulation, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NDSL, Resolution(s) passed by Members through e-voting is deemed to have been passed as if they have been passed at the AGM.

18. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

19. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

20. The attendance of the 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.

21. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the EGM/AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing EGM/AGM through VC/OAVM.

22. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this EGM/AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the EGM/AGM through VC/OAVM and participate there at and cast their votes through e-voting.

23. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

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

25. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the EGM/AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the EGM/AGM will be provided by NSDL.

26. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the EGM/AGM has been uploaded on the website of the Company at https://www.khfm.in/annual-reports/. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

27. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

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

The remote e-voting period begins on September 24, 2023 at 09:00 A.M. and ends on September 26, 2023 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 20, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 20, 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

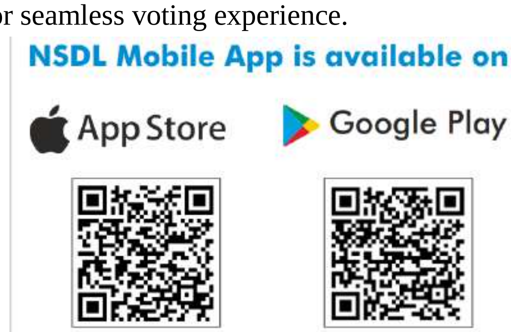
Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular 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.

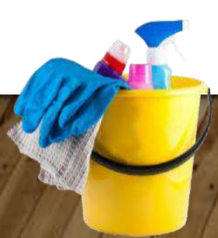
Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method

Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are 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 i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. 

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 users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user 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 the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, 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 CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
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. upon logging in, you will be able to see e-Voting option. 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 i.e. NSDL and you will be redirected to e-Voting website of NSDL 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. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
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

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "**Forgot User Details/Password**?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mishragamiassociates@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Sagar Gudhate at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this

notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@khfm.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@khfm.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A**) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@khfm.in. The same will be replied by the company suitably.

6. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at cs@khfm.in till September 22, 2023 (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO. 3:

This Explanatory Statement is in terms of Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), though statutorily not required in terms of Section 102 of the Act. The Members at the 12th Annual General Meeting (‘AGM’) of the Company held on August 22, 2018, had approved appointment of M/s Bhushan Khot & Co., Chartered Accountants (Firm Registration No. 116888W), as the Statutory Auditors of the Company to hold office from the conclusion of the 12th AGM till the conclusion of the 17th AGM of the Company to be held in the year 2023.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company (‘Board’) has, based on the recommendation of the Audit Committee, proposed the reappointment of M/s Bhushan Khot & Co., as the Statutory Auditors of the Company, for the second consecutive term of five years from the conclusion of 17th AGM till the conclusion of 22nd AGM of the Company to be held in the year 2028, at a remuneration as may be mutually agreed between the Board and the Statutory Auditors.

Bhushan Khot & Co. (Firm) is a well established firm of chartered accountants operating since 1997 by highly experienced professional partners. Firm specializes in providing end to end financial services in the varied areas of Accounts, Audits, Assurance, Taxation, Business Process Outsourcing, Regulatory and Finance syndication services. Team of experienced chartered accountants professionals, ex-bankers, company secretary and domain experts offering their unique blend of quality service for the workable solutions to clients in varied financial, legal, Startup and SME areas.

Partners possess diversified experience of working with Corporates in India and abroad, large Banks, serving clientele across industry segments of Manufacturing, Service, Banking and Financial Sector during their past stints, enables enormous adaptability in understanding client’s propositions and provides best fit solutions in customized way. Headquartered in Corporate Hub of Mumbai with additionally two full-fledged branches across Mumbai Suburbs and Town headed by Partners and having established critical network associates across Maharashtra, Goa, Pune and Delhi offering extensive reach and wider spectrum of professional services for clients with ease. Firm practice extensive convenience to their clients by offering variety of e-services (Optional) in this modern digital age ensuring pace, high quality delivery and ease of doing business across the country.

The Board of Directors in consultation with the Statutory Auditors, are authorized to alter and vary the terms and conditions including remuneration of the Statutory Auditors arising out of increase in scope of work, amendments to Accounting Standards or Listing Regulations and such other requirements resulting in the change in scope of work, etc.

The fees for other services not prohibited by the provisions of Section 144 of the Companies Act, 2013 shall be mutually agreed between the Company and Statutory Auditors.

The Letter of Engagement specifying the detailed terms of appointment shall be finalized by Chief Financial Officer (CFO) in consultation with Chairman of Audit Committee and such terms shall specifically include the conditions as mentioned in para 6(A) and 6(B) of the SEBI circular dated October 18, 2019, bearing reference no. CIR/CFD/CMD1/114/2019 and such other conditions as may be specified by applicable law in force.

M/S Bhushan Khot & Co. consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141 of the Act. They have further confirmed that, they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors or key managerial personnel or relatives of other directors or key managerial personnel is concerned or interested, financially or otherwise, in the proposed resolution.

The Board of Directors recommends the Ordinary Resolution set forth as Item No. 3 of the notice for approval of the shareholders.

ITEM NO. 4:

The Board of Directors of the Company at its meeting held on September 04, 2023, recommended for the approval of the Members, the appointment of Mr. Prabhakar R. Patil (DIN: 00377406), as an Independent Director of the Company, in terms of Section 149 read with Schedule IV of the Companies Act, 2013.

In order to draw upon their rich experience, the Board appointed Mr. Prabhakar R. Patil (DIN: 00377406) as Additional Non-Executive Director of the Company effective 04/09/2023, and will vacate office at this Annual General Meeting.

Your Board considers that Mr. Prabhakar R. Patil association with the Company as an Independent Director would benefit the Company. Declaration has been received that the criteria of Independence prescribed under Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 is met by him. Your Board is also of the opinion that Mr. Prabhakar R. Patil fulfils the conditions specified in the Act and the Rules thereunder for his appointment as Independent Director and that he is independent of the management of the Company. In addition to sitting fees for attending meetings of the Board and Committees thereof, the independent director will be entitled to remuneration by way of sitting fees, as approved by the Members for Non- Executive Directors of the Company, and as may be determined by the Board.

Notice under Section 160 of the Act has been received from Mr. Prabhakar R. Patil proposing their appointment as Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by Mr. Prabhakar R. Patil to act as Director, if appointed. None of the Directors, Key Managerial Personnel of the Company, or their relatives, is interested in this resolution.

ITEM NO. 5:

Mr. Ravindra Hegde is the Promoter and Managing Director of KHFM Hospitality & Facility Management Services Limited. Mr. Ravindra Hegde is an esteemed professional and a driving force behind the success of our Company. With a strong educational background and a wealth of experience, he brings a unique blend of expertise to the field of Facility and Hospitality Management. Mr. Hegde holds a Bachelor's of Science Degree in Chemistry from the prestigious University of Mumbai, which has equipped him with a solid foundation for understanding the intricate aspects of our industry.

His pursuit of excellence extends beyond academic achievements. Mr. Hegde's commitment to continuous learning and growth is exemplified by his participation in specialized training programs both within India and abroad. He has successfully completed training in Facility Management and Pest Management in the United

States, gaining insights into cutting-edge practices and global standards. Furthermore, his training in Pest Entomology from the Indian Grain Institute, Hapur, showcases his dedication to staying well-informed about the latest developments in the field.

A proud member of the Indian Pest Control Association, Mr. Hegde's dedication to professional excellence is evident in his association with reputable industry organizations. His exceptional contributions have not gone unnoticed, as he was honored with the prestigious Shri Rajiv Gandhi Shiromani award for Entrepreneurial Achievement on August 22, 2010. This recognition underscores his outstanding achievements and his positive impact on the industry.

With over 39 years of experience in Facility and Hospitality Management, Mr. Hegde is a seasoned expert who has witnessed the evolution of the industry firsthand. Mr. Hegde's leadership role extends beyond titles and accolades. He shoulders the vital responsibility of overseeing the overall management and operations of our Company. His strategic vision, combined with his hands-on approach, has been instrumental in steering the Company towards growth and success.

In summary, Mr. Ravindra Hegde is a trailblazing entrepreneur and a respected authority in Facility and Hospitality Management. His exceptional qualifications, extensive experience, and unwavering dedication make him an invaluable asset to our Company. His leadership and contributions continue to shape our path towards excellence and innovation.

In recognition of his qualification, experience, achievements, and stellar contribution to the growth of the Company and on the recommendation of the Nomination & Remuneration Committee, the Board of Directors has recommended reappointment of Mr. Ravindra Hegde as a Managing Director of the Company to hold office for a further period of five years with effect from August 24, 2023.

Mr. Ravindra Hegde is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

Brief terms and conditions of reappointment of Mr. Ravindra Hegde are given below:

The total remuneration payable from the Company includes aggregate of basic salary, allowances, perquisites, other benefits, variable performance incentive, special incentives & increments as per the policy of the Company, as mentioned in points (a), (b), and (c) below, shall be payable to Mr. Ravindra Hegde with effect from August 24, 2023 for a further period of five years and shall be within the limits approved by special resolution under section 197 of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 passed by the Members in the AGM held.

a) The minimum remuneration payable to him in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 not exceeding Rs. 3,00,000/- (Rupees Three Lakhs Only) per month, from the Company, subject to maximum annual increase up to 15% over the fixed basic salary, perquisites, and allowances for the previous year by the Board of Directors on recommendation of the Nomination & Remuneration Committee of the Board of Directors, from time to time. Variable performance incentives, special bonus incentives, other benefits and increments as per the policy of the Company as detailed below in point (b) and (c) shall be excluded from the aforementioned range.

b) Variable incentive, special incentives upto a maximum of 60% of the total remuneration payable, from the Company and any modification thereof, based on the Company performance and individual performance, as may be decided by the Board of Directors on recommendation of the Nomination & Remuneration (HR) Committee of the Board of Directors, from time to time.

c) Mr. Ravindra Malinga Hegde shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as from time to time, be available to other Senior Executives of the Company

Mr. Ravindra Hegde, being promoter Director of the Company, is not entitled to Employees Stock Options under the ESOP Schemes of the Company according to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 and any sitting fee for attending the Meetings of the Board of Directors or Committees thereof, as long as he functions as Managing Director.

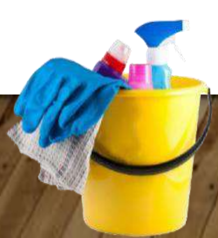
The agreement will be entered into between the Company and Mr. Ravindra Hegde and the draft agreement will be available for inspection by the members in the manner provided in the Notes to this Notice.

Mr. Ravindra Hegde is concerned or interested in this resolution to the extent of the remuneration payable to him under the authority of the resolution. Mrs. Sujata Hegde being the wife and Mr. Saurav Hegde being son of the proposed Managing Director is concerned or interested in this resolution. None of the other Directors or key managerial personnel or relatives of other directors or key managerial personnel is concerned or interested in the proposed resolution. The Board of Directors recommends the Ordinary Resolution set forth as Item No. 4 of the notice for approval of the shareholders

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

Sd/-
SAURAV RAVINDRA HEGDE
DIRECTOR
DIN: 08116567

DATE: SEPTEMBER 04, 2023
PLACE: MUMBAI



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

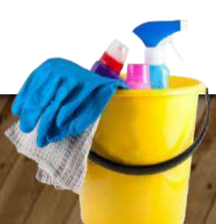
(Pursuant to the provisions of Regulation 36(3) of SEBI (LODR), 2015 and Secretarial Standards on General Meetings ("SS-2") issued by ICSI**)**

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

Name of the Director	**Sujata Ravindra Hegde**
Date of Birth	18/09/1968
Date of First Appointment	January 27, 2006
Qualification & Expertise	Matriculation
No. of Equity Share held in the Company as on 31st March, 2023	10,32,300 Shares
Relationship with Other Directors of the Company & Their Shareholding in the company	1. Mr. Saurav Ravindra Hegde, Director is Son, Holding 6,303 Shares 2. Mr. Ravindra Malinga Hegde, Managing Director is Spouse, holding 64,78,778 Shares.
Year of Experience	25 Years
Remuneration Last Drawn by such person, if any	Refer the Related party disclosure Form AOC-2
Terms and conditions of appointment/ re-appointment & Remuneration sought for	N.A.
Area of expertise in specific functional areas/ Brief resume of Director	She has been the Director of the Company since inception. She has experience of around 25 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 Meeting of the Board attended during the year	7 out of 7
List of outside Directorship held in other companies	KHFM HR Consultancy Private Limited
Chairman/Member of the Committee of the Board of Directors of other Companies	Member in Stakeholder's Relationship committee

Item 4: To appoint Mr. Prabhakar R. Patil as an independent director of the company

Name of the Director	**Prabhakar R. Patil**
Date of Birth	03/02/1962
Date of First Appointment	September 04, 2023
Qualification & Expertise	He holds Doctorate of Philosophy (PhD) in Applied Econometrics from Indian Institute of Technology, Bombay and completed his Bachelors & Master's Degree in Econometrics from Sri Venkateshwara University, Andhra Pradesh. He has been designated as Chief General Manager in Securities and Exchange Board of India (SEBI) – The Securities Market Regulator in India and currently being Adjunct Professor, NITIE (Now called IIM), Mumbai teaching to PG Students. Overall, he is a highly qualified professional with a strong educational background in econometrics and a wealth of experience in securities market regulation.
No. of Equity Share held in the Company as on 31st March, 2023	Nil (Holds 34,100 Shares as on Date)
Relationship with Other Directors of the Company & Their Shareholding in the company	Nil
Year of Experience	38 Years
Remuneration Last Drawn by such person, if any	Nil
Terms and conditions of appointment/ re-appointment & Remuneration sought for	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.
Area of expertise in specific functional areas/ Brief resume of Director	Their expertise in applied econometrics and their role in SEBI, combined with their teaching experience, make them a valuable asset in both academia and the financial industry.
No. of Meeting of the Board attended during the year	Nil
List of outside Directorship held in other companies	Venkateshwara Organic And Naturals Private Limited
Chairman/Member of the Committee of the Board of Directors of other Companies	Nil



Item 5: To re-appoint Mr. Ravindra Malinga Hegde as the Managing director of the company

Name of the Director	Ravindra Malinga Hegde
Date of Birth	01/05/1958
Date of First Appointment	January 27, 2006
Qualification & Expertise	He holds Bachelor' of Science Degree (Chemistry) from University of Mumbai. He has attended training in Facility Management & Pest Management from USA and has also attended training from Indian Grain Institute, Hapur in Pest Entomology. He is a member of Indian Pest Control Association. He has also been awarded with Shri Rajiv Gandhi Shiromani award on August 22, 2010 for Entrepreneual Achievement.
No. of Equity Share held in the Company as on 31st March, 2023	64,78,778 Shares
Relationship with Other Directors of the Company & Their Shareholding in the company	1. Mr. Saurav Hegde, Director is Son, Holding 6,303 Shares 2. Mrs. Sujata Hegde, Managing Director is Spouse, holding 10,32,300 Shares.
Year of Experience	39 Years
Remuneration Last Drawn by such person, if any	Refer the Related party disclosure Form AOC-2
Terms and conditions of appointment/ re-appointment & Remuneration sought for	N.A.
Area of expertise in specific functional areas/ Brief resume of Director	He is entrusted with the responsibility of looking after the overall management and operations of our Company.
No. of Meeting of the Board attended during the year	7 out of 7
List of outside Directorship held in other companies	KHFM HR Consultancy Private Limited KHFM Infra Projects Private Limited
Chairman/Member of the Committee of the Board of Directors of other Companies	Member in Audit Committee

Dear Members,

Your Directors are pleased to present the **17th Annual Report** on the affairs of the Company together with the Audited Financial Statements for the financial year ended on **March 31, 2023.**

1. FINANCIAL HIGHLIGHTS/ PERFORMANCE OF THE COMPANY:

The Company's financial performance (Standalone and Consolidated) during the financial year ended **31st March, 2023** are summarized in the following table:

(In Rs. Lakh)

PARTICULARS	Standalone		Consolidated*
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023
Turnover	8,889.78	9,642.24	9,023.49
Other Income	81.28	63.19	81.28
Profit Before Depreciation, Interest and Tax	**928.59**	**(1,479.00)**	**941.23**
Interest	594.12	571.78	597.32
Profit Before Depreciation and Tax	**334.47**	**(2,051.35)**	**343.91**
Depreciation and amortization expense	33.11	49.53	33.19
Profit Before Tax	**301.36**	**(2,100.35)**	**310.72**
Tax Expenses:			
Current Tax	8.07	-	11.23
Reversal of Provision of Income Tax	81.39	8.13	81.39
Deferred Tax	(74.65)	(187.12)	(74.65)
Profit / (Loss) for the Year	**286.55**	**(1,921.36)**	**292.76**

*As the Company did not have any subsidiary / associate company during the previous year, the corresponding figures for the previous year have not been given in respect of the consolidated financial results.

The above figures are extracted from the Standalone and Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in India as specified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014, as amended and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India.

The Financial Statements as stated above are available on the Company's website at http://borosilrenewables.com/Investor.html?q=AnnualReports

2. COMPANY'S PERFORMANCE REVIEW:

The audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended 31st March, 2023, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) notified under Section 133 of the Act, read with relevant rules and other accounting principles.

Your Company's standalone revenue from operations for the financial year ending 31st March, 2023 stood at Rs. 8,889.78 Lakh as compared to previous year Rs. 9,642.24 Lakh during the previous financial year. The Company has achieved Standalone EBIDTA (including other income) of Rs. 928.59 Lakh during the financial year 2023 as against that of EBIDTA of Rs. (1479) Lakh for the previous financial year 2022. The Standalone profit before tax for the financial year under review is 301.37 Lakh as compared to previous year Rs. (2,100.35) Lakh.

As the Company did not have any subsidiary / associate company during the previous year, the corresponding comparison is not possible in respect of the consolidated financial results.

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

3. IMPACT OF COVID-19

The global pandemic has significantly impacted the role of Facilities Managers (FMs) and brought about several changes in the workplace. Here are some key points regarding the changing role of FMs:

- Building Compliance and Safety: FMs played a crucial role in shutting down offices and ensuring compliance with government guidelines during the lockdown. They have been responsible for preparing buildings for the safe return of occupants, implementing social distancing measures, restructuring workplace layouts, and installing screen dividers to limit close contact.

- Facilitating Hybrid Working: The rise of remote and hybrid working has led to the redesign of workplaces. FMs are involved in reducing the number of desks, creating more collaborative spaces, and setting up hot desks for flexible use by employees.

- Integrated Technology: FMs are utilizing location awareness and sensor technology to monitor occupancy and understand space utilization. Smart sensors help in restructuring buildings and adjusting parameters like temperature and humidity. Facilities management software is being integrated with internal systems and apps to improve efficiency and streamline processes.

- Increased Compliance: FMs have had to stay updated with changing guidelines and regulations related to health and safety. Stricter governance and safety ratings, such as the WELL Health-Safety Rating, have put greater pressure on FMs to ensure building compliance and occupant safety.

Overall, the pandemic has highlighted the importance of FMs in creating a safe working environment, managing risks, and ensuring building compliance. FMs now have more responsibilities and play a crucial role in maintaining the well-being of building occupants.

4. DIVIDEND

Your Directors would like to use the profits earned for improving business and hence do not propose any dividend for the financial year under review.

5. UNPAID DIVIDEND &IEPF:

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

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

6. TRANSFER TO RESERVES

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

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

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

8. CHANGES IN NATURE OF THE BUSINESS, IF ANY

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

9. SHARE CAPITAL

In the 16th AGM of the company, the Authorized Share Capital of the company was increased by Rs. 9,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each.

During the year under review, your company has issued shares on Rights issue basis of 1,00,19,200 Fully paid-up equity shares of face value of ₹10.00/- each at a price of ₹24.00/- aggregating to ₹24,04,60,800.00/- on a rights issue basis to the eligible shareholders of the company in the ratio of 1 lot of rights share for every 1 lot of equity share held i.e., 3,100 rights shares for every 3,100 equity shares held by such eligible shareholders as on the record date.

Equity Shares	Authorized Share Capital			Issued, Subscribed & Paid-up share Capital		
	No. of Shares	Face value	Amount (Rs.)	No. of Shares	Face value	Amount (Rs.)
As at 31.03.2022	1,20,00,000	10/-	12,00,00,000/-	1,00,22,299	10/-	10,02,22,990/-
Increased during the year	*90,00,000*	*10/-*	*9,00,00,000/-*	*1,00,19,200*	*10/-*	*10,01,92,000/-*
As at 31.03.2023	**2,10,00,000**	**10/-**	**21,00,00,000/-**	**2,00,41,499**	**10/-**	**20,04,14,990/-**

10. UTILISATION OF FUNDS RAISED THROUGH RIGHTS ISSUE

During the year 2022-23, your company has issued shares on Rights issue basis of 1,00,19,200 Fully paid-up equity shares of face value of ₹10.00/- each at a price of ₹24.00/- aggregating to ₹24,04,60,800.00/- on a rights issue basis primarily for Working Capital, majority of these funds were utilized towards the said purpose and the remaining funds are in the Banks of the company. There has been no deviation or variation in the utilization of Issue proceeds, from the objects stated in the Letter of offer document.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

12. PUBLIC DEPOSITS

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

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

14. SUBSIDIARY COMPANY / ASSOCIATE COMPANY / JOINT VENTURE

During the year, the following companies have become Subsidiaries / Associate Company. The Company has formulated a Policy for determining material subsidiaries. The said policy is available on the website of the Company at https://www.khfm.in/financials.php?ID=9.

Subsidiaries

KHFM Infra Projects Private Limited: KHFM Infra Projects is a wholly owned subsidiary of the Company. It was primarily established as a special purpose vehicle to perform the work of Plantation works along Hindu Hrudaysamrat Balasaheb Thackery Maharashtra Samruddhi Mahamarge on EPC mode for Ch. Km. 0+000 to Km. 31+000 Km (Section-Village Shivmadka to Village Khadki Amgaon, Nagpur District) (Total length - 31 Km) – LPP 01".

KHFM & DP Jain Company: It is a Partnership Firm by creating a partnership by our company having 99% Share and DP Jain & Company Private Limited having remaining 1% Share. It was primarily established as a special purpose vehicle to perform the work of Plantation works along Hindu Hrudaysamrat Balasaheb Thackery Maharashtra Samruddhi Mahamarge on EPC mode for Ch.Km. 623+479 to 664+479(Section-Village Tarangapada - Pimpri Sadroddin to Village Birwadi, Nashik and Thane District) (Total Length-41.10 km) – LPP 14.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

There was no change in the composition of the Board of Directors during the year under review.

i. The Directors and Key Managerial personnel of the Company as on 31st March, 2023 are as below:

Sr.No.	Name	Designation	DIN/PAN
1.	Ravindra Malinga Hegde	Managing Director	0001821002
2.	Sujata Ravindra Hegde	Executive Director	0001829352
3.	Saurav Hegde	Executive Director	0008116567
4.	Brahm Pal Singh	Independent Director	0008045923
5.	Girish Ramnani	Independent Director	0009362318
6.	KapilDeo Agrawal	Independent Director	0009679952
7.	Rahul Krishna Pathak*	Company Secretary-Compliance Officer & CFO	FKCPP3683P

* Mr. Rahul Krishna Pathak was appointed on the post of Company Secretary-Compliance Officer & Chief Financial Officer w.e.f. **December 29, 2022.**

ii. During the Financial year 2022-23:

Change in Board of Directors and KMP's:

- Mr. Rahul Krishna Pathak was appointed on the post of Company Secretary-Compliance Officer & Chief Financial Officer w.e.f. **December 29, 2022.**

iii. Retire by Rotation

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

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

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

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

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

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

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

The aforesaid policy is available on the website of the Company at https://www.khfm.in/financials.php?ID=9.

vi. Disqualification of Directors:

During the financial year 2022-2023 under review the Company has received Form DIR-8 from all Directors as required under the provisions of Section 164(2) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014.

16. COMMITTEES OF THE BOARD

As on March 31, 2023, the Board has constituted various committees in accordance with the provisions of the

Companies Act, 2013, the details of which are given as under:

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

i. Audit Committee:

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

The composition of the Audit committee as follows: -

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

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

During the Financial Year 2022-23, the Audit Committee of the Board of Directors met Four times viz 15.06.2022, 06.10.2022, 07.11.2022 and 02.02.2023.

The Role and powers of the committee are as under:

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

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

The Audit Committee shall mandatorily review the following information:

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

23) Statement of deviations:

a. Half yearly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Powers of the Audit Committee:

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

ii. Nomination & Remuneration Committee

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

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

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

Name of the Director/Member	Designation	Nature of Directorship
Mr. Brahm Pal Singh	Chairman	Independent & Non - Executive Director
Mr. Girish Ramnani	Member	Independent & Non - Executive Director
Mr. Kapildeo Agrawal	Member	Executive Director

During the Financial Year 2022-23, the Nomination and Remuneration Committee of the Board of Directors met Four times viz 15.06.2022, 06.10.2022, 07.11.2022 and 02.02.2023.

ROLE OF THE COMMITTEE:

Role of Nomination and Remuneration Committee are as under:

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

iii. Stakeholders Relationship Committee

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

The composition of the Stakeholders Relationship Committee is as under:

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

During the Financial Year 2021-22, the Stakeholders Relationship Committee of the Board of Directors met Two times viz 06.10.2022 and 02.02.2023.

The Stakeholder Relationships Committee shall oversee all matters pertaining to investors of our Company.
The terms of reference of the Investor Grievance Committee include the following:

a. Redressal of shareholders'/investors' complaints;
b. Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
c. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
d. Non-receipt of declared dividends, balance sheets of the Company; and
e. Carrying out any other function as prescribed under the SEBI (Listing Obligation and Disclosure
b) Requirements) Regulations, 2015.

The details of Investors' complaints received and resolved during the year 2022-2023 are as under:

No. of Investors' Complaints received during the year 2022-23	No. of Investors' Complaints resolved during the year 2022-23	No. of Investors' Complaints pending as on 31st March, 2023
0	0	0

17. BOARD MEETINGS HELD DURING THE YEAR

During the year under review, Seven meetings of the board were held in compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on Board Meeting.

The details are as follows:

June 15, 2022	**July 21, 2022**	**October 06, 2022**	**December 29, 2022**
	September 06, 2022	**November 07, 2022**	**February 02, 2023**

The Board of Directors met 7 times, the details of which is given below. The maximum interval between any two meetings did not exceed 120 days. The prescribed quorum was presented for all the Meetings and Directors of the Company actively participates in the meetings and contributed valuable inputs on the matters brought before the Board of Directors.

Sr. No.	Name of the Director	No. of Board Meetings	
		Entitled to attend	**Attended**
1.	Ravindra Malinga Hegde	**7**	**7**
2.	Sujata Ravindra Hegde	**7**	**7**
3.	Saurav Hegde	**7**	**7**
4.	Brahm Pal Singh	**7**	**7**
5.	Girish Ramnani	**7**	**7**
6.	KapilDeo Agrawal*	**5**	**5**

*Mr. Kapildeo Agrawal has been appointed on the board of the company as an Additional Independent Director with effect from July 21, 2022.

18. FORMAL ANNUAL EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Sections 134, 178 and Schedule IV of the Companies Act, 2013. Evaluation was done after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, performance of specific duties, independence, ethics and values, attendance and contribution at meetings etc.

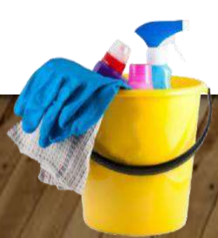
The performance of the Independent Directors was evaluated individually by the Board after seeking inputs from all the directors on the effectiveness and contribution of the Independent Directors.

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

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

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

19. DIRECTORS' RESPONSIBILITY STATEMENT



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

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

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
b) The accounting policies selected have been applied consistently, and judgements and estimates are made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at 31st March 2021 and of the profit of your Company for the year ended on that date;
c) proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of your Company, and for preventing and detecting fraud and other irregularities;
d) The annual accounts have been prepared on a going concern basis;
e) Your company has laid down proper internal financial controls and that such internal financial controls are adequate and were operating effectively;
f) Your Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

20. ENERGY CONSERVATION, TECHNOLOGY ABSORBTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2023 is given below:

A. CONSERVATION OF ENERGY:

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

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

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

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

B. TECHNOLOGY ABSORPTION:

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

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

21. EXTRACT OF THE ANNUAL RETURN

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

The Annual Return for the financial year 2022-23 as per provisions of the Act and Rules thereto, is available on the Company's website at https://www.khfm.in/.

22. 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.

23. COMPLIANCES OF SECRETARIAL STANDARDS

The Board of Directors confirms that the Company, has duly complied and is in compliance, with the applicable Secretarial Standard/s, namely Secretarial Standard – 1 ('SS-1') on Meetings of the Board of Directors and Secretarial Standard - 2 ('SS-2') on General Meetings, during the FY 2022-23.

24. RISK MANAGEMENT

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

25. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

26. PARTICULARS OF EMPLOYEES

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

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

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

27. MANAGEMENT DISCUSSION AND ANALYSIS

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

28. AUDITORS

(a) Statutory Auditor

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Bhushan Khot & Co., Chartered Accountants (Firm Registration Number: 116888W) have been appointed as Statutory Auditor of the Company for a period of five consecutive years, till the conclusion of the 17th Annual General Meeting of the Company, to be held in the year 2023.

It is hereby informed that the Auditor M/s. Bhushan Khot & Co., Chartered Accountants, Mumbai has been proposed to get re-appointed as Statutory Auditor for the Second Term of five years from the conclusion of 17th AGM till the conclusion of 22nd AGM of the Company to be held in the year 2028, at a remuneration as may be mutually agreed between the Board and the Statutory Auditors.

(b) Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has re-appointed M/s. Mishra & Associates, Practicing Company Secretaries of Mumbai, to conduct the secretarial audit for FY 2023-24. The Secretarial Audit Report, issued by M/s. Mishra & Associates, Company Secretaries for the FY 2022-23, is set out in **Annexure IV** to this Report.

(c) Internal Auditor

Pursuant to the provisions of section 138(1) of the Companies Act, 2013, as amended from time to time, M/s C.C. Talreja & Co., Chartered Accountants (Firm Registration Number: 157820W) was appointed as internal Auditor of the Company for the financial year 2021-22. The Board of Directors has re-appointed him as Internal Auditor of the Company for the financial year 2023-24.

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

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

30. VIGIL MECHANISM

Your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of your Company, which is in compliance of the provisions of section 177 of the Companies Act, 2013, read with rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. Adequate safeguards are provided against victimization to those who avail of the mechanism, and access to the Chairman of the Audit Committee, in exceptional cases, is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report, which forms part of this Annual Report and the Whistle Blower Policy has been uploaded on the website of your Company, www.khfm.in under the head investor section.

31. REPORTING OF FRAUD BY AUDITORS

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

32. CODE OF CONDUCT

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

33. PREVENTION OF INSIDER TRADING

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

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

34. MEANS OF COMMUNICATION

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

35. PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE

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

During the Financial Year 2022-23, the company has received no complaints on sexual harassment.

36. HUMAN RESOURCE

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

37. WEBSITE

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

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

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

39. CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 and rules made thereunder are not applicable to the Company during the Financial Year 2022-23.

40. OTHER DISCLOSURE

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

41. ACKNOWLEDGEMENT

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

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

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

Ravindra Malinga Hegde	**Sujata Ravindra Hegde**
Managing Director	**Director**
DIN: 01821002	**DIN: 01829352**

Date: September 04, 2023
Place: Mumbai

ANNEXURE I

FORM NO. AOC-2
(Pursuant to clause (h) of sub -section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS		
(a) Name(s) of the related party and nature of relationship		
Sr. No.	**Related Party**	**Relationship**
	NIL	
(b) Nature of contracts/arrangements/transactions		
Sr. No.	**Particulars**	**Amount**
	NIL	
(c) Duration of contracts/arrangements/transactions		

Sr. No.	Contracts/arrangements/transactions	From	To
	NIL		
d) Salient terms of the contracts or arrangements or transactions including the value, if any			
(e) Justification for entering into such contracts or arrangements or transactions: NIL			
(f) date(s) of approval by the Board			
Sr. No.	**Particulars**	**Amount**	
	NIL		
(g) Amount paid as advances, if any:			
contracts or arrangements or transactions		**Amount of Advance (Rs.)**	
NIL			

DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS		
(a) Name(s) of the related party and nature of relationship		
Sr. No.	**Related Party**	**Relationship**
1.	Mr. Ravindra Malinga Hegde	Managing Director
2.	Mrs. Sujata Ravindra Hegde	Director
(b) Nature of Contracts/Arrangements/Transactions		
Sr. No.	**Particulars**	**Amount**
1.	Remuneration to Mr. Ravindra Malinga Hegde	15.82
2.	Remuneration to Mrs. Sujata Ravindra Hegde	7.68
3.	Remuneration to Mrs. Saurav Ravindra Hegde	7.23
4.	Rent paid to Mr. Ravindra Malinga Hegde	10.80
(c) Duration of contracts/arrangements/transactions		

Sr. No.	Contracts/Arrangements/Transactions	From	To
1.	Transactions	01/04/2022	31/03/2023
(d) Salient terms of the contracts or arrangements or transactions including the value, if any			

All the Transactions are entered in the Ordinary Course of Business
e) Justification for entering into such contracts or arrangements or transactions
Not Applicable
(f) date(s) of approval by the Board: 15th June, 2023
(g) Amount paid as advances, if any: NA

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

Sd/-
SAURAV RAVINDRA HEGDE
DIRECTOR
DIN: 08116567

DATE: September 04, 2023
PLACE: MUMBAI

ANNEXURE – II

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, 2023 and The Percentage Increase in Remuneration of Each Director, Chief Financial Officer and Company Secretary during the Financial Year ending on March 31, 2023.

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2022-23
Mr. Ravindra Malinga Hegde	Managing Director	10.28	(4.80)
Mrs. Sujata Ravindra Hegde	Executive Director	4.99	(4.95)
Mr. Saurav Ravindra Hegde	Executive Director	4.70	25.31
Mr. Rahul Pathak	Company Secretary & CFO	5.17	39

The company has not paid any remuneration (except sitting fee) to the Non-Executive Directors of the company during the financial year under review (i.e. FY 2022-2023)

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2021-22
Mr. Brahm Pal Singh	Non-Executive Independent Director	0.47	53.42
Mr. Girish Ramnani	Non-Executive Independent Director	1.21	69.35
Mr. Kapildeo Agrawal	Non-Executive Independent Director	0.46	19.72

b) The percentage increase in the median remuneration of employees in the financial year 2022-23 is 10.21%.

c) The median remuneration of employees of the Company during the financial year was: INR 1.53 Lakh.

d) The Total number of employees on the rolls of the Company in the financial year 2022-23 is 3513**.**

- Total Number of Employee on the roll of the Company as at March 31, 2023: 304
- Total Number of Employee on the roll of the Contractors as at March 31, 2023: 3209

e) Comparison of average percentile increase in salaries of employees other than managerial personnel and the percentile increase in the managerial remuneration.

During FY 2022-23, the average increase in salary of employees other than managerial personnel was 10.21%, whereas the managerial remuneration increased by 7.38%.

The increment given to each individual employee is based on the employees' potential, experience, performance and contribution to the Company's growth over a period of time and also benchmarked against industry standard.

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

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

Sd/-
SAURAV RAVINDRA HEGDE
DIRECTOR
DIN: 08116567

DATE: SEPTEMBER 04, 2023
PLACE: MUMBAI

ANNEXURE - III
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

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

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

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

1. ECONOMIC ENVIRONMENT - AN OVERVIEW

Global Economy

The global economy grappled with several headwinds, including the war in Ukraine, rising inflation, and tighter monetary policy in major economies. These challenges are expected to weigh on economic growth in the coming months and years.

The war in Ukraine has disrupted global supply chains and led to higher energy prices. This has contributed to rising inflation, which is now at a multi-decade high in many countries. Rising inflation is also forcing central banks to raise interest rates. This is expected to slow economic growth, as it will make it more expensive for businesses to borrow money and invest. The International Monetary Fund (IMF) has downgraded its forecast for global economic growth in 2023 to 3.6%, down from 3.8% in 2022. The IMF said that the war in Ukraine and the associated sanctions are the main reasons for the downgrade.

The IMF also warned that the global economy is facing a number of other risks, including a sharp slowdown in China, a renewed COVID-19 outbreak, and a global financial crisis.

INDIAN ECONOMY

India's growth continues to be resilient despite some signs of moderation in growth, says the World Bank in its latest India Development Update, the World Bank India's biannual flagship publication.

The year 2023 started with concerns about potential recessions due to factors such as inflation, policy rate hikes, and high commodity prices. However, as we reach the halfway point of the year, the likelihood of a recession seems to have diminished. Despite ongoing global uncertainties, labor markets in advanced countries are tight, and the United States is witnessing a recovery in consumer confidence and spending. Risk spreads are decreasing after the recent banking crisis in the US.

Interestingly, India is currently experiencing what could be described as a Goldilocks moment. The country's economic activity is picking up momentum amid the ongoing global uncertainties. The GDP data from the last quarter was positively surprising, contributing to a full-year GDP growth for FY2022–23 of 7.2%, which is 200 basis points higher than the earlier estimate. The recently released Annual Economic Review for May 2023 highlights that post-pandemic consumption and investment trajectories have exceeded pre-pandemic levels.

Economists and analysts are expressing optimism about the Indian economy. While growth forecasts for FY2023–24 remain consistent with earlier projections, the higher-than-expected growth in FY2022–23 has elevated the baseline for comparison. This positive trend has led to an upward adjustment of the lower limit of the growth range. It is projected that India will achieve a growth rate between 6% and 6.3% for FY2023–24, with a more robust outlook beyond that period. If global uncertainties subside, it is expected that growth could surpass 7% over the next couple of years.

The Update notes that although significant challenges remain in the global environment, India was one of the fastest growing economies in the world. The overall growth remains robust and is estimated to be 6.9 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022/23. There were some signs of moderation in the second half of FY 22/23. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 percent in FY22/23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

Nonetheless, there are several potential risks to these forecasts. Among them, the actions taken by major economies' central banks and the movements in oil prices during the past quarter stand out as significant factors. This edition of our report delves into the importance of these developments and their potential implications for India's economic trajectory. As we navigate through these dynamic times, understanding and analyzing these factors will be crucial for informed decision-making.

FACILITY MANAGEMENT

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

The Indian economy is divided into several sectors, with facility management accounting for a sizeable portion of GDP. Facility Management (FM) refers to the tools and services that support the functionality, safety, and sustainability of buildings, grounds, infrastructure, and real estate. There is tremendous potential in the FM industry for employment, education, and raising the overall standard of living in the economy.

Facility management services refers to the use of third-party service providers for the maintenance of the building facility or outsourcing the management of entire facilities to an organization for the professional delivery of services. It comprises of hard services or building operation and maintenance and soft services or support services, and energy management services. Hard services include electrical, electromechanical, mechanical, water management and energy management. Soft services include housekeeping, security, catering, transportation, and horticulture and landscaping. It is gaining huge acceptance among the customers in Commercial sector as it helps the companies in the hassle-free management of its facilities in a professional manner.

2. OPPORTUNITY & THREATS

❖ **Opportunity:**

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

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

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

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

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

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

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

❖ **Threats:**

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

- **Safe Return to the Office:** With the majority of organizations transitioning back to physical workspaces after an extended period of remote work, ensuring a safe and secure environment is of paramount importance. Establishing and maintaining stringent health and safety protocols is a critical necessity. In addition to preparing COVID safety measures and improving hygiene practices, there is the complex task of assessing the condition and functionality of equipment that has been dormant during the pandemic.

- **Hybrid Work Model and Space Utilization:** The adoption of hybrid work models, combining remote work with office presence, has introduced a new challenge in terms of optimizing space utilization. As employees divide their time between remote and on-site work, facilities need to be configured to accommodate flexible occupancy needs. Reconfiguring workspaces to encourage collaboration while adhering to safety guidelines presents a unique challenge.

- **Integration of Workplace Technology:** The lockdowns underscored the importance of technology in managing facilities remotely. Particularly for organizations with diverse portfolios across multiple locations, facility management technology tools have become essential for remote management and reporting of facility-related operations. Implementing and effectively managing these technologies pose a new set of challenges.

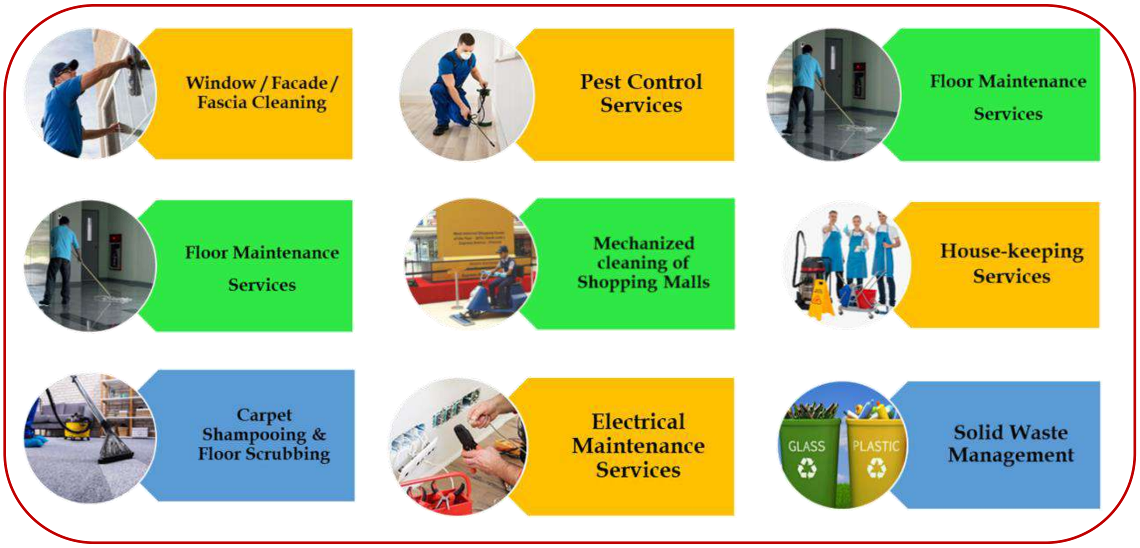
- **Balancing Cost and Employee Experience:** Facility management plays a direct role in shaping the employee experience and, in turn, impacting employee retention. Organizations are dedicated to providing top-notch facilities and amenities to retain their workforce. However, this comes with additional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

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

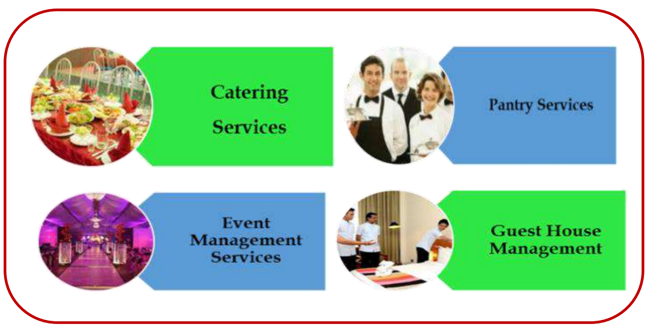
3. SEGMENT - WISE OR PRODUCT- WISE PERFORMANCE

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

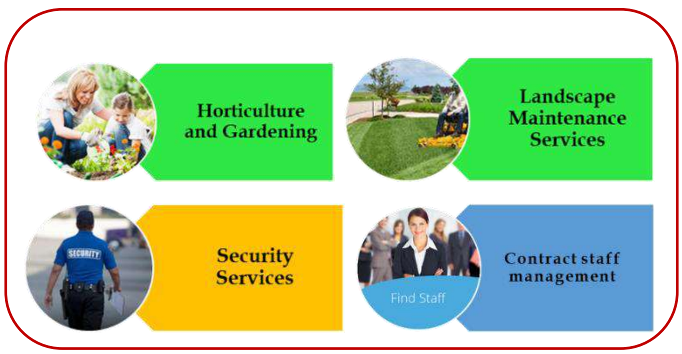
Our service offerings include the following broad services which are offered by our Company as indicated below:



Facility Management Services



Hospitality & Catering Services



Horticulture, Manpower Outsourcing & Security Services

4. OUTLOOK

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

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

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

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

5. RISK AND CONCERN

Risks	Risk Mitigation
Economic Risk	The company has been expanding its services and augmenting its revenues from promising areas to proactively minimize the impact.
People Risk	The company has developed strong recruitment teams to overcome the attrition risk.
Financial Risk	The company presents a healthy balance sheet with prudent working capital management. In recent years, the company has offloaded unviable customer accounts, to reduce debtors' outstanding.
Competition Risk	The company has deployed modern practices and processes to retain its competitive advantage and ensure loyalty among the workforce.
Covid-19	We are focusing on pivoting to new areas that have potential for high-growth and away from low-growth areas.
Efficiency Risk	The company trains its talent to increase their competence in better discovering and serving market needs

6. INTERNAL CONTROL SYSTEM

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

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

7. **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Your Company's standalone revenue from operations for the financial year ending 31st March, 2023 stood at Rs. 8,889.78 Lakh as compared to previous year Rs. 9,642.24 Lakh during the previous financial year. The Company has achieved Standalone EBIDTA (including other income) of Rs. 928 Lakh during the financial year 2023 as against that of EBIDTA of Rs. (1479) Lakh for the previous financial year 2022. The Standalone profit before tax for the financial year under review is 301.37 Lakh as compared to previous year Rs. (2,100.35) Lakh.

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

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

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

- The changing demographics of the workforce: The workforce is becoming more diverse, with a growing number of women, minorities, and immigrants. This is putting pressure on HR professionals to develop more inclusive and equitable policies and practices.

- The rise of the gig economy: The gig economy is growing, and this is creating new challenges for HR professionals. They need to find ways to attract and retain independent contractors, while also ensuring that they are treated fairly.

- The increasing focus on employee well-being: Employee well-being is becoming a top priority for many companies. This is leading to a demand for HR professionals who can develop and implement programs that promote employee health and happiness.

- The need for strategic HR leadership: HR is becoming increasingly strategic, and HR professionals are being called upon to play a more active role in shaping the company's overall strategy. This requires HR professionals to have a strong understanding of the business and to be able to think strategically about how HR can contribute to the company's success.

- In terms of the number of people employed for facility management business companies, the Bureau of Labor Statistics (BLS) projects that employment in this field will grow 7% from 2020 to 2030, about as fast as the average for all occupations. This growth is expected to be driven by the increasing demand for facility management services in commercial, industrial, and institutional settings.

- The BLS also projects that the median annual wage for facility managers will be $95,180 in

2030. This is higher than the median annual wage for all occupations, which is projected to be $45,760 in 2030.

- The following are some of the factors that are expected to drive growth in the facility management field:

- The increasing complexity of facilities: Facilities are becoming more complex, with a wider range of systems and equipment. This requires facility managers to have a deeper understanding of these systems and equipment in order to maintain them properly.

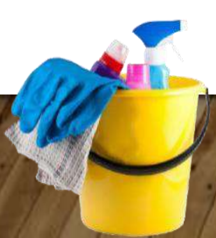
- The aging infrastructure: The infrastructure in the United States is aging, and this is leading to an increased demand for facility management services. Facility managers are needed to inspect, maintain, and repair this infrastructure.
- The growing focus on sustainability: There is a growing focus on sustainability in the business world, and this is leading to an increased demand for facility management services that can help businesses reduce their environmental impact. Facility managers can help businesses reduce their energy consumption, water usage, and waste production.

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

Key Financial ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to give details of significant changes (Change of 25% or more as compared to the immediately previous year) in key sector specified financial ratio.

Particulars	As at March 31, 2023	As at March 31, 2022	% of change in ratio	Remarks
Current Ratio	1.72	1.15	-49.32%	Improvement in current ratio due to proceeds from rights issue.
Debt-Equity Ratio	1.48	3.63	59.25%	Improvement in debt equity ratio due to proceeds from rights issue
Debt Service Coverage Ratio	0.74	-1.06	169.53%	The company managed to earn enough profit to cover its interest payments by cutting down on Other expenses.
Return on Equity Ratio(%)	8.58%	-68%	112.54%	Profit after Tax has been on a positive side compared to previous year.
Inventory Turnover Ratio	60.86	16.66	-265.39%	Stock of Inventory has been reduced as compared to previous year.
Trade Receivables Turnover Ratio	4.14	3.32	-24.80%	-
Trade Payable Turnover Ratio	8.11	10.60	23.50%	-
Net Capital Turnover Ratio	2.03	5.16	60.66%	Networth of the company is higher compared to previous year due to proceeds from rights issue.
Net Profit Ratio(%)	3.02%	-20.18%	114.94%	Due to Reduction in Employee Cost, the Company manages to earn a profit over the previous Year.
Return on Capital Employed (%)	28.62%	-53.72%	153.28%	The company's net worth increased from the previous year due to the issuance of rights shares.



ANNEXURE – IV

Form No. MR-3
SECRETARIAL AUDIT REORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023
[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 – 400072, Maharashtra.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 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.

The Company is Listed on the NSE Emerge Platform of National Stock Exchange (NSE).

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, 2023 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, 2023 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 as the Company has not granted/issued any benefits/shares to employees 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 as the Company has not issued any further share capital 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;

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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. Filing of Form MGT-14 with Registrar of Companies, for Appointment of Mr. Rahul Krishna Pathak as Chief Financial Officer (CFO).
ii. Filing of Form MGT-14 with Registrar of Companies, for Acquiring 9,990 Equity Shares of M/s. KHFM Infra Projects Private Limited and also for forming Partnership Firm in the name of M/s. KHFM & DP Jain Company with 99% stake of 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 as per the information and explanations given to us, the representation made by the management and relied upon by us, there are adequate systems, processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable Laws, Rules, Regulations, Guidelines, Standards, etc. to the Company.

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:

1. Mr. Bharat Kanani, Independent Director of the Company has resigned from the post of Independent Director with effect from 21st April, 2022.

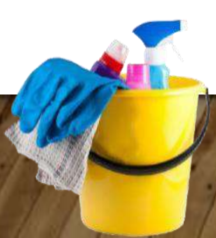
2. Mr. Naveen Alias Carvallo, Chief Financial Officer (CFO) of the Company have resigned from the post of CFO with effect from 20th June, 2023.

3. Company have appointed Mr. Kapildeo Ramswaroop Agrawal as Non- Executive Independent Director of the Company with effect from 21st July, 2022.

4. Mr. Rahul Krishna Pathak have been appointed as the Chief Financial Officer (CFO) of the Company with effect from 29th December, 2022.

5. Company have increased its authorised Share Capital from Rs. 12,00,00,000/- divided into 1,20,00,000 Equity Shares of Rs. 10/- Each to Rs. 21,00,00,000/- divided into 2,10,00,000 Equity Shares of Rs. 10/- each by passing an ordinary resolution at the Annual General Meeting of the Company.

6. Company vide its letter dated 13th September, 2022 to National Stock Exchange, have withdrawn its application for Migration to the Main Board of National Stock Exchange for which In Principal Approval Letter has already been received.



7. Company has Amended its Articles of Associated vide Special Resolution passed in the Extra – Ordinary General Meeting held on 28th October, 2022.

8. Company have approved Issue of Equity Shares on Rights basis in their Meeting held on 6th October, 2022 and allotted shares pursuant to Offer exercised by the eligible shareholders in the Board Meeting held on 22nd March, 2023 and thereby increasing Paid – Up Share capital of the Company to Rs. 20,04,14,990/- divided into 2,00,41,499 Equity Shares of Rs. 10 Each.

For **Mishra & Associates**
Company Secretaries

Manishkumar Premnath Mishra
Proprietor
Membership No. 41066
C. P. No. 18303
FRN: S2017MH516400
PR NO.: 2157/2022
UDIN: A041066E000926434

Date: 04.09.2023
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 – 400072, Maharashtra.

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

1. MANAGEMENT'S RESPONSIBILITY

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

2. AUDITOR'S RESPONSIBILITY

(a) Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

(b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe, the processes and practices that we followed provide a reasonable basis for our opinion. We also believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

(c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(d) Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

(e) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

3. DISCLAIMER

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

For **Mishra & Associates**
Company Secretaries

Manishkumar Premnath Mishra
Proprietor
Membership No. 41066
C. P. No. 18303
FRN: S2017MH516400
PR NO.: 2157/2022
UDIN: A041066E000926434

Date: 04.09.2023
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To
The Members
KHFM Hospitality & Facility Management Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of KHFM Hospitality & Facility Management Services Ltd ("the Company"), which comprises of the Balance Sheet as at 31st March, 2023, 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 a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act,2013 ("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 state of affairs of the Company as at 31st March, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

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.

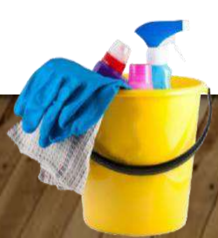
Key Audit Matters

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
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	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

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 31, 2023, contract assets of business operation comprises of Rs. 3772.13 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.	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 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 company's trade receivables being fairly valued and adequately provided against where doubt exists. • There is a risk of debtors being misstated and disclosures related to the same in the financial statements. • Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter.	• 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.

Emphasis of Matter

We draw attention to –

a. Standalone financial results relate to the Company, which describes Site expenses, Advance for Site expenses, Employee Benefit expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) for the year ended on 31st March 2023. We perceived that the system of recording site expenses needs advancement to ensure transaction trail and related documentary evidences. Accordingly, we are impuissant to assess and quantify effect of aforesaid transaction on the financial statements. However, according to Company's 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 aforesaid Matter.

b. In respect of Confirmations/ Reconciliation of balances for secured and unsecured loans, trade receivables, trade and other payables (including micro and small enterprises) and Loans and Advances are awaiting confirmations / reconciliations. Accordingly, these reconciliations represent uncertainty with its potential impact on the consolidated financial results which we are unable to quantify and assess. However, 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 Matters.

c. We draw attention to Contingent liabilities included in the standalone financial results in respect of Company, As at March 31, 2023 the Company has ascertained contingent liabilities of Rs.2331.79 Lakhs in respect of Tax litigations and guarantees. In the opinion of Management, they apply significant judgement in estimating the likelihood of the future outcome in each case when consider- whether, and how much, to provide or in determining the required disclosure for the potential exposure of each item of Contingent liability. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progress. In Our Audit approach we found that recording of the outstanding litigations against the Company for consistency with the previous years, enquired and obtain explanations for movement during the year, needs development for those matters where

management concluded that no provisions should be recognized, considering the adequacy and completeness of the company's disclosures.
Our Opinion is not modified in respect of aforesaid Matters.

d. In respect of Contract Assets disclosed in the Stand alone financial results there is a moderate unpredictability relating to the retrievable work in progress (Contract Assets) amounting to Rs.3772.13 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2023 by the Company, The aforementioned contract assets are presently under various stages of negotiations and discussions, or awaiting final confirmations with various clients of the Company. Based on the current progress in each case, management is of the view that the said Contract assets are fully recoverable.
Our Opinion is not modified in respect of aforesaid Matters.

e. We draw attention to Allowance for Bad and doubtful debts in respect of Non-Current Debtors reported in Standalone financial statement, Company has written off Rs.418.04 Lacs in respect of Bad and Doubtful Debts during the year ended 31st March, 2023, however obligatory TCS Compliance in respect of Tax Collection at source on aforesaid Bad Debts are yet to be observed by the Company. In the opinion of management, TCS deduction applicability with respect to Bad Debts needs more legal clarity and were under discussion with the Tax advisors.
Our Opinion is not modified in respect of aforesaid Matters

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, of 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 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.

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, 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:

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 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.

d) 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.

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) 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.

(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 2023 on its financial position in its standalone financial statements-Refer Note 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 derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

a. 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;

b. 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 and

c. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (iv) (a) and (iv) (b) contain any material mis-statement.

iv. The Company has not declared or paid any dividend during the year.

v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining Books of Account using accounting software which has a feature of recording audit trail (edit log) Facility is applicable to the Company with effect from 1st April, 2023, and accordingly Reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not Applicable for the financial year ended March 31, 2023.

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

Sd/-
Bhushan Khot
(Partner)
Membership No. 101858
UDIN: 23101858BGXFGV3823

Place: Mumbai
Date: 30th May, 2023

ANNEXURE "A"
TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023

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

i. (a) The Company 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 except in the case of certain Plant and Machinery, where the Company is in the process of updating the records for the situation of these assets.

(b) The Company, except for customer premises equipment, and certain assets which due to their nature or location are not verifiable, 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 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, 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 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 and capital work-in progress and according to the information and explanations given to us and based on the examination of the property tax receipts, utility bills for building constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

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

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

ii. (a) The inventories, except for those lying with third parties, 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) During the year, 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 Current Assets offered as Security*	*Quarter ended*	*Amounts disclosed as per Quarterly return / Statement Rs in Lacs*	*Amount as per books of Accounts*	*Difference*
Apna Sahakari Bank, Bank of India & State Bank of India	Apna Sahakari Bank -1895 lakhs Bank of India- 752 lakhs State Bank of India- 585 lakhs	Receivables, Inventory, Contract Assets (work in progress)	Sept-2022	7,280.85	7150.51	130.34
Apna Sahakari Bank, Bank of India & State Bank of India	Apna Sahakari Bank -1895 lakhs Bank of India- 752 lakhs State Bank of India- 585 lakhs	Receivables, Inventory, Contract Assets (work in progress)	March-2023	7245.58	7492.34	(246.76)

Reason for difference

In accordance with the information and explanations furnished by the company's management, we have observed that stock and receivable statements are transmitted to the bank on or before the 10th day of the subsequent month. These statements encompass receivables, including contract assets represented by work in progress, as well as 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 purchase order in hand.

However, it is essential to highlight that due to a myriad of factors, such as contractual commitments, shifts in the scope of work, client-induced delays, negotiation processes, and modifications to the billing cycle period, adjustments have been made to the assumption governing contract assets, particularly work in progress.

According to the management's evaluation, these adjustments have been implemented in a manner that ensures there is no significant dissimilarity between the contract assets before and after the restructuring process.

Note: Pari-passu charge on the Company's entire current assets namely stock of raw materials, finished goods, stocks in- process, consumables stores and spares and book debts at its plant sites or anywhere else, in favour of the Bank, by way of hypothecation. Also refer Note 28 to the standalone financial statements.

It's important to note that in the reconciliation process, both the figures presented in the Quarterly Statement and those recorded in the Books of Accounts are treated as gross amounts before any

Expected Credit Loss (ECL) provision is 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.

iii. 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) (c) (d) (e)and (f) of the Order are not applicable to the Company.

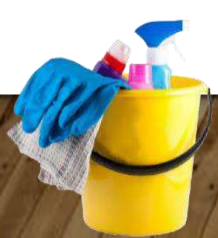
iv. As per information and explanation provided to us and on the basis of verification of records of the Company, the Company during the year has not granted any loan, made investment and provided guarantees and securities to the parties covered under section 185 and section 186 of the Act. Accordingly, 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 Governments has not prescribed the maintained 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 explanation given to us and on the basis of our examination of the records of the company, we observed that there are delays in amounts deposited with appropriate authorities for deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and services tax, service tax duty of customs, sale tax value added tax, entry tax, employees state insurance, cess and other material statutory dues. According to the information and explanation given to us, undisputed amounts payable in respect of provident Fund, income tax, goods and services tax, sales tax, value added tax employees state insurance and other material statutory dues which in arrears as at March 31, 2023 for a period of more than six months from the date they became payable are as under:

Name of the Statue	Nature of the Dues	Amount (in Lakh)	Period to which the amount relates	Dues Date	Date of Payment
Income Tax Act,1961	Statutory Dues-TDS Payable	33.91	F.Y 2021-2022	Various dates	Unpaid
Income Tax Act,1961	Statutory Dues-TDS Payable	12.54	F.Y 2022-2023	Various dates	Unpaid
EPF Act,1952	Provident Fund Payable	70.53	Earlier Financial Year.	Various dates	Unpaid



EPF Act,1952	Provident Fund Payable	2.69	September 2022	15.10.2022	Unpaid
Employee State insurance (ESIC), Act	ESIC Payable	12.65	F.Y 2021-2022	various dates	Unpaid
ESIC Act	ESIC Payable	2.09	F.Y 2022-2023	various dates	Unpaid
Professional tax (PT) Act,1987	PT Payable	39.20	F.Y 2021-2022	Various dates	Unpaid
Professional tax Act,1987	PT Payable	4.43	F.Y 2022-2023	Various dates	Unpaid

* The above does not include the GST on unbilled revenue of Rs. 37.72 Crore, pending reconciliation with customer, as management states that GST is payable upon completion of reconciliation and invoicing thereon (Refer Note no. 11).

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

viii. 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, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

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 which were not paid as at Balance Sheet date.

(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 wilful 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. Further, the Company has raised moneys through Right issues from the existing Shareholders for general purpose use, however the same has not been utilized for the year ending 31.03.2023.

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

xi. (a) 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.

(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. 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) As of the conclusion of our audit, the internal auditor has yet to submit their internal audit report to the company's management.

xv. According to the information and explanations given to us and based on our examination of the records, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly clause (xv) of paragraph 3 of the order is 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.

xvii. 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.

xviii. The Company has not incurred any cash losses in the current financial year. The company has incurred cash losses of Rs 19.46 Crore in the immediately preceding financial year.

xix. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.

xx. 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.

xxi. 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.

xxii. The reporting under Clause 3(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 Bhushan Khot & Co.
Chartered Accountants
FRN 116888 W

Sd/-
CA Bhushan Khot
Partner
Mem. No. 101858
UDIN: 23101858BGXFGV3823

Place: Mumbai
Date: 30th May, 2023

"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")

Opinion

We have audited the internal financial controls over financial reporting of KHFM Hospitality and Facility Management Services Ltd as of 31st March, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, as of March 31, 2023, the Company maintains effective internal financial controls pertaining to the financial statements in all significant respects. These internal financial controls, specifically concerning the Standalone financial statements, were observed to be functioning efficiently, with the exception of the matters highlighted in the "emphasis of matter" section of the independent auditor's report.

Our assessment of these internal financial controls aligns with the criteria established by the Company, taking into consideration the fundamental elements of internal control outlined in the Guidance Note on Audit of Internal Financial Reporting, as issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls 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.

For Bhushan Khot & Co.
Chartered Accountants
FRN 116888 W

Sd/-
CA Bhushan Khot
Partner
Mem. No. 101858
UDIN: 23101858BGXFGV3823

Place: Mumbai
Date: 30th May, 2023

AUDITED STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2023

(All Amount in INR Lakhs)

	Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
A	**ASSETS**			
	Non-Current Assets			
	(a) Property, Plant and Equipment	3	89.10	146.16
	(b) Right- of - Use Assets		-	-
	(c) Capital Work in Progress		-	-
	(d) Investment properties	3(a)	56.13	59.01
	(e) Goodwill			
	(f) Other Intangible Assets	3	5.53	3.66
	(g) Intangible Assets Under Development		-	-
	(h) Biological assets other than Bearer plants		-	-
	(i) Financial Assets			
	(i) Investments	4	6.59	5.50
	(ii) Trade Receivables	8	-	663.60
	(iii) Other Financial Assets	5	1,065.49	1,253.84
	(j) Deferred Tax Assets (Net)	6	507.69	399.03
	(k) Other Non-Current Assets			
	SUB-TOTAL		**1,730.53**	**2,530.80**
	Current Assets			
	(a) Inventories	7	1.57	1.66
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivables	8	1,919.68	1,709.19
	(iii) Cash and Cash Equivalents	9	60.78	104.37
	(iv) Bank Balances other than (ii) above	9	2,878.30	871.70
	(v) Other Financial Assets		-	-
	(c) Current Tax Assets (Net)	10	458.90	391.87
	(d) Other Current Assets	11	3,822.27	3,055.49
	SUB-TOTAL		**9,141.50**	**6,134.27**
	Non Current Assets Classified as Held for sale			
	Total Assets		**10,872.03**	**8,665.08**
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	12	2,004.15	1,002.23
	(b) Other Equity	13	2,377.84	867.51
			4,381.99	**1,869.74**
	Liabilities			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	1,163.94	1,474.96
	(ii) Other Financial Liabilities		-	-
	(b) Provisions		-	-
	(c) Deferred tax Liabilities (Net)		-	-
	(d) Other Non-Current Liabilities	15	22.17	5.85
			1,186.11	**1,480.81**

	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	3,367.32	3,197.93
	(ii) Trade Payables	17	493.67	512.55
	(iii) Other Financial Liabilities	18	536.05	600.25
	(b) Provisions	19	671.08	662.80
	(c) Other Current Liabilities	20	235.81	340.99
			5,303.93	**5,314.52**
	Total Equity and Liabilities		**10,872.03**	**8,665.08**

Significant Accounting Policies.
See accompanying Notes to the Standalone Financial Statements

As per our Attached report of even date

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

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(All Amount in INR Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
I	Revenue from Operations	21	8,889.78	9,642.24
II	Other Income	22	81.28	63.19
III	**Total Revenue (I+II)**		**8,971.06**	**9,705.43**
IV	EXPENSES			
	Employee Benefits Expense	23	3,963.32	5,654.40
	Finance Costs	24	594.12	571.78
	Depreciation and Amortization Expense	25	33.11	49.53
	Other Expenses *	26	4,079.12	5,530.07
	Total Expenses (IV)		**8,669.67**	**11,805.77**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**301.39**	**(2,100.35)**
VI	Exceptional Items			
VII	Profit/(Loss) before Tax (V-VI)		301.39	(2,100.35)
VIII	**Tax Expense:**	27		
	(1) Current Tax		8.07	-
	(2) Reversal/Provision of Income Tax- Earlier years		81.39	8.13
	(3) Deferred Tax		(74.65)	(187.12)
	Total Tax Expense		**14.81**	**(178.99)**
IX	**Profit (Loss) for the period (VII-VIII)**		**286.58**	**(1,921.36)**
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		24.67	24.85
	(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss		(6.21)	-
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
XI	**Total Comprehensive Income for the period (IX+X)**		**268.12**	**(1,946.21)**
XII	**Earnings per Equity Share**	28		
	(1) Basic		2.32	2.37
	(2) Diluted		2.32	2.37

* Other Expenses include allowances for Bad & Doubtful Debts

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

STANDALONE STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital **(All Amounts in INR Lakhs)**

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

Balance at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year*	Balance as at March 31, 2022
969.90	**-**	**969.90**	**32.33**	**1,002.23**

B. Other Equity

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Other Equity
	Securities Premium	Retained Earnings	Share Issue expenses	Remeasurements of defined benefit Plans	
Opening Balance as at 1st April, 2021	**679.91**	**2,161.23**	**-**	**10.06**	**2,851.20**
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2021	**679.91**	**2,161.23**	**-**	**10.06**	**2,851.20**
Profit /(Loss) for the year	-	(1,921.36)	-	-	(1,921.36)
Other Comprehensive income /(losses)	-		-	(24.85)	(24.85)
Total Comprehensive Income for the Year	**-**	**(1,921.36)**	**-**	**(24.85)**	**(1,946.21)**
Deferred tax on share issue expense	(5.15)	-	-	-	(5.15)
Less: Bonus Issue	(32.33)				(32.33)
Dividend (including tax)	-		-	-	-
Closing Balance as at 31st March 2022	**642.43**	**239.87**	**-**	**(14.79)**	**867.51**
Adjustment of prior period errors	-	-	-	-	-
Restated Opening balance as at 1st April, 2022	642.43	239.87	-	(14.79)	867.51
Profit /(Loss) for the year	-	286.56	-	-	286.56
Other Comprehensive income /(losses)	-		-	(18.46)	(18.46)
Total Comprehensive Income for the Year	**-**	**286.56**	**-**	**(18.46)**	**268.10**
Add : Issue of shares	1,402.69		(194.46)		1,208.23
Less: Share issue expense (net of tax benefit)	(194.46)		194.46	-	-
Deferred tax on share issue expense	34.00				34.00
Closing Balance as at 31st March 2023	**1,884.66**	**526.43**	**-**	**(33.25)**	**2,377.84**

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

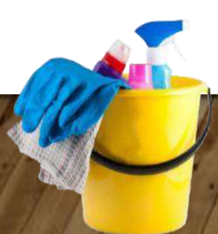
Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

AUDITED STANDALONE CASH FLOW STATEMENT

(Rs. in Lakhs)

	Particulars	As at 31st March 2023	As at 31st March 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before Tax	301.37	(2,100.35)
	Adjustment for:		
	Depreciation and Amortization Expense		49.53
	Finance cost	33.11	571.78
	Allowance for Doubtful Debts	594.12	755.81
	Profit on sale of Property, Plant & Equipment	671.32	(4.16)
	Re-measurement (Gain)/Loss on Defined Benefit Plan	(17.13)	(24.85)
	Interest Income on Fixed Deposit and Income Tax Refund	(24.67)	(35.23)
	Operating Profit before Working Capital changes	**(39.44)**	**(787.46)**
	Adjustment for:	1,518.67	
	(Increase)/decrease in Trade Receivables		308.90
	(Increase)/decrease in Other Current Financial Assets	(218.20)	-
	(Increase)/decrease in Other Non-Current Financial Assets	(1,904.61)	(196.18)
	(Increase)/decrease in Other Current Assets	188.35	524.85
	(Increase)/decrease in Inventories	(833.82)	26.09
	Increase/(decrease) in Trade-Payable	0.09	(18.46)
	Increase/(decrease) in Other Current Financial Liability	(18.88)	1,010.03
	Increase/(decrease) in Non Current Liability	105.20	(12.80)
	Increase/(decrease) in Provision	16.32	(47.38)
	Increase/(decrease) in Non-Current Liabilitty	8.27	266.13
	Increase/(decrease) in Current Liabilitty	(311.02)	(28.52)
	Cash Generated/Used from Operations	**(105.18)**	**1,045.21**
	Direct Taxes		-
	Net Cash from Operating Activities (A)	**(1,554.80)**	**1,045.21**
		(83.25)	
B	**CASH FLOW FROM INVESTING ACTIVITIES**	(1,638.05)	
	Purchase of Property, Plant & Equipment		(59.10)
	Sale of Property, Plant & Equipment		5.00
	Fixed Deposits placed/matured/realised (Net)	(7.30)	(417.80)
	Interest Received	49.38	35.23
	Investment in subsidiaries	(102.00)	-
	Net Cash used in Investing Activities (B)	**39.44**	**(436.67)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Expenses	(1.09)	(571.78)
	Proceeds from Rights Issue	(21.57)	-



	Payment For share issue related costs	(194.46)	-
	Net Cash from Financing Activities (C)	**1,616.03**	**(571.78)**
	Net Changes in Cash and Cash Equivalents (A+B+C)	**(43.59)**	**36.77**
	Opening Balance of Cash and Cash Equivalents	104.37	67.60
	Closing Balance of Cash and Cash Equivalents	**60.78**	**104.37**

Notes:-

1. 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.

2. Cash and Cash Equivalents at the year end comprises

Cash on Hand	54.37	97.34
In Bank Account	6.42	7.03
	60.78	**104.37**

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2023

1. CORPORATE INFORMATION

The Company

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 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 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 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, 2023 were approved for issue in accordance with the resolution of the Board of Directors on 30th May, 2023.

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) 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 AND 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
Equipment's (Plant & Machineries)	15 Years
Vehicles	8 Years
Motor Vehicles on Hire	6 years
Office Equipment's	15 Years
Furniture & Fixtures	10 Years
Computers (Servers & Networks)	6 Years
Software	3 years

In none of the case the residual value of an asset 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 de-recognition 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 in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Company's standalone financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

V. TRANSACTION AND BALANCES

The Company's 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 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 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, net of outstanding bank overdrafts that are repayable on demand, book overdraft as they being considered as integral part of the Company's cash management system.

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

(All Amount in INR Lakhs)

Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total	Intangible Assets
Gross Carrying Value as at 31 March 2021	**7.74**	**12.86**	**6.23**	**96.84**	**308.11**	**431.77**	**1.40**
Additions	-	1.19	-	33.09	21.11	55.40	3.71
Disposals	-	-	-	0.84	-	0.84	
Gross Carrying Value as at 31 March 2022	**7.74**	**14.05**	**6.23**	**129.09**	**329.22**	**486.32**	**5.11**
Additions	0.24	0.36	0.23	-	0.82	1.65	5.65
Disposals	-	-	-	30.90	4.58	35.47	-
Gross Carrying Value as at 31 March 2023	**7.98**	**14.41**	**6.45**	**98.19**	**325.46**	**452.50**	**10.76**
Accumulated Depreciation							
Balance as at 31 March 2021	**6.41**	**8.96**	**4.22**	**55.81**	**218.82**	**294.22**	**0.88**
Additions	0.35	1.76	0.36	25.38	18.11	45.95	0.56
Disposal						-	-
Balance as at 31 March 2022	**6.75**	**10.72**	**4.58**	**81.19**	**236.93**	**340.17**	**1.45**
Additions	0.26	1.31	0.33	8.54	16.03	26.47	3.78
Disposal	-	-	-	3.23	0.01	3.24	-
Balance as at 31 March 2023	**7.01**	**12.03**	**4.91**	**86.50**	**252.94**	**363.40**	**5.22**
Net Carrying Value							
As at 31 March 2022	**0.99**	**3.33**	**1.65**	**47.90**	**92.29**	**146.16**	**3.66**
As at 31 March 2023	**0.97**	**2.38**	**1.54**	**11.69**	**72.52**	**89.10**	**5.53**

- Registered Equitable Mortgage and First and exclusive charge and security by way of hypothecation of machineries for Apna Sahakari Bank Ltd Loan Includes office Equipment's.
- The Company neither has any Benami property nor any proceeding has been initiated or pending against the Company during the year ended March 31, 2023 and March 31, 2022 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.

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

3(a)

INVESTMENT PROPERTIES	As at 31st March, 2023	As at 31st March, 2022
Gross Carrying Value	99.63	99.63
Accumulated depreciation	43.50	40.63
Net Carrying Value	**56.13**	**59.01**

ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES	As at 31st March, 2023	As at 31st March, 2022
Accumulated depreciation at the beginning of the year	40.63	37.61
Addition	2.87	3.02
Accumulated depreciation at the end of the year	**43.50**	**40.63**

i) Amount recognised in profit and loss for investment properties	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Rental Income	8.65	-
Direct operating expenses from property that generated Rental Income	1.45	0.86
Direct operating expenses from property that didn't generated Rental Income	-	0.13
Profit from investment properties before depreciation	**7.21**	**-0.99**
Depreciation	2.87	3.02
Profit from investment properties	**4.34**	**-4.01**

ii) Contractual obligations

The Group 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, 2023	As at 31st March, 2022
Investment Property	**231.14**	**192.22**

Estimation of Fair Value

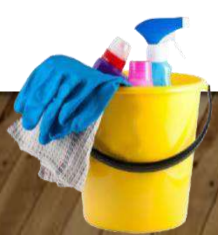
The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Group are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Group's investment properties 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, 2023	As at 31st March, 2022
Investment measured at Fair Value through Other Comprehensive Income		
In Equity instrument of Other entities		
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	-
(9900 Equity Shares of Rs 10 each fully paid up)		
KHFM & D.P Jain Company	0.10	-
KHFM Infra Projects Private Limited		
Total	**6.59**	**5.50**

5

OTHER FINANCIAL ASSETS	As at 31st March, 2023	As at 31st March, 2022
(Unsecured, considered good, unless stated otherwise)		
NSE Exchange Deposit	-	-
Security Deposits & Retension Money	963.56	1,151.92
Service tax Appeal Deposit	101.93	101.93
Total	**1,065.49**	**1,253.84**



6	DEFERRED TAX ASSETS (NET)	As at 31st March, 2023	As at 31st March, 2022
	Deferred Tax Assets / (Liabilities) in relation to		
	Deferred Tax Assets		
	Interest / Processing Fees Ind As Adjustments	5.01	0.12
	Provision for Employee Benefits	9.52	4.38
	Allowance for Bad & Doubtful Debts	452.76	389.03
	Share Issue expenses/IPO/ Rights issue Expenses	44.30	10.30
	Sub-Total (A)	**511.59**	**403.84**
	Deferred Tax Liabilities		
	Property, Plant & Equipment	3.90	4.80
	Interest / Processing Fees Ind As Adjustments		
	Sub-Total (B)	**3.90**	**4.80**
	Deferred Tax Assets / (Liability) (Net) (A-B)	**507.69**	**399.03**

The movement on the Deferred Tax Asset is as follows:

Particluars	As at 31st March, 2023	As at 31st March, 2022
Balance at the Opening of Reporting period - Deferred Tax Asset	**399.03**	**217.06**
Allowance for Bad & Doubtful Debts	63.73	183.88
Property, Plant & Equipment	0.91	1.50
Provision for Employee Benefits	5.13	(2.76)
Interest / Processing Fees Ind As Adjustments	4.88	4.50
Recognised in Profit & Loss A/c	**74.65**	**187.12**
Adjusted against share issue expenses/IPO expenses in equity	-	
Share issue expenses/IPO expenses	34.00	(5.15)
Total Movement of Deferred Tax Asset	**108.66**	**181.97**
Charge to Other Comprehensive Income	-	
Remeasurement of Defined Benefit Plans	-	-
Balance at the Closing of Reporting period- Deferred Tax Asset	**507.69**	**399.03**

7	INVENTORIES	As at 31st March, 2023	As at 31st March, 2022
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished Goods	-	-
	Traded Goods	-	-
	Stores & spares	**1.57**	**1.66**
	Total Inventories	**1.57**	**1.66**

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

8	TRADE RECEIVABLES	As at 31st March, 2023	As at 31st March, 2023
	Non Current Debtors	-	-
	- Unsecured	-	-
	-Considered Good	1,571.93	2,023.68
	- Considered Doubtful	-	-
	- Less:- Allowance for Bad & Doubtful Debts	1,571.93	1,360.08
	Total Non Current debtors	-	**663.60**

	As at 31st March, 2023	As at 31st March, 2023
Current Debtors	1,948.18	1,737.75
- Unsecured	-	-
-Considered Good	-	-
- Considered Doubtful	-	-
- Less:- Allowance for Bad & Doubtful Debts	28.50	28.55
Total Current debtors	**1,919.68**	**1,737.75**

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months- 1 year	1 - 2 years	2 - 3 years	More than 3 years	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	-	-	-	-	1,571.93	1,571.93
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
	-	-	-	-	**1,571.93**	**1,571.93**
Less: Allowance for doubtful trade receivables – Billed						**(1,571.93)**
Trade receivables - Unbilled						-

Ageing for trade receivables - billed – Non-current outstanding as at March 31, 2022 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	-	-	-	-	2,023.68	2,023.68
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
	-	-	-	-	**2,023.68**	**2,023.68**
						1,360.08
Less: Allowance for doubtful trade receivables - Billed						-
Trade receivables - Unbilled						**663.60**

Ageing for trade receivables - billed – current outstanding as at March 31, 2023 is as follows

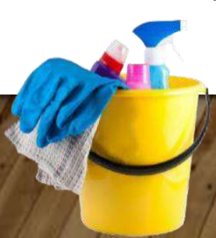
Particulars	Outstanding for following periods from due date of payment Less than 6 months	6 months- 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Trade receivables - Billed						
Undisputed trade receivables – considered good	1,167.72	382.18	289.42	72.32	36.54	1,948.18
Undisputed trade receivables – 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	-	-	-	-	-	
	-	-	-	-	-	**1,948.18**
Less: Allowance for doubtful trade receivables – Billed	-	-	-	-	-	**(28.50)**
Trade receivables - Unbilled						**1,919.68**

Ageing for trade receivables - billed – current outstanding as at March 31, 2022 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	1,342.51	204.15	101.17	57.61	32.30	1,737.75
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	-	-	-	-	-	
	1,342.51	**204.15**	**101.17**	**57.61**	**32.30**	**1,737.75**
						(28.55)
Less: Allowance for doubtful trade receivables - Billed						-
Trade receivables - Unbilled						**1,709.19**

Receivables from Related Parties:- (Rs. Nil) [(Previous Year-Rs. Nil)
Receivables become due for payment once the invoices are raised/issued. Accordingly ageing is derived from the date invoice is registered in books of accounts.

9	CASH AND BANK BALANCES	As at 31st March, 2023	As at 31st March, 2022
	Cash and cash equivalents		
	Balances with Banks	6.42	7.03
	Cash on hand	54.37	97.34
		60.78	**104.37**
	Bank Balances other than above		
	Deposit with original maturity less than 12 months	-	-



Fixed Deposit - Margin in lieu of charge creation	973.59	871.59
Unpaid dividend	0.11	0.11
Escrow Account- Right Issue	1,904.61	-
	2,878.30	**871.70**
Total	**2,939.08**	**976.06**

10 CURRENT TAX ASSETS (NET)	As at 31st March, 2023	As at 31st March, 2022
Advance Income Tax (net of Provisions)	458.90	391.87
Total	**458.90**	**391.87**

11 OTHER CURRENT ASSETS	As at 31st March, 2023	As at 31st March, 2022
Advances to Staff	0.40	1.01
(Unsecured Considered Good)	-	-
Loans & Advances	5.27	5.27
Advances against site	39.92	42.46
Balance with Government Authorities	-	-
Prepaid Expenses	4.55	21.48
Contract Assets	3,772.13	2,985.25
Total	**3,822.27**	**3,055.49**

Changes in Contract Assets are as follows:	As at 31st March, 2023	As at 31st March, 2022
Contract Assets at the beginning of the year	3,142.37	3,701.34
Revenue Recognised during the year	8,891.12	9,646.02
Invoices raised during the year	(8,062.82)	(10,204.98)
Total	**3,970.67**	**3,142.37**
Provision for contract assets	(198.53)	(157.12)
Contract Assets at the end of the year	3,772.13	2,985.25

12 SHARE CAPITAL	As at 31st March, 2023	As at 31st March, 2022
(a) Authorised		
2,10,00,000 Equity Shares of Rs. 10 each	2,100.00	1,200.00
Total	**2,100.00**	**1,200.00**
(b) Issued, Subscribed and Paid Up		
2,00,41,499 Equity Shares of Rs. 10 each	2,004.15	1,002.23
Total	**2,004.15**	**1,002.23**
(c) Reconciliation of the Number of Equity Shares		
Shares outstanding at the beginning of the year	**100.22**	**96.99**
Shares issued during the year	**100.19**	**3.23**
Shares bought back during the year		
Shares outstanding at the Closing of the year	200.41	100.22

(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 shareholders 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, 2023	As at 31st March, 2022
Equity Shares of Rs.10 each fully paid held by-	**No. of shares (In Lakhs)**	
(i) Ravindra Malinga Hegde	64.79	61.44
(ii) Sujata Ravindra Hegde	10.32	9.89

13	OTHER EQUITY	As at 31st March, 2023	As at 31st March, 2022
	(a) Security Premium		
	Opening Balance	642.43	679.91
	add : issue of shares	1,402.69	-
	less : Bonus issue	-	(32.33)
	less: Share issue expenses net of Tax benefit	(160.45)	(5.15)
	Closing balance	**1,884.67**	**642.43**
	(b) Retained Earnings		
	Balance at the beginning of the Financial Year	239.87	2,161.23
	Adjustment of prior period expense	-	-
	Restated balance at the beginning of the Financial Year	239.87	2,161.23
	Profit during the year transferred	286.55	(1,921.36)
	Balance at the end of the Financial Year	**526.43**	**239.87**
	Balance consists of Surplus retained from earned profit after payment of dividend.		
	Total Reserve & Surplus (a)+(b)+(c)	**2,411.09**	**882.30**
		-	-
	(d) Items of Other Comprehensive income	-	-
	Remeasurements of defined benefit plans	-	-
	Opening Balance	(14.79)	10.06
	Add: Current year Income/(expense)	(18.46)	(24.85)
	Closing balance	(33.25)	(14.79)
	Total Other Equity (a)+(b)+(c)+(d)	**2,377.84**	**867.51**

14	Non-Current Liabilities	As at 31st March, 2023	As at 31st March, 2022
	(a) Financial Liabilities		
	(i) Borrowings		
	1-Secured loans	1,154.48	1,385.20
	2-Unsecured loans	9.46	89.77
	Total	**1,163.94**	**1,474.96**

Secured Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 28)

15	OTHER NON-CURRENT LIABILITIES	As at 31st March, 2023	As at 31st March, 2022
	Provision for gratuity- Non Current	22.17	5.85
	Total	**22.17**	**5.85**

16	Current Borrowings	As at 31st March, 2023	As at 31st March, 2022
	Working capital		
	from banks & financial institutions-Secured		
	Apna Sahakari Bank Ltd	1,916.80	1,778.84
	Deutsche Bank	-	-
	Bank of India	687.16	738.23
	State Bank of India	563.49	583.13
	From Related Parties	-	
	Ravindra Hegde	155.89	64.74
	Sujata Hegde	43.73	31.98

KHFM HR Consultancy Private Limited	0.25	1.00
	3,367.32	**3,197.93**

Working Capital Loans are secured against current assets(book debts) property, plant and equipments,fixed deposits and personal guarantee of directors. (Refer Note 28)

17	TRADE PAYABLES	As at 31st March, 2023	As at 31st March, 2022
	Financial Liabilities carried at Amortised Cost		
	Due to Micro, Small and Medium Enterprises	17.43	8.79
	Others	-	-
	(i) Related Parties	1.99	4.23
	(ii) Other Parties	474.25	499.53
	Total	**493.67**	**512.55**

Ageing for trade payables outstanding as at March 31, 2023 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*	8.64	8.79	-	-	17.43
Others	306.68	162.60	6.96	-	476.24
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	315.32	**171.39**	**6.96**	**-**	**493.67**

Accrued expenses

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

Ageing for trade payables outstanding as at March 31, 2022 is as follows

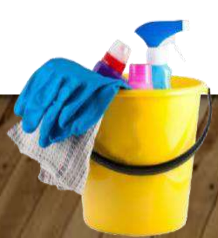
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	TOTAL
Trade payables					
MSME*	8.79	-	-	-	8.79
Others	458.93	39.11	5.72	-	503.76
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	467.72	**39.11**	**5.72**	**-**	**512.55**

Accrued expenses

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

18	OTHER FINANCIAL LIABILITIES	As at 31st March, 2023	As at 31st March, 2022
	Financial Liabilities carried at Amortised Cost		
	Current Maturity of long term debt	303.84	436.39
	Unclaimed Dividend	0.11	0.11
	Subcontractor deposits	227.60	163.76
	Deposit premises	4.50	-
	Total	**536.05**	**600.25**

19	PROVISIONS (CURRENT)	As at 31st March, 2023	As at 31st March, 2022
	Provision for taxes		
	Provision for Gratuity	15.64	11.57
	Provision for Employee benefit expenses	647.36	651.17



Provision for Audit fees	8.00	-
Provision for Electricity expense	0.08	0.07
Total	**671.08**	**662.80**

20	OTHER CURRENT LIABILITIES	As at 31st March, 2023	As at 31st March, 2022
	Statutory Dues	235.81	340.99
	Total	**235.81**	**340.99**

21	REVENUE FROM OPERATIONS	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Contracted Price (Services)	8,891.12	9,646.02
	Less: Reduction towards variable consideration components	1.34	3.78
	Total	**8,889.78**	**9,642.24**

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.

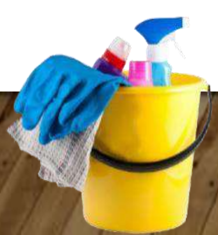
The Company classifies the right to consideration in exchange for deliverables as either as a receivables or as unbilled revenue if revenue is accrued. Receivables and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivables is presented net of impairment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

22	OTHER INCOME	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Rental Income	8.65	-
	Reimbursement of Interest & Issue Exp from LLPs	-	-
	Miscellaneous Income	-	-
	Profit on Sale of Property, Plant & Equipments	17.13	4.16
	Reversal of Allowance for Bad & Doubtful Debts	-	-
	Dividend	-	-
	Interest Income earned on Financial Assets carried at Amortised Cost	-	-
	Interest on Bank Fixed Deposits	39.44	35.23
	Interest on Security Deposit	-	-
	Investment carried at Fair Value through P&L	-	-
	Fair Value Gain on Mutual Funds	-	-
	Remission of Liability	16.06	23.80
	Total	**81.28**	**63.19**

23	EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Salaries, Wages and Bonus	3,626.30	5,040.07
	Contribution to Provident Fund and Other funds	332.37	607.99
	Staff Welfare expenses	4.65	6.33
	Total	**3,963.32**	**5,654.40**

24	FINANCE COST	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Interest Expenses for financial liabilities measured at amortised cost	594.12	571.78
	Total	**594.12**	**571.78**

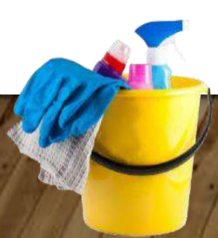
25	DEPRECIATION	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Depreciation on property, plant and equipment	26.46	45.95



Depreciation on investment property	2.87	3.02
Amortisation of intangible assets	3.78	0.56
Amortisation of leasehold land	-	-
Total	**33.11**	**49.53**

26	OTHER EXPENSES	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	Direct Expenses		
	Site Expenses	718.11	1,699.75
	Labour Charges	1,852.71	1,906.50
	Consumption of stores, spares & Consumables	98.28	244.98
	Uniform Expenses	3.34	8.02
	Blocked credit	16.47	49.82
	Deductions & Penalty	215.41	276.69
	Indirect Expenses		
	Advertising and domain expenses	5.94	1.61
	Audit Fees	27.24	18.26
	Computer, Software & Printer Expenses	3.32	5.04
	Commission	18.75	116.10
	Donation	0.47	2.28
	GST / Service Tax/TDS	0.73	0.13
	Insurance	42.38	38.86
	Miscellaneous Expenses	4.57	4.93
	Office Expenses	7.92	2.81
	Power & Fuel	1.66	2.64
	Property Tax	0.79	0.80
	Professional tax	0.08	0.05
	Legal & Professional Charges	104.16	23.89
	Licence fees	0.61	12.40
		0.25	0.15
	Indirect Expenses		
	Listing Fees		
	Interest late fees and penalty	11.02	16.83
	Printing & Stationery	1.25	2.52
	Rent Including Lease Rentals	27.96	69.19
	Repair & Maintenance	26.95	29.51
	Allowance for Bad & Doubtful Debts/ Contract Assets	671.32	755.81
	Tender realted expense	7.30	15.77
	Telephone Charges	1.53	1.90
	Transport Charges	21.93	38.45
	Travelling and Conveyance	186.65	169.17
	Mortgage and Stamp duty	0.06	15.21
	Total	**4,079.14**	**5,530.07**

27	INCOME TAX	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(a) Income Tax recognized in Statement of Profit & Loss		
	Current Tax Expenses	8.07	-
	Tax of the Earlier Years	81.39	8.13
	Deferred Tax Expenses	(74.65)	(187.12)
	Total Tax Expenses recognized in Statement of Profit & Loss	**14.81**	**(178.99)**
	(b)Tax expenses related to Items recognized in Statement of Other Comprehensive Income		
	Remeasurement of Defined Benefit Plans	(6.21)	-
	Income tax Charged to Statement of Other Comprehensive Income	**(6.21)**	**-**



(b) Reconciliation of Effective Tax Rate

Profit Before Tax	301.37	(2,100.35)
Tax at India's stautory Income Tax rate	25.17	25.17
Expected Income tax expense/(benefit)	**75.85**	**(528.62)**
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	283.96	542.82
Tax on Items admissible to be debitted to P/L /Considered under separate head	(366.02)	(23.07)
Tax on Items Considered under other Head of income	14.28	8.87
Tax on prior periods arose in current period	-	81.39
Current Tax Expense	8.07	81.39
Tax on Items recognised in other comprehensive income	(6.21)	-
Total Tax Expenses /(benefits)(A)	**1.86**	**81.39**
Incremental Deferred Tax Liability/(Assets) on account of Property, Plant and Equipment	(0.91)	(1.50)
Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	(73.75)	(185.62)
Deferred Tax Provision (B)	**(74.65)**	**(187.12)**
Total Tax Expenses/(benefits) (A + B)	**(72.79)**	**(105.73)**
Effective Tax Rate	**-24.15%**	**5.03%**

28 TERM LOANS

A. Working Capital Facilities & Term Loans from Banks

Name of Lender	Purpose	Sanction Amount(in lakhs)	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding As At	
Secured Borrowings							**31.03.2023**	**31.03.2022**
Apna Sahakari Bank Ltd-CC	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	1,916.80	1,778.84
State Bank of India-CC	Working Capital (Cash Credit)	585.00	8.15%	As per Note 5	On Demand	NA	563.49	583.13
Bank of India -CC	Working Capital (Cash Credit)	752.00	11.25%	As per Note 4	On Demand	NA	687.16	738.23
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	187.27	216.28
	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	37.69	50.26
	Business Loan (Loan Against Property)	50.00	12% p.a.	Security : As per note no 2.	60 EMIs of Rs. 1.125 Lacs each	NA	-	4.56
	Loan against deposit	40.00	7.5% p.a	Secured against Fixed deposit of Rs 45.01 Lakhs	EMIs of Rs 0.24 lacs each	NA	35.76	36.09
	Temprary working capital loan	25.00	6.45% p.a	-	Loan closed on 05.04.2023	NA	25.13	-
	Business Loan (Loan against book debts and property)	550.00	11% p.a.	Security : As per note no 3.	84 EMIs of Rs 9.52 lacs each	NA	442.25	503.92
Mahindra Finance	Car Loan used for Business	54.56	9.5% p.a	Secured against Car	Loan Closed	NA	-	27.83
Bank of India	Business Loan (Loan Against Property)	185.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	NA	68.13	81.30

Business Loan (Loan Against Property)	53.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	NA	40.77	48.31
Business Loan (Loan Against Property)	48.00	8.10% p.a	As per Note 4	36 EMIs of Rs 1.33 lacs each	NA	21.77	37.60
Business Loan (Loan Against Property)	500.00	9.40% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	Yes	500.00	506.39

Notes:

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

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

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

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

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

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

Bank Of India

4. Security: First Pari Passu Charge on Book debts with Apna Sahakari Bank. Second Pari-Passu charge for GECL Collateral facility on Book Debts with Apna Sahakari Bank. Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLR, Jogeshwari (E), Mumbai -60, EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60

State Bank of India

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

29	EARNING PER SHARE	Year ended 31st March, 2023	Year ended 31st March, 2023
	(a) Net Profit for Basic & diluted EPS	286.56	(1,921.36)
	(b) Number of Equity Shares at the beginning of the year (in Lakhs)		
	(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	100.22	96.99
	(d) Adjusted Weighted Average number of Equity Shares outstanding during the year(in Lakhs)	200.41	100.22
	Earning Per Share - Basic (Rs.)	**123.74**	**121.58**
	Earning per share - Diluted (Rs.)	**2.32**	**(15.80)**
	Face value per share (Rs.)	**10.00**	**10.00**

30	CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2023	As at 31st March, 2022
	(a) Claims against the company not acknowledged as debt:		
	- Service Tax	1,389.40	1389.40
	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	942.39	1139.06

31	THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2023	As at 31st March, 2022
	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, 2023	17.43	8.79
	(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.	-	
	(d) the amount of provision made for payment to MSME Enterprises	-	

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

(ii) Key Managerial Personnel	Designation
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director
(c) Saurav Hegde	Director
(d) Rahul Pathak	Company Secretary & CFO
(e) Girish Ramnani	Non Executive & Independent Director
(f) Brahm Pal Singh	Non Executive & Independent Director
(g) Kapildeo Agarwal	Non Executive & Independent Director
(h) Bharat Kanani	Non Executive & Independent Director (Resiged wef 22.04.2022)
(i) Riddhi Hegde	Non- executive Director (Resigned wef 17.02.2022)
(j) Naveen Carvallo	CFO (Resiged wef: 20.06.2022)

(iii) Subsidiaries

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

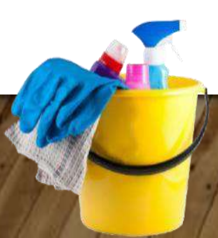
(b) Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements

Name of Party	Type of relation	Nature of Transaction	Income / Expense/ Asset/ Liability	2022-23	2021-22
Sujata Hegde (Prop Palemar Enterprises)	Companies under Common Management	Interest Expenses	Expense	1.31	2.90
		Closing Balance			
		Unsecured Loans	Liability	43.73	31.98
Ravindra Hegde (Prop. KHFM Pest Control)	Companies under Common Management	Interest Expenses	Expense	7.88	4.77
		Closing Balance			
		Unsecured Loans	Liability	155.89	64.74
KHFM HR Consultancy Private Limited	Companies under Common Management	Unsecured Loans	Liability	0.25	1.00
Ravindra Hegde	Managing Director	Director Remuneration	Expense	12.00	12.00
		Rent Paid	Expense	10.80	10.16
		Dividend Paid	Expense/Equity	-	-
		Closing Balance			
		Creditor	Liability	1.29	3.23
		Salary Payable	Liability	3.82	4.58
Saurav Hegde	Director	Director remuneration	Expense	7.20	5.40
		Dividend paid	Expense	-	-
		Closing Balance			
		Salary payable	Liability	0.03	-
Sujata Hegde	Director	Director Remuneration	Expense	7.20	7.20
		Dividend Paid	Expense/Equity	-	-
		Closing Balance			
		Creditor	Liability	0.70	1.00
		Salary Payable	Liability	0.48	0.86
Rahul Pathak	Company Secretary and CFO	Salary	Expense	7.20	4.40
		Closing Balance			
		Salary Payable	Liability	0.75	0.45
Kapildeo Agarwal	Non Executive & Independent Director	Sitting fees	Expense	0.38	0.30
		Closing Balance			
		Sitting fees payable	Liability	0.34	0.27
Brahm Pal Singh	Non Executive & Independent Director	Sitting fees	Expense	0.41	0.25
		Closing Balance			
		Sitting fees payable	Liability	0.32	0.09
Girish Ramnani	Non Executive & Independent Director	Sitting fees	Expense	1.05	0.30
		Closing Balance			
		Sitting fees payable	Liability	0.81	0.27
Naveen Carvallo	CFO (Resiged wef: 20.06.2022)	Salary	Expense	-	7.20
		Closing Balance			-
		Salary Payable	Liability	-	0.46
Bharat Kanani	Non Executive & Independent Director	Sitting fees	Expense	-	0.30
		Closing Balance			-
		Sitting fees payable	Liability	-	0.27

(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."



Notes to Financial Statements for the year ended March 31, 2023

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 financial statements Financial Assets and Liabilities

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

31st March 2023	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	-	-	1065.49	**1065.49**
Current Assets:-				
Cash & Cash equivalents	-	-	60.78	**60.78**
Trade receivables			2878.30	**2878.30**
Other Financials Assets	-	-	1919.68	**1919.68**
Financial Liability :	-	-	-	-
Non-Current :-				
Borrowings				
Other financial liabilities	-	-	-	-
Current :-	-	-	1163.94	**1163.94**
Borrowings				
Trade payables	-	-	-	-
Other financial liabilities	-	-	3367.32	**3367.32**

31st March 2022	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	-	-	663.60	**663.60**
Other Non-Current Financial Assets	-	-	1253.84	**1253.84**
Current Assets:-				
Cash & Cash equivalents	-	-	104.37	**104.37**
Bank Balance other than above	-	-	871.70	**871.70**
Trade receivables	-	-	1709.19	**1709.19**
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-	-	-	-	-

Borrowings	-	-	1474.96	**1474.96**
Other financial liabilities				
Current :-	-	-	-	-
Borrowings	-	-	3197.92	**3197.92**
Trade payables	-	-	512.55	**512.55**
Other financial liabilities			600.25	**600.25**

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, 2023 and 31st March, 2022 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

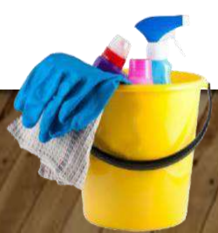
The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

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.

(c) 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

Particulars	31st March 2023	31st March 2022
Opening Expected Credit Loss	1388.63	815.13
Additions	629.90	598.69
Less: Bad debts booked	(418.10)	(25.19)
Closing Expected Credit Loss	1600.43	1388.63

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, 2023.

(Rs in Lakhs)

Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities			
Borrowings	303.84	644.02	519.92

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2022.

Financial Liabilities			
Borrowings	436.38	670.42	804.54

(d) Market risk

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

(e) Currency risk

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

(f) Interest rate risk

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

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

Particulars	31st March, 2023	31st March, 2022
Financial Assets	-	-
Fixed rate instruments		
Bank Deposits		
- Current	980.00	878.62
- Non Current		
Financial Liabilities		
Fixed rate instruments		
Borrowing	-	-
Variable rate instruments		
Borrowing		
- Short term borrowing	3671.16	3634.31
- Long term borrowing	1163.94	1474.96

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 also due to changes in the assumptions used for valuation. The Company recognizes these re-measurements 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, 2023**	**For the year ended 31st March, 2022**
Present value of funded obligations	103.51	81.28
Fair value of plan assets	66.80	63.86
Net Liability (Asset)	36.71	17.41

Profit and loss for the period: (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2023**	**For the year ended 31st March, 2022**
Service Cost:		
Current Service Cost	11.56	9.71
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	0.59	0.99
Total included in ''Employee benefit expense"	**12.16**	**10.71**

Other comprehensive Income for the period: (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2023**	**For the year ended 31st March, 2022**
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	(4.66)	(1.23)
Due to change in demographic assumption		
Due to experience adjustments	-	-
Return on plan assets excluding amounts included in interest income	30.01	27.04
Amounts recognized in Other Comprehensive (Income) / Expense	**(0.66)**	**(0.95)**

Reconciliation of defined benefit obligation. (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2023**	**For the year ended 31st March, 2022**
Opening Defined Benefit Obligation	81.28	67.60
Current service cost	11.56	9.71
Interest cost		
Components of actuarial gain/losses on obligations:	-	-
Due to Change in financial assumptions	(4.66)	(1.23)
Due to change in demographic assumption	-	-
Due to experience adjustments	30.01	27.04
Benefits paid by the company	(1.09)	(24.03)
Closing Defined Benefit Obligation	**103.51**	**81.28**

Reconciliation of Plan assets. (All Amount in INR Lakhs)		
Particulars	**For the year ended 31st March, 2023**	**For the year ended 31st March, 2022**
Opening value of plan assets	63.86	39.24
Transfer in/(out) plan assets	-	-
Interest Income	2.61	1.18
Return on plan assets excluding amounts included in interest income	0.66	0.95
Contributions by employer	0.75	22.48
Contributions by Employee	-	-
Exchange differences on foreign plans	(1.09)	-
Closing value of Plan assets	**66.80**	**63.86**

The assumptions used in accounting for the defined benefit plan are set out below:		
Particulars	**For the year ended 31st March, 2023**	**For the year ended 31st March, 2022**
Discount rate	7.20% p.a	5.15% p.a.
Salary Growth Rate	6.60% p.a	6.60% p.a.
Withdrawal rates	50.00% p.a at all ages	50.00% p.a at all ages

37. SEGMENT REPORTING

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

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

Considering the Company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, 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. 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 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

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

The Company is required to provide Inventory statement to Banks on quarterly basis. As per sanctioned letter issued by Banks, the Company is required to submit 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 31, 2023 there is no unutilised amounts in respect of long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.

46. UNDISCLOSED INCOME

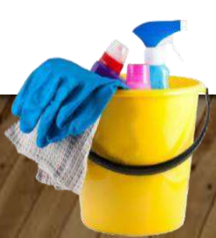
The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

47. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

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

48. REGISTRATION OF CHARGES OR SATISFACTION WITH REGISTRAR OF COMPANIES

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



49. DISCLOSURE OF RATIOS

Particulars	As at March 31, 2023	As at March 31,2022	% of change in ratio	Remarks
Current Ratio	1.72	1.15	-49.32%	Improvement in current ratio due to proceeds from rights issue.
Debt-Equity Ratio	1.48	3.63	59.25%	Improvement in debt equity ratio due to proceeds from rights issue
Debt Service Coverage Ratio	0.74	-1.06	169.53%	The company managed to earn enough profit to cover its interest payments by cutting down on Other expenses.
Return on Equity Ratio(%)	8.58%	-68%	112.54%	Profit after Tax has been on a positive side compared to previous year.
Inventory Turnover Ratio	60.86	16.66	-265.39%	Stock of Inventory has been reduced as compared to previous year.
Trade Receivables Turnover Ratio	4.14	3.32	-24.80%	-
Trade Payable Turnover Ratio	8.11	10.60	23.50%	-
Net Capital Turnover Ratio	2.03	5.16	60.66%	Net worth of the company is higher compared to previous year due to proceeds from rights issue.
Net Profit Ratio(%)	3.02%	-20.18%	114.94%	Due to Reduction in Employee Cost, the Company manages to earn a profit over the previous Year.
Return on Capital Employed (%)	28.62%	-53.72%	153.28%	The company's net worth increased from the previous year due to the issuance of rights shares.

PARAMETERS USED FOR COMPUTATION OF FINANCIAL RATIOS ARE AS FOLLOWS:

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

50. COMPARATIVES

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

51. The Financial Statements are rounded off to the nearest Lakhs except for per share information or as stated otherwise.

52. APPROVAL OF FINANCIAL STATEMENTS

The Standalone Financial Statements were approved for issue by the Board of Directors on May 30, 2023.

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 Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGV3823
Place: Mumbai
Date: 30th May, 2023

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

Sd/-	**Sd/-**
Ravindra Malinga Hegde	**Sujata Ravindra Hegde**
Managing Director	**Director**
DIN No. – 01821002	**DIN No. - 01829352**

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To
The Members
KHFM Hospitality & Facility Management Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Ind AS Financial statements of M/s. KHFM Hospitality & Facility Management Services Limited ("the Holding Company" or "the Company") and its subsidiary (the Holding Company and its Subsidiary together referred to as 'the Group'), (refer Note 1 to the attached consolidated financial statements) which comprise the Consolidated Balance Sheet as at 31st March, 2023, 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 Ind AS Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiary, as are audited by the other auditors, the aforesaid Consolidated Ind AS 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, 2023, and its Consolidated Income (including other comprehensive income), its Consolidated Cash flows and the Consolidated Statement of Changes in Equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of the their reports referred to in sub paragraph 15 of the Others Matters section below other than the unaudited financial statements / special purpose financial information as certified by the management and referred to in sub paragraph 16 of Other Matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial results.

4. 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 period. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion theron, and we do not provide a separate opinion on these matters.

The key audit matters	How our audit addressed the key audit matter
Assessment of litigations and related disclosure of contingent liabilities [Refer to Note 2 (c) to the Consolidated financial statements– "Use of estimates and critical accounting judgements – Provisions and contingent liabilities", Note 38 (A) to the consolidated financial statements – "Contingencies" and Note 39 to the consolidated financial statements – "Other significant litigations"] As at March 31, 2023, the Holding Company has exposures towards litigations relating to various matters as set out in the aforesaid Notes. Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognised, or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate. As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.	**Our audit procedures included the following:** • We understood, assessed and tested the design and operating effectiveness of the Holding Company's key controls surrounding assessment of litigations relating to the relevant laws and regulations; • We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the Holding Company's Audit Committee; • We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations disclosed in relation to the Holding Company's Standalone Financial Statements; • We used auditor's experts / specialist to gain an understanding and to evaluate the disputed tax matters; • We considered external legal opinions, where relevant, obtained by management; • We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements; • We evaluated management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and • We assessed the adequacy of the disclosures. • Based on the above work performed, the management's assessment in respect of Holding Company's litigations and related disclosures relating to contingent liabilities/ other significant litigations in the Consolidated Financial Statements

	is considered to be reasonable.

Other Information

5. 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 (Refer paragraph 15 below), 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

6. The Holding Company's 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 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 Group 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 Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

9. 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.

10. 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 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) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. 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.

12. 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.

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

Emphasis of Matter

14.We draw attention to –

a. Consolidated financial results relates to the Holding Company, which describes Site expenses, Advance for Site expenses, Employee Benefit expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) for the year ended on 31st March 2023. We perceived that the system of recording site expenses needs advancement to ensure transaction trail and related documentary evidences. Accordingly, we are impuissant to assess and quantify effect of aforesaid transaction on the financial statements. However, according to holding Company's 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 aforesaid Matter.

b. In respect of Holding Company, Confirmations/ Reconciliation of balances for secured and unsecured loans, trade receivables, trade and other payables (including micro and small enterprises) and Loans and Advances are awaiting confirmations / reconciliations. Accordingly, these reconciliations represent uncertainty with its potential impact on the consolidated financial results which we are unable to quantify and assess. However, 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.

c. We draw attention to Contingent liabilities included in the Consolidated financial results in respect of Holding Company, As at March 31, 2023 the Holding Company has ascertained contingent liabilities of Rs.2331.79 Lakhs in respect of Tax litigations and guarantees. In the opinion of Management, they apply significant judgement in estimating the likelihood of the future outcome in each case when consider- whether, and how much, to provide or in determining the required disclosure for the potential exposure of each item of Contingent liability. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progress. In Our Audit approach we found that recording of the outstanding litigations against the Company for consistency with the previous years, enquired and obtain explanations for movement during the year, needs development for those matters where management concluded that no provisions should be recognized, considering the adequacy and completeness of the company's disclosures.

   Our Opinion is not modified in respect of aforesaid Matter.

d. In respect of Contract Assets disclosed in the Consolidated financial results, there is a moderate unpredictability relating to the retrievable work in progress (Contract Assets) amounting to Rs.3905.84 lakhs representing the value of work completed but are pending to be billed on completion of billing milestones as on 31st March 2023 by the Group,. The aforementioned contract assets are presently under various stages of negotiations and discussions, or awaiting final confirmations with various clients of the Group as per management explanation. Based on the current progress in each case, management is of the view that the said Contract assets are fully recoverable.

Our Opinion is not modified in respect of aforesaid Matter.

e. We draw attention to Allowance for Bad and doubtful debts in respect of Holding Company's Non-Current Debtors and current Debtors reported in Consolidated financial statement, the Holding Company has written off Rs.418.04 Lacs in respect of Bad and Doubtful Debts during the year ended 31st March, 2023, and however obligatory TDS Compliance in respect of Tax Deduction at source on aforesaid Bad Debts are yet to be observed by the Holding Company. In the opinion of management, TDS deduction applicability with respect to Bad Debts needs more legal clarity and were under discussion with the Tax advisors.

Our Opinion is not modified in respect of aforesaid Matter.

Other Matters

15. We did not audit the financial information of a subsidiary - KHFM Infra Projects Private Limited included in the consolidated financial results, whose financial information (before consolidation adjustments) reflects total assets of Rs.174.10 lakhs as at 31st March, 2023 and total revenues of Rs.133.70 lakhs and total Net Profit (after tax) of Rs.6.19 lakhs and net cash inflow of Rs.2.66 Lacs for the period ended on 31st March, 2023, as considered in the consolidated financial results. The independent auditors report on financial information of this entity have been furnished to us and our opinion on the consolidated financial results, 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.

16. The financial statements of one subsidiary whose financial statements reflect total assets of Rs.0.10 lakhs as at 31 March 2023, total revenues of Rs. Nil and net cash flows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
Our opinion is not modified in respect of aforesaid Other Matters.

Report on Other Legal and Regulatory Requirements

17. 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, 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(xxi) of CARO report:

18. 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 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.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 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 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act..

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The consolidated financial statements disclose the impact, of pending litigations as on March 31, 2023 on the consolidated financial position of the Group,– Refer Notes 30(a) and 30(b) to the consolidated financial statements.

ii. The Group was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards as it does not have any material foreseeable loss on long term contracts (including derivative contracts).

iii. 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.

iv. (a) 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, other than as disclosed in the notes to consolidated financial statements, 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 [Refer Notes-4] to the consolidated financial statements];
;

(b) 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, other than as disclosed in the notes to consolidated financial statements, 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 [Refer Notes 4] to the consolidated financial statements]; and

c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries, associate companies and jointly controlled entities which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. The Holding company, its associate companies and jointly controlled entities has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, associate companies and jointly controlled entities incorporated in India is applicable to the Group, associate companies and jointly controlled entities only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

19. The Group, its associate companies and jointly controlled entities have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Sd/-
Bhushan Khot
(Partner)
Membership No. 101858
UDIN: 23101858BGXFGU9476

Place: Mumbai
Date: 30th May, 2023

ANNEXURE "A"
TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH, 2023

(As required by paragraph 3(xxi) of the CARO 2020,we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the standalone/consolidated financial statement of the respective companies included in the consolidated financial statements of Holding Company:

Sr. No	Name of the company	CIN	Relationship with the holding company	Date of the respective Audit Report	Paragraph number in the respective CARO reports
1.	KHFM Hospitality & Facility Management Services Limited	L74930MH2006PLC159290	Holding Company	30th May 2023	vii(a), vii(b),

The statutory audit report on the financial statements for the year ended March 31, 2023 of following related entities of the Holding Company has not been issued until the date of this report.

Subsidiary Companies

1. KHFM and D P Jain Company

For Bhushan Khot & Co.
Chartered Accountants
FRN 116888 W

Sd/-
Bhushan Khot
(Partner)
Membership No. 101858
UDIN: 23101858BGXFGU9476

Place: Mumbai
Date: 30th May, 2023

"ANNEXURE B"
TO INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICE LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023

(Referred to "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Ind AS 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 the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Khfm Hospitality & Facility Management Service Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, 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, incorporated in India namely KHFM and D P Jain Company respectively, pursuant to MCA notification GSR 583(E) dated 13th June, 2017.

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 consolidated financial statements and such internal financial controls system with reference to consolidated financial statements were operating effectively as at March 31, 2023, with the exception of the matters highlighted 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 issued by the ICAI.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, to whom 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 applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 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 Holding Company's internal financial controls with reference to the Consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), 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 with reference to Consolidated Ind AS financial statements, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those SAs 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 the Consolidated Ind AS 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of such internal financial controls with reference to the Consolidated Ind AS 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 Consolidated Ind AS 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 referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to the Consolidated Ind AS Financial Statements

A Company's internal financial controls with reference to the Consolidated Ind AS 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 the Consolidated Ind AS Financial Statements includes those policies and procedures that:

(1) pertains 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 Consolidated Ind AS Financial Statements

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Bhushan Khot & Co.
Chartered Accountants
FRN 116888 W

Sd/-
Bhushan Khot
(Partner)
Membership No. 101858
UDIN: 23101858BGXFGU9476

Place: Mumbai
Date: 30th May, 2023

KHFM
Hospitality & Facility Management Services

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2023

(Rs. in Lakhs)

	Particulars	Note No.	As at 31st March, 2023
A	**ASSETS**		
	Non-Current Assets		
	(a) Property, Plant and Equipment	3	89.52
	(b) Right- of - Use Assets		-
	(c) Capital Work in Progress		-
	(d) Investment properties	3(a)	56.13
	(e) Goodwill		
	(f) Other Intangible Assets	3	5.53
	(g) Intangible Assets Under Development		-
	(h) Biological assets other than Bearer plants		-
	(i) Financial Assets		
	(i) Investments	4	5.50
	(ii) Trade Receivables	8	-
	(iii) Other Financial Assets	5	1,065.49
	(j) Deferred Tax Assets (Net)	6	507.69
	(k) Other Non-Current Assets		
	SUB-TOTAL		**1,729.87**
	Current Assets		
	(a) Inventories	7	1.57
	(b) Financial Assets		
	(i) Investments		-
	(ii) Trade Receivables	8	1,919.68
	(iii) Cash and Cash Equivalents	9	63.55
	(iv) Bank Balances other than (ii) above	9	2,878.30
	(v) Other Financial Assets		-
	(c) Current Tax Assets (Net)	10	455.75
	(d) Other Current Assets	11	3,968.58
	SUB-TOTAL		**9,287.42**
	Non Current Assets Classified as Held for sale		
	Total Assets		**11,017.30**
B	**EQUITY AND LIABILITIES**		
	Equity		
	(a) Equity Share Capital	12	2,004.15
	(b) Other Equity	13	2,383.98
	Total equity attributable to equity holders of the Company		4,388.13
	(c) Non controlling interest	13(a)	0.07
			4,388.20
	Liabilities		
	Non-Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	14	1,163.94
	(ii) Other Financial Liabilities		-
	(b) Provisions		-
	(c) Deferred tax Liabilities (Net)		-
	(d) Other Non-Current Liabilities	15	22.17
			1,186.11

	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	16	3,495.86
	(ii) Trade Payables	17	510.40
	(iii) Other Financial Liabilities	18	551.15
	(b) Provisions	19	671.33
	(c) Other Current Liabilities	20	214.24
			5,442.98
	Total Equity and Liabilities		**11,017.30**

The accompanying notes (1 to 52) are an integral part of the financial statements

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(Figures in INR Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2023
I	Revenue from Operations	21	9,023.49
II	Other Income	22	81.28
III	**Total Revenue (I+II)**		**9,104.77**
IV	**EXPENSES**		
	Employee Benefits Expense	23	3,964.32
	Finance Costs	24	597.31
	Depreciation and Amortization Expense	25	33.19
	Other Expenses *	26	4,199.22
	Total Expenses (IV)		**8,794.05**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**310.72**
VI	Exceptional Items		
VII	Profit/(Loss) before Tax (V-VI)		310.72
VIII	**Tax Expense:**	27	
	(1) Current Tax		11.23
	(2) Reversal/Provision of Income Tax- Earlier years		81.39
	(3) Deferred Tax		(74.65)
	Total Tax Expense		**17.97**
IX	**Profit (Loss) for the period (VII-VIII)**		**292.76**
X	**Other Comprehensive Income**		
	(1) Items that will not be reclassified subsequently to Statement of Profit & Loss		
	Re-measurement (Gain)/Loss on Defined Benefit Plan		24.67
	(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss		(6.21)
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss		
XI	**Total Comprehensive Income for the period (IX+X)**		**274.29**
	Profit attributable to		
	Owners of the company		292.69
	Non-controlling interests		0.06
			292.76
	Total Comprehensive income attributable to		
	Owners of the company		274.23
	Non-controlling interests		0.06
			274.29
	Earnings per Equity Share	28	
XII	(1) Basic		2.37
	(2) Diluted		2.37

* Other Expenses include allowances for Bad & Doubtful Debts

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital **(All Amounts in INR Lakhs)**

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

B. Other Equity

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Other Equity	Non-Controlling Interests
	Securities Premium	Retained Earnings	Share Issue expenses	Remeasurements of defined benefit Plans		
Restated Opening balance as at 1st April, 2022	**642.43**	**239.87**	**-**	**(14.79)**	**867.51**	**-**
Profit /(Loss) for the period	-	292.69	-	-	292.69	0.06
Other Comprehensive income /(losses)	-		-	(18.46)	(18.46)	
Total Comprehensive Income for the Year	**-**	**292.69**	**-**	**(18.46)**	**274.23**	**0.06**
Deferred tax on share issue expense	34.00	-	-	-	34.00	-
Add : Issue of shares	1,402.69		(194.46)		1,208.23	-
Less: Share issue expense (net of tax benefit)	(194.46)		194.46	-	-	-
Changes in the controlling stake of the subsidiary	-	-	-	-	-	0.01
Closing Balance as at 31st March 2023	**1,884.67**	**532.57**	**-**	**(33.25)**	**2,383.98**	**0.07**

As per our Attached report of even date

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

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

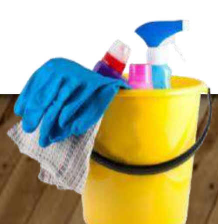
Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

AUDITED CONSOLIDATED CASH FLOW STATEMENT

(Rs. in Lakhs)

	Particulars	As at 31st March 2023
A	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Consolidated Profit/(Loss) before Tax	310.72
	Adjustment for:	
	Depreciation and Amortization Expense	33.19
	Finance cost	597.31
	Allowance for Doubtful Debts	671.32
	Profit on sale of Property, Plant & Equipment	(17.13)
	Re-measurement (Gain)/Loss on Defined Benefit Plan	(24.67)
	Interest Income on Fixed Deposit and Income Tax Refund	(39.44)
	Operating Profit before Working Capital changes	**1,531.30**
	Adjustment for:	
	(Increase)/decrease in Trade Receivables	(218.20)
	(Increase)/decrease in Other Current Financial Assets	(1,904.61)
	(Increase)/decrease in Non-Current Loans(Deff Tax)	-
	(Increase)/decrease in Other Non-Current Financial Assets	188.35
	(Increase)/decrease in Other Current Assets	(976.98)
	(Increase)/decrease in Inventories	0.09
	Increase/(decrease) in Trade-Payable	(2.14)
	Increase/(decrease) in Other Current Financial Liability	248.83
	Increase/(decrease) in Non Current Liability	16.32
	Increase/(decrease) in Provision	8.52
	Increase/(decrease) in Other Non-Current Financial Liability	(311.02)
	Increase/(decrease) in Current Liabilitty	(126.75)
	Increase/(decrease) in Non-Current Liabilitty	
	Cash Generated/Used from Operations	**(1,546.28)**
	Direct Taxes	(86.41)
	Net Cash from Operating Activities (A)	**(1,632.69)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Purchase of Property, Plant & Equipment	(7.81)
	Sale of Property, Plant & Equipment	49.38
	Fixed Deposits placed/matured/realised	(102.00)
	Interest Received	39.44
	Net Cash used in Investing Activities (B)	**(20.99)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Interest Expenses	(597.31)
	Proceeds from Rights issue/ NCI	2,404.62
	Payment For share issue related costs	(194.46)



	Net Cash from Financing Activities (C)	**1,612.85**
	Net Changes in Cash and Cash Equivalents (A+B+C)	**(40.82)**
	Opening Balance of Cash and Cash Equivalents	104.37
	Closing Balance of Cash and Cash Equivalents	**63.55**

Notes:-

1. 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.

2. Cash and Cash Equivalents at the year end comprises

Cash on Hand	54.47
In Bank Account	9.08
	63.55

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2023

1. CORPORATE INFORMATION

The Company

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 ,2023 presents the financial position of the company as well as and its subsidiary, its associates companies and jointly controlled entities.

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. STATEMENT OF COMPLIANCE

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.

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

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

II. BASIS OF CONSOLIDATION

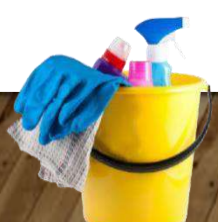
a) The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2023. Control is achieved when the Company:
   - Has power over the investee,
   - Is exposure or rights to variable return from its involvement with the investee, and
   - 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, 2023.



Consolidation procedure followed is as under:

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

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

b) The Holding Company has gained Management and Operating control in the investee- KHFM Infra Projects Private Limited and KHFM & D.P Jain Company from 30th May, 2022 and 3rd January, 2023 respectively. Consequently, on gaining Management Control in investee, the Management of the Holding Company has prepared Consolidated Financial Statements which includes the financial results of the subsidiary entities for the period as mentioned below:

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

* Being the date of incorporation.

c) Holding Company acquired controlling stake in two entities during the financial year for an investment value of Rs 1.09 lakhs. Thus, the investees have become subsidiaries of the reporting entity. Consequently, holding company is required to present consolidated financial statements for the first time during FY 2022-23; and hence previous period figures have not been presented in the statement.

d) 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.

e) 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.

f) 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.

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

h) 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.

i) 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
Equipment's (Plant & Machineries)	15 Years
Vehicles	8 Years
Motor Vehicles on Hire	6 years
Office Equipment's	15 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, net of outstanding bank overdrafts that are repayable on demand, book overdraft as they being considered as integral part of the Group's cash management system.

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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All Amount in INR Lakhs)

3. PROPERTY, PLANT AND EQUIPMENT

Description	Furniture & Fixture	Computers	Equipments *	Motor Vehicles	Plant & Machinery *	Total	Intangible Assets
Gross Carrying Value as at 31 March 2022	**7.74**	**14.05**	**6.23**	**129.09**	**329.22**	**486.32**	**5.11**
Additions	0.24	0.87	0.23	-	0.82	2.16	5.65
Disposals	-	-	-	30.90	4.58	35.47	-
Gross Carrying Value as at 31 March 2023	**7.98**	**14.92**	**6.45**	**98.19**	**325.46**	**453.01**	**10.76**
Accumulated Depreciation							
Balance as at 31 March 2022	**6.75**	**10.72**	**4.58**	**81.19**	**236.93**	**340.17**	**1.45**
Additions	0.26	1.40	0.33	8.54	16.03	26.56	3.78
Disposal				3.23	0.01	3.24	
Balance as at 31 March 2023	**7.01**	**12.11**	**4.91**	**86.50**	**252.94**	**363.48**	**5.22**
Net Carrying Value							
As at 31 March 2023	**0.97**	**2.80**	**1.54**	**11.69**	**72.52**	**89.52**	**5.53**

- Registered Equitable Mortgage and First and exclusive charge and security by way of hypothecation of machineries for Apna Sahakari Bank Ltd Loan Includes office Equipment's.
- The Company neither has any Benami property nor any proceeding has been initiated or pending against the Company during the year ended March 31, 2023 and March 31, 2022 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.

As per our Attached report of even date

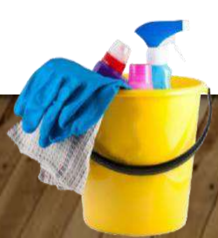
For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

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

Sd/-
Ravindra Malinga Hegde
Managing Director
DIN No. – 01821002

Sd/-
Sujata Ravindra Hegde
Director
DIN No. - 01829352

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer



(Rs. in Lakhs)

3(a)

INVESTMENT PROPERTIES	As at 31st March, 2023
Gross Carrying Value	**99.63**
Accumulated depreciation	**43.50**
Net Carrying Value	**56.13**

ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES	As at 31st March, 2023
Accumulated depreciation at the beginning of the year	**40.63**
Addition	**2.87**
Accumulated depreciation at the end of the year	**43.50**

i) Amount recognised in profit and loss for investment properties	For the year ended 31st March, 2023
Rental Income	8.65
Direct operating expenses from property that generated Rental Income	1.45
Direct operating expenses from property that didn't generated Rental Income	-
Profit from investment properties before depreciation	7.21
Depreciation	2.87
Profit from investment properties	4.34

ii) Contractual obligations

The Group 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, 2023
Investment Property	231.14

Estimation of Fair Value

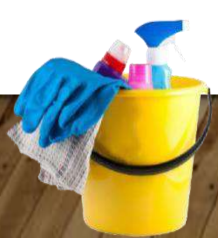
The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Group are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Group's investment properties 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, 2023
Investment measured at Fair Value through Other Comprehensive Income	
In Equity instrument of Other entities	
Unquoted, Fully Paid up	
Shares in Apna Sahakari Bank	5.50
(22000 Equity Shares of Rs.25/- each fully paid up)	-
Total	**5.50**

5

OTHER FINANCIAL ASSETS	As at 31st March, 2023
(Unsecured, considered good, unless stated otherwise)	
NSE Exchange Deposit	-
Security Deposits & Retension Money	963.56
Service tax Appeal Deposit	101.93
Total	**1,065.49**



6	DEFERRED TAX ASSETS (NET)	As at 31st March, 2023
	Deferred Tax Assets / (Liabilities) in relation to	
	Deferred Tax Assets	
	Interest / Processing Fees Ind As Adjustments	5.01
	Provision for Employee Benefits	9.52
	Allowance for Bad & Doubtful Debts	452.76
	Share Issue expenses/IPO/ Rights issue Expenses	44.30
	Sub-Total (A)	**511.59**
	Deferred Tax Liabilities	
	Property, Plant & Equipment	3.89
	Interest / Processing Fees Ind As Adjustments	
	Sub-Total (B)	**3.89**
	Deferred Tax Assets / (Liability) (Net) (A-B)	**507.69**

The movement on the Deferred Tax Asset is as follows:

Particluars	As at 31st March, 2023
Balance at the Opening of Reporting period - Deferred Tax Asset	399.03
Allowance for Bad & Doubtful Debts	63.73
Property, Plant & Equipment	0.91
Provision for Employee Benefits	5.13
Interest / Processing Fees Ind As Adjustments	4.88
Recognised in Profit & Loss A/c	74.65
Adjusted against share issue expenses/IPO expenses in equity	-
Share issue expenses/IPO expenses	34.00
Total Movement of Deferred Tax Asset	**108.66**
Charge to Other Comprehensive Income	-
Remeasurement of Defined Benefit Plans	-
Balance at the Closing of Reporting period- Deferred Tax Asset	**507.69**

7	INVENTORIES	As at 31st March, 2023
	Raw Materials	-
	Work-in-progress	-
	Finished Goods	-
	Traded Goods	-
	Stores & spares	1.57
	Total Inventories	**1.57**

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

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

Current Debtors	As at 31st March, 2023
- Unsecured	
Considered Good	1,948.18
Considered Doubtful	-
	-
- Less:- Allowance for Bad & Doubtful Debts	28.50
Total Current debtors	**1,919.68**

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months- 1 year	1 - 2 years	2 - 3 years	More than 3 years
Trade receivables - Billed					
Undisputed trade receivables – considered good	-	-	-	-	-
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	1,571.93
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-
	-	-	-	-	**1,571.93**
Less: Allowance for doubtful trade receivables - Billed					**(1,571.93)**
Trade receivables - Unbilled					-

Ageing for trade receivables - billed – current outstanding as at March 31, 2023 is as follows

Particulars	Outstanding for following periods from due date of payment				
	Less than 6 months	6 months- 1 year	1 - 2 years	2 - 3 years	More than 3 years
Trade receivables - Billed					
Undisputed trade receivables – considered good	1,167.71	382.18	289.42	72.32	36.55
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	1,571.93
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-
	1,167.71	382.18	289.42	72.32	36.55
					1,948.18
Less: Allowance for doubtful trade receivables - Billed					(28.50)
Trade receivables - Unbilled					**1,919.68**

Receivables from Related Parties:- (Rs. Nil) [(Previous Year-Rs. Nil)
Receivables become due for payment once the invoices are raised/issued. Accordingly ageing is derived from the date invoice is registered in books of accounts.

9	CASH AND BANK BALANCES	As at 31st March, 2023
	Cash and cash equivalents	
	Balances with Banks	9.08
	Cash on hand	54.47
		63.55
	Bank Balances other than above	
	Deposit with original maturity less than 12 months	-
	Fixed Deposit - Margin in lieu of charge creation	973.59

Unpaid dividend	0.11
Escrow Account- Right Issue	1,904.61
	2,878.30
Total	**2,941.85**

10 CURRENT TAX ASSETS (NET)	As at 31st March, 2023
Advance Income Tax (net of Provisions)	455.75
Total	**455.75**

11 OTHER CURRENT ASSETS	As at 31st March, 2023
Advances to Staff	0.40
(Unsecured Considered Good)	-
Loans & Advances	5.27
Advances against site	49.92
Balance with Government Authorities	-
Prepaid Expenses	7.16
Contract Assets	3,905.84
Total	**3,968.58**

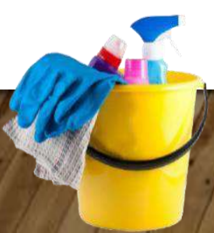
Changes in Contract Assets are as follows:	As at 31st March, 2023
Contract Assets at the beginning of the year	3,142.37
Revenue Recognised during the year	9,024.82
Invoices raised during the year	(8,062.82)
Total	**4,104.37**
Provision for contract assets	(198.53)
Contract Assets at the end of the year	**3,905.84**
Total	

12 SHARE CAPITAL	As at 31st March, 2023
(a) Authorised	
2,10,00,000 Equity Shares of Rs. 10 each	2,100.00
Total	**2,100.00**
(b) Issued, Subscribed and Paid Up	
2,00,41,499 Equity Shares of Rs. 10 each	2,004.15
Total	**2,004.15**
(c) Reconciliation of the Number of Equity Shares	
Shares outstanding at the beginning of the year	**100.22**
Shares issued during the year	**100.19**
Shares bought back during the year	
Shares outstanding at the Closing of the year	**200.41**

(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 shareholders 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.

13 OTHER EQUITY	As at 31st March, 2023
(a) Security Premium	
Opening Balance	642.43
add : issue of shares	1,402.69
less : Bonus issue	-
less: Share issue expenses net of Tax benefit	(160.45)
Closing balance	**1,884.67**



(b) Retained Earnings	
Balance at the beginning of the Financial Year	239.87
Adjustment of prior period expense	-
Restated balance at the beginning of the Financial Year	239.87
Profit during the year transferred	292.69
Balance at the end of the Financial Year	532.57
Balance consists of Surplus retained from earned profit after payment of dividend.	
Total Reserve & Surplus (a)+(b)+(c)	**2,417.23**
(d) Items of Other Comprehensive income	-
Remeasurements of defined benefit plans	-
Opening Balance	(14.79)
Add: Current year Income/(expense)	(18.46)
Closing balance	(33.25)
Total Other Equity (a)+(b)+(c)+(d)	**2,383.98**

13 (a)	NON-CONTROLLING INTEREST	As at 31st March, 2023
	Profit /(Loss) for the period	0.06
	Changes in the controlling stake of the subsidiary	0.01
	Total	**0.07**

14	NON-CURRENT LIABILITIES	As at 31st March, 2023
	(a) Financial Liabilities	
	(i) Borrowings	
	1-Secured loans	1,154.48
	2-Unsecured loans	9.46
	Total	**1,163.94**

Secured Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 28)

15	OTHER NON-CURRENT LIABILITIES	As at 31st March, 2023
	Provision for gratuity- Non Current	22.17
	Total	**22.17**

16	CURRENT BORROWINGS	As at 31st March, 2023
	Working capital	
	from banks & financial institutions-Secured	
	Apna Sahakari Bank Ltd	1,916.80
	Deutsche Bank	-
	Bank of India	687.16
	State Bank of India	563.49
	From Related Parties	-
	Ravindra Hegde	155.89
	Sujata Hegde	43.73
	KHFM HR Consultancy Private Limited	0.25
	Ravikumar Julagkishor Jaiswal	127.53
	Shyam Deshmukh	1.01
		3,495.86

Working Capital Loans are secured against current assets(book debts) property, plant and equipments, fixed deposits and personal guarantee of directors. (Refer Note 28)

17	TRADE PAYABLES	As at 31st March, 2023
	Financial Liabilities carried at Amortised Cost	
	(i) Related Parties	1.99
	(ii) Other Parties	508.41
	Total	**510.40**

Ageing for trade payables outstanding as at March 31, 2023 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	TOTAL
Trade payables					
MSME*	16.74	8.64	8.79	-	34.17
Others	-	306.68	162.60	6.96	476.24
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	16.74	**315.32**	**171.39**	**6.96**	**510.40**

Accrued expenses

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

18	OTHER FINANCIAL LIABILITIES	As at 31st March, 2023
	Financial Liabilities carried at Amortised Cost	
	Current Maturity of long term debt	303.84
	Unclaimed Dividend	0.11
	Subcontractor deposits	242.70
	Deposit premises	4.50
	Total	**551.15**

19	PROVISIONS (CURRENT)	As at 31st March, 2023
	Provision for taxes	
	Provision for Gratuity	15.64
	Provision for Employee benefit expenses	647.36
	Provision for Audit fees	8.25
	Provision for Electricity expense	0.08
	Total	**671.33**

20	OTHER CURRENT LIABILITIES	As at 31st March, 2023
	Statutory Dues	214.24
	Total	**214.24**

21	REVENUE FROM OPERATIONS	For the year ended 31st March, 2023
	Contracted Price (Services)	9,024.82
	Less: Reduction towards variable consideration components	1.33
	Total	**9,023.49**

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 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.

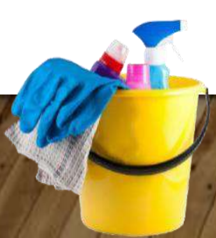
22	OTHER INCOME	For the year ended 31st March, 2023
	Rental Income	8.65
	Reimbursement of Interest & Issue Exp from LLPs	-
	Miscellaneous Income	-
	Profit on Sale of Property, Plant & Equipments	17.13
	Reversal of Allowance for Bad & Doubtful Debts	-
	Dividend	-
	Interest Income earned on Financial Assets carried at Amortised Cost	-
	Interest on Bank Fixed Deposits	39.44
	Interest on Security Deposit	-
	Investment carried at Fair Value through P&L	-
	Fair Value Gain on Mutual Funds	-
	Remission of Liability	16.05
	Total	**81.28**

23	EMPLOYEE BENEFITS EXPENSES	For the year ended 31st March, 2023
	Salaries, Wages and Bonus	3,627.30
	Contribution to Provident Fund and Other funds	332.37
	Staff Welfare expenses	4.66
	Total	**3,964.32**

24	FINANCE COST	For the year ended 31st March, 2023
	Interest Expenses for financial liabilities measured at amortised cost	597.31
	Total	**597.31**

25	DEPRECIATION	For the year ended31st March, 2023
	Depreciation on property, plant and equipment	26.54
	Depreciation on investment property	2.87
	Amortisation of intangible assets	3.78
	Amortisation of leasehold land	-
	Total	**33.19**

26	OTHER EXPENSES	For the year ended 31st March, 2023
	Direct Expenses	
	Site Expenses	718.11
	Labour Charges	1,852.71
	Consumption of stores, spares & Consumables	186.13
	Uniform Expenses	3.34
	Blocked credit	16.47
	Deductions & Penalty	215.41
	Indirect Expenses	
	Advertising and domain expenses	5.94
	Audit Fees	19.49
	Computer, Software & Printer Expenses	3.32
	Commission	18.75
	Donation	0.47
	GST / Service Tax/TDS	0.73
	Insurance	43.04
	Miscellaneous Expenses	4.64
	Office Expenses	7.92
	Power & Fuel	1.66
	Property Tax	0.79
	Professional tax	0.08
	Legal & Professional Charges	143.39
	Licence fees	0.61



Indirect Expenses	
Listing Fees	0.25
Interest late fees and penalty	11.02
Printing & Stationery	1.25
Rent Including Lease Rentals	27.96
Repair & Maintenance	26.95
Allowance for Bad & Doubtful Debts/ Contract Assets	671.32
Tender realted expense	7.30
Telephone Charges	1.53
Transport Charges	21.93
Travelling and Conveyance	186.65
Mortgage and Stamp duty	0.06
Total	**4,199.22**

27	INCOME TAX	For the year ended 31st March, 2023
	(a) Income Tax recognized in Statement of Profit & Loss	
	Current Tax Expenses	11.23
	Tax of the Earlier Years	81.39
	Deferred Tax Expenses	(74.65)
	Total Tax Expenses recognized in Statement of Profit & Loss	**17.97**
	(b)Tax expenses related to Items recognized in Statement of Other Comprehensive Income	
	Remeasurement of Defined Benefit Plans	(6.21)
	Income tax Charged to Statement of Other Comprehensive Income	**(6.21)**
	(b) Reconciliation of Effective Tax Rate	
	Profit Before Tax	310.72
	Tax at India's stautory Income Tax rate	25.17
	Expected Income tax expense/(benefit)	**78.18**
	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	284.79
	Tax on Items admissible to be debitted to P/L /Considered under separate head	(366.02)
	Tax on Items Considered under other Head of income	14.28
	Tax on prior periods arose in current period	-
	Current Tax Expense	11.23
	Tax on Items recognised in other comprehensive income	(6.21)
	Total Tax Expenses /(benefits)(A)	**5.02**
	Incremental Deferred Tax Liability/(Assets) on account of Property, Plant and Equipment	(0.91)
	Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	(73.75)
	Deferred Tax Provision (B)	**(74.65)**
	Total Tax Expenses/(benefits) (A + B)	**(69.64)**
	Effective Tax Rate	**-22.41%**

28 TERM LOANS

A. Working Capital Facilities & Term Loans from Banks

Name of Lender	Purpose	Sanction Amount(in lakhs)	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding As At 31.03.2023	Outstanding As At 31.03.2022
Secured Borrowings								
Apna Sahakari Bank Ltd-CC	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	1,916.80	1,778.84
State Bank of India-CC	Working Capital (Cash Credit)	585.00	8.15%	As per Note 5	On Demand	NA	563.49	583.13
Bank of India -CC	Working Capital (Cash Credit)	752.00	11.25%	As per Note 4	On Demand	NA	687.16	738.23
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	187.27	216.28
	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	37.69	50.26
	Business Loan (Loan Against Property)	50.00	12% p.a.	Security : As per note no 2.	60 EMIs of Rs. 1.125 Lacs each	NA	-	4.56
	Loan against deposit	40.00	7.5% p.a	Secured against Fixed deposit of Rs 45.01 Lakhs	EMIs of Rs 0.24 lacs each	NA	35.76	36.09
	Temprary working capital loan	25.00	6.45% p.a	-	Loan closed on 05.04.2023	NA	25.13	-
	Business Loan (Loan against book debts and property)	550.00	11% p.a.	Security : As per note no 3.	84 EMIs of Rs 9.52 lacs each	NA	442.25	503.92
Mahindra Finance	Car Loan used for Business	54.56	9.5% p.a	Secured against Car	Loan Closed	NA	-	27.83
Bank of India	Business Loan (Loan Against Property)	185.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 2.20 lacs each	NA	68.13	81.30
	Business Loan (Loan Against Property)	53.00	8.85% p.a.	As per Note 4	84 EMIs of Rs 0.63 lacs each	NA	40.77	48.31
	Business Loan (Loan Against Property)	48.00	8.10% p.a	As per Note 4	36 EMIs of Rs 1.33 lacs each	NA	21.77	37.60
	Business Loan (Loan Against Property)	500.00	9.40% p.a.	As per Note 4	Moratorium for First 24 Month and next 36 month EMI of RS 15.55 lacs each	Yes	500.00	506.39

Notes:

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

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

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

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

lakhs.

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

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

Bank Of India

4. Security: First Pari Passu Charge on Book debts with Apna Sahakari Bank. Second Pari-Passu charge for GECL Collateral facility on Book Debts with Apna Sahakari Bank. Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVLR, Jogeshwari (E), Mumbai -60, EQM of Flat No. 17, 1st Flr, D3, Green Field Complex, Rocks End CHS, Jogeshwari, Mumbai-60

State Bank of India

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

29	EARNING PER SHARE	Year ended 31st March, 2023
	(a) Net Profit for Basic & diluted EPS	292.76
	(b) Number of Equity Shares at the beginning of the year (in Lakhs)	100.22
	(c) Total Number of Shares outstanding at the end of the year (in Lakhs)	200.41
	(d) Adjusted Weighted Average number of Equity Shares outstanding during the year(in Lakhs)	123.74
	Earning Per Share - Basic (Rs.)	**2.37**
	Earning per share - Diluted (Rs.)	**2.37**
	Face value per share (Rs.)	**10.00**

30	CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2023
	(a) Claims against the company not acknowledged as debt:	
	- Service Tax	1,389.40
	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	942.39

31	THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2023
	The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the group:	
	(a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March, 2023	34.17
	(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.	-
	(d) the amount of provision made for payment to MSME Enterprises	-

32 RELATED PARTY DISCLOSURES

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

(a) List of Related Parties

(i) Subsidiaries

(a)KHFM Infra Projects Private Limited

(b) KHFM & D.P Jain Company

(ii) Companies/Firms under Common Management

(a) Palemer Enterprises (Prop Sujata Hegde)

(b) Kalpataru Pest Control (Prop Ravindra Hegde)

(c) KHFM HR Consultancy Private limited

(ii) Key Managerial Personnel	**Designation**
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director
(c) Saurav Hegde	Director
(d) Rahul Pathak	Company Secretary & CFO
(e) Girish Ramnani	Non Executive & Independent Director
(f) Brahm Pal Singh	Non Executive & Independent Director
(g) Kapildeo Agarwal	Non Executive & Independent Director
(h) Bharat Kanani	Non Executive & Independent Director (Resiged wef 22.04.2022)
(i) Riddhi Hegde	Non- executive Director (Resigned wef 17.02.2022)
(j) Naveen Carvallo	CFO (Resiged wef: 20.06.2022)

(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, 2023
KHFM Infra Projects Private Limited	AAJCK4734B (Company)	India	Facility Management Services and landscaping	99%
KHFM & DP Jain Company	ABAFK1790L (Partnership Firm)	India	Facility Management Services	99%

(c) Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements

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	100.00%	4,388.13	97.88%	286.56	100.00%	(18.46)	97.74%	268.10
Subsidiaries								
KHFM Infra Projects Private Limited	-	-	2.09%	6.13	-	-	2.24%	6.13
KHFM & DP Jain Company	-	-		-	-	-		-
Non-Controlling interest	0.00	0.07	0.02%	0.06	-	-	0.02%	0.06
Total	**100.00%**	**4388.20**	**100.00%**	**292.76**	**100.00%**	**(18.46)**	**100.00%**	**274.29**

(d)The table below describes the compensation to key managerial personnel:

Particulars	For the year ended 31st March 2023
Director Remuneration	27.40
Sitting Fees	1.84
Partner's Remuneration	-
Other long term benefit	-
Total	**29.24**

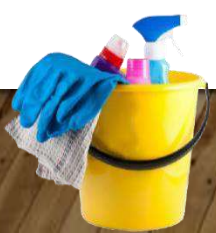
33 SUMMARISED FINANCIAL INFORMATION FOR SUBSIDIARIES

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
	As At 31.03.2023	As At 31.03.2023
Non Current Assets	0.42	
Current Assets	173.68	0.10
Total Assets	**174.10**	**0.10**
Non Current Liabilities	143.64	
Current Liabilities	23.27	
Total Liabilities	**166.91**	**-**
Net Assets	**7.19**	**0.10**

Summarised Statement of Profit and Loss	M/s KHFM INFRA PROJECTS PRIVATE LIMITED	M/s KHFM & DP JAIN COMPANY
	For the period ended on 31.03.2023	For the period ended on 31.03.2023
Revenue From Operations	133.70	-
Other Income	-	-
Total Revenue	**133.70**	**-**
Employee Benefit Expense	1.00	-
Finance Costs	3.19	-
Depreciation and Amortization Expense	0.09	-
Other Expenses	120.07	-
Total Expenses	**124.35**	**-**
Tax Expense	3.16	-
Other Comprehensive Income	-	-
Total Comprehensive Income	**6.19**	**-**



Notes to Financial Statements for the year ended March 31, 2023

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 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 SHARES 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 2023	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	-	-	1065.49	1065.49
Current Assets:-				
Cash & Cash equivalents	-	-	63.55	63.55
Trade receivables			2878.30	2878.30
Other Financials Assets	-	-	1919.68	1919.68
Financial Liability :	-	-	-	-
Non-Current :-				
Borrowings			-	-
Other financial liabilities	-	-	1163.94	1163.94
Current :-	-	-		
Borrowings			-	-
Trade payables	-	-	3495.86	3495.86
Other financial liabilities	-	-	510.40	510.40

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, 2023 approximate the Fair Value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant each of year presented.

36. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and land advances and refundable deposits that derive directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk.

i) 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 31 March 2023 is the carrying amounts.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts of the Group's liquidity position on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

• Exposure to Liquidity risk.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2023: **(Rs in Lakhs)**

Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities			
Borrowings	303.84	644.02	519.92

(c) Market risk

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

37. CAPITAL MANAGEMENT:

Equity share capital and other equity are considered for the purpose of Group's capital management. The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders.

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

38. EMPLOYEE BENEFITS

(i) Short term employee benefits

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

(ii) Post-Employment Benefits

Defined Contribution Plans

The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction 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 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, 2023**
Present value of funded obligations	103.51
Fair value of plan assets	66.80
Net Liability (Asset)	36.71

Profit and loss for the period: (All Amount in INR Lakhs)	
Particulars	**For the year ended 31st March, 2023**
Service Cost:	
Current Service Cost	11.56

Past Service Cost and loss/(gain) on curtailments and settlements	-
Net Interest Cost	0.59
Total included in ''Employee benefit expense''	**12.16**

Other comprehensive Income for the period: (All Amount in INR Lakhs)

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

Reconciliation of defined benefit obligation. (All Amount in INR Lakhs)

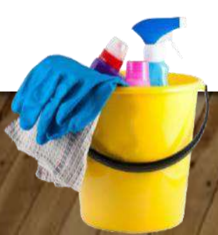
Particulars	For the year ended 31st March, 2023
Opening Defined Benefit Obligation	81.28
Current service cost	11.56
Interest cost	
Components of actuarial gain/losses on obligations:	-
Due to Change in financial assumptions	(4.66)
Due to change in demographic assumption	-
Due to experience adjustments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

Reconciliation of Plan assets. (All Amount in INR Lakhs)

Particulars	For the year ended 31st March, 2023
Opening value of plan assets	63.86
Transfer in/(out) plan assets	-
Interest Income	2.61
Return on plan assets excluding amounts included in interest income	0.66
Contributions by employer	0.75
Contributions by Employee	-
Exchange differences on foreign plans	(1.09)
Closing value of Plan assets	**66.80**

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

Particulars	For the year ended 31st March, 2023
Discount rate	7.20% p.a
Salary Growth Rate	6.60% p.a



Withdrawal rates 50.00% p.a at all ages

• In the initial year of incorporation, subsidiary companies have not yet commenced providing the aforementioned benefits to their employees.

39. SEGMENT REPORTING

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

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

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

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

42. POST REPORTING EVENTS

Apart from the utilization of proceeds from the Right issue of Equity Shares by the holding company for general business purposes between the year ending on March 31, 2023, and the signing of the audit report, there have been no noteworthy adjusting or significant non-adjusting events between the reporting date and the date of authorization.

43. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March, 2023 were approved by the Board of Directors on 30th May, 2023.

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 Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)
Sd/-
Bhushan Khot
Partner
M. No. 101858
UDIN: 23101858BGXFGU9476
Place: Mumbai
Date: 30th May, 2023

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

Sd/-	**Sd/-**
Ravindra Malinga Hegde	**Sujata Ravindra Hegde**
Managing Director	**Director**
DIN No. – 01821002	**DIN No. - 01829352**

Sd/-
Rahul Krishna Pathak
Company Secretary & Chief Financial Officer