



**ANNUAL REPORT 2021-22**

**GENERAL SHAREHOLDER’S INFORMATION:**

<b>Annual General Meeting</b>	<b>16<sup>th</sup> AGM of KHFM Hospitality &amp; Facility Management Services Limited</b>
Date	September 29, 2022
Time	03:00 PM
Venue	At Registered office through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)
Financial Year Reported	01 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022
Cut-Off date	September 22, 2022
Book Closure	23 <sup>rd</sup> September 2022 to 29 <sup>th</sup> September 2022
E-Voting period	Start: September 26, 2022 09:00 A.M. End: September 28, 2022 05:00 P.M.
Company Trading Symbol	KHFM
ISIN	INE00UG01014
CIN	L74930MH2006PLC159290

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**Name of Company: KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**

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

CIN: L74930MH2006PLC159290, Website: [www.khfm.in](http://www.khfm.in)

Email: cs@khfm.in,

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<p><b><u>BOARD OF DIRECTORS</u></b></p> <p><b>Mr. Ravindra Malinga Hegde</b> Managing Director</p> <p><b>Mrs. Sujata Ravindra Hegde</b> Executive Director</p> <p><b>Mr. Saurav Hegde</b> Executive Director</p> <p><b>Mr. Bharat Kanani</b> Non-Executive, Independent Director (Resigned w.e.f. April 22, 2022)</p> <p><b>Mr. Brahm Pal Singh</b> Non-Executive, Independent Director</p> <p><b>Ms. Girish Ramnani</b> Non-Executive, Independent Director</p>	<p><b><u>COMPANY SECRETARY &amp; COMPLIANCE OFFICER</u></b></p> <p><b>Mr. Rahul Krishna Pathak</b></p> <p><b><u>CHIEF FINANCIAL OFFICER</u></b></p> <p><b>Mr. Naveen Alias Carvallo</b> (Resigned w.e.f. June 20, 2022)</p> <p><b><u>BANKERS</u></b></p> <p><b>Apna Sahakari Bank, Bank of India Central Bank of India State Bank of India</b></p>
<p><b><u>AUDITORS</u></b></p> <p><b>Statutory Auditors</b> <b>M/s. Bhushan Khot &amp; Company</b> Chartered Accountants</p> <p><b>Internal Auditors</b> <b>C.C. Talreja &amp; Co.</b> Chartered Accountants</p> <p><b>Secretarial Auditors</b> <b>Mishra &amp; Associates</b> Practicing Company Secretaries</p>	<p><b><u>REGISTRAR AND SHARE TRANSFER AGENTS</u></b></p> <p><b>BIG SHARE SERVICES PRIVATE LIMITED</b></p> <p>1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai - 400 059.</p> <p>Tel: +91-022-62638200 Fax: +91-022-62638299 Email: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a></p>

## CHAIRMAN'S AND MANAGING DIRECTOR'S MESSAGE



**Dear Shareholders,**

I welcome you all at the 16th Annual General Meeting of KHFM Hospitality and Facility Management Services Limited. The performance of the Company for the Financial Year 2021-22 has put us on the right path to improve the execution of our strategy and drive sustainable profitable growth over the long term.

I hope all our Shareholders have successfully handled various types of Health and associated problems caused by the pandemic. The Indian economy is gradually getting back to pre-pandemic levels. So is your Company.

The Staff and the Associates of KHFM Services have withstood various trying times and rendered services to our customers and gained their confidence and goodwill. The contribution of our leadership teams is immense and laudable in sustaining our business and getting a good brand name. I personally thank all of them.

### **The macro picture**

Facility Management and Staffing Services have been growing very fast in India for the last two decades, largely on account of rapid urbanization and growth of manufacturing and service sectors. The rate of growth is expected to continue for long. Your Company which used to concentrate mainly on the facility management services like 'Security' and 'House Keeping' launched Staffing services last year. We are rapidly growing and we have several offices all over the country for scaling up our new business and adding to old business verticals, since we provide more than one service to several of our Clients.

We are confident of growing by leaps and bounds and becoming a formidable manpower services brand in the Country in the times to come. All will be benefited, I am sure.

### **Your Company's Performance**

Due to the Covid-19 outbreak there has been a fall in our performance but we managed to keep the balance and it gives me great pleasure to share with you the highlights of our Company's performance, during the year ending March 31, 2022. The total turnover of the Company is Rs. 9,642.24 Lakh as compared to previous year Rs. 11,525 Lakh. The Profit Before Tax of the Company is Rs. (2,100) Lakh as compared to previous year Rs. 231.76 lakh and Profit After Tax of the company stood at Rs. (1921.36) Lakh as compared to previous year Rs. 326.24 Lakh.

Looking forward we anticipate growth to pick up more in next financial year and we are ensuring that our infrastructure & expansion is in line to benefit from the growth in manufacturing of refractory material industry. We are also working to expand our portfolio of production to cover few more avenues of construction, façade renovation and related services which may bring more stability & growth to revenues.

I would like to acknowledge the hard work, dedication of our talented employees for their passion and dedication with which they continue to contribute to the culture of excellence. We thank you all for your continued support in our growth.

Further, we thank all our colleagues, Board Members, Management, Regulatory authorities, and the stakeholders for their continued support as we pursue these endeavours going forward. We stand firm in our commitment to achieve sustainable growth and deliver value to all our stakeholders. I look forward to sharing our progress in my future interactions with you. For now, I wish you and your loved ones a safe and healthy year ahead.

Yours Sincerely

Sd/-

**Ravindra Malinga Hegde**

**Managing Director**

## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of KHFM Hospitality and Facility Management Services Limited will be held on Thursday, 29<sup>th</sup> September, 2022 at 03:00 P.M. through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) to transact the following business:

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### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the reports of the Board of Directors' and the Auditors' thereon and the Audited consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022.
2. To appoint a Director in place of Mr. Saurav Ravindra Hegde (DIN: 08116567), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

### SPECIAL BUSINESS

3. To appoint Mr. Kapildeo Ramswarup Agrawal 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. Kapildeo Ramswarup Agrawal (DIN: 09679952), 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.

4. To Increase the Authorized Share Capital of the Company

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 section 64 (1) of the Companies Act 2013, and other applicable provisions, the Authorized Share Capital of the company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One

Crore and Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 21,00,00,000/- (Rupees Twenty One Crores Only) divided into 2,10,00,000 (Two Crores and Ten Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each.”

**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

The Authorized Share Capital of the Company is Rs. 21,00,00,000/- (Rupees Twenty One Crores Only) divided into 2,10,00,000 (Two Crores Ten Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each.”

**RESOLVED FURTHER THAT** the new Equity Shares shall rank pari passu with the existing shares.

**RESOLVED FURTHER THAT** any Director of the Company be and is hereby authorized to digitally sign and file requisite e-form SH-7 with the Registrar of Companies, Jaipur for notifying the said change in authorized share capital of the Company and do all such things, acts and deeds which may deem necessary to give effect to the above resolution.”

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

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

**DATE: SEPTEMBER 06, 2022**

**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. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF

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

3. The proxies in order to be effective must be received at the registered office of the company, not less than forty eight hours before the commencement of the meeting.
4. Members/Proxies/Authorized Representatives should bring the Attendance Slip duly filled in and signed for attending the Meeting and also their copy of the Annual General Meeting notice. Members who hold equity shares in electronic mode are requested to write the Client ID and DP ID number and those who hold equity shares in physical mode are requested to write their folio number in the attendance slip.
5. 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.
6. 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.
7. 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.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2022 to 29<sup>th</sup> September, 2022 (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.
9. 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. Thursday, 22<sup>nd</sup> September, 2022. 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. Thursday, 22<sup>nd</sup> September, 2022 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.
10. The Annual General Meeting notice will also be available on the website of the Company [www.khfm.in](http://www.khfm.in) under the investor section.
11. 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.
12. 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. 29<sup>th</sup> September, 2022. Members seeking to inspect the documents can send an email to [cs@khfm.in](mailto:cs@khfm.in).

13. 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.
14. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately:
15. The change in the residential status on return to India for permanent settlement.
16. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
17. 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.
18. 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.
19. 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 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 AGM through VC/OAVM.
20. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
21. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the

Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

22. 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.
23. 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 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 AGM will be provided by NSDL.
24. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the 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 Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://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](http://www.evoting.nsdl.com).
25. 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.

26. Instructions for attending the AGM and e-voting are as follows:

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

**The remote e-voting period begins on September 26, 2022 at 09:00 A.M. and ends on September 28, 2022 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 22, 2022, 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 22, 2022.**

### **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.	<ol style="list-style-type: none"> <li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ 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 “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘<b>Shareholder/Member</b>’ 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</li> </ol>

	<p>Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> 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 &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="781 569 1284 873" style="text-align: center;"> <p>NSDL Mobile App is available on</p>    </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in</li> </ol>

	progress.
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.**

<b>Login type</b>	<b>Helpdesk details</b>
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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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 use 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](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto: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](mailto:mishragamiassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Sagar Gudhate at [evoting@nsdl.co.in](mailto: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](mailto: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 AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the 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 AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
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 AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the 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 link” 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](mailto: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](mailto:cs@khfm.in) between September 16, 2022 (9.00 a.m. IST) and September 24, 2022 (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.

**ANNEXURE TO NOTICE****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:**

The Board of Directors of the Company at its meeting held on July 21, 2022, recommended for the approval of the Members, the appointment of Mr. Kapildeo Ramswarup Agrawal (DIN: 09679952), 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. Kapildeo Ramswarup Agrawal (DIN: 09679952) as Additional Non-Executive Director of the Company effective 21/07/2021, and will vacate office at this Annual General Meeting.

Your Board considers that Mr. Kapildeo Ramswarup Agrawal 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. Kapildeo Ramswarup Agrawal 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. Kapildeo Ramswarup Agrawal proposing their appointment as Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by Mr. Kapildeo Ramswarup Agrawal to act as Director, if appointed. None of the Directors, Key Managerial Personnel of the Company, or their relatives, is interested in this resolution.

The Board recommends this resolution for your approval.

**ITEM NO. 4:**

The Authorised Capital of your Company as on date is Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore and Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each. Further, the Paid-up Equity Share Capital of your Company is 10022299 Equity Shares of Rs. 10 each, totaling to Rs. 10022299.

It is proposed to increase the Authorised Share Capital of your Company from Rs. 12,00,00,000/- to Rs. Rs. 21,00,00,000/- (Rupees Twenty One Crores Only) divided into 2,10,00,000 (Two Crores Ten Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each and for that purpose, the Memorandum of Association of your Company is proposed to be suitably amended by increasing the Authorised Share Capital as set out in the resolution.

The provisions of the Companies Act, 2013 require the Company to seek the approval of the Members for increase in the Authorised Share Capital and for amending the Capital clause of the Memorandum of Association of the Company.

None of the Directors or Key Managerial Personnel of your Company or their respective relatives, are in any way concerned or interested, financially or otherwise in the said resolution.

Draft copy of altered Memorandum of Association can be inspected by the members in the manner provided in the note no. 12 to this Notice.

The Board of Directors at its meeting held on September, 2022 had accorded its approval for increasing the Authorised share capital and accordingly recommends the resolution for your approval.

Accordingly, the Board of Directors of your Company recommend the Resolution set out in Item No. 4 of this Notice for the approval of the Members by way of passing a Ordinary Resolution.

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

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

**DATE: SEPTEMBER 06, 2022  
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. Saurav Ravindra Hegde (DIN: 08116567), who retires by rotation and being eligible, offers himself for re-appointment as a Director

<b>Name of the Director</b>	<b>Saurav Ravindra Hegde</b>
<b>Date of Birth</b>	24/04/1996
<b>Date of First Appointment</b>	April 23, 2018
<b>Qualification &amp; Expertise</b>	He holds Diploma in Computer Engineering from Maharashtra State Board of Technical Education, Mumbai and currently is pursuing B.Tech (Bachelor of Technology) from Manipal University. He has been on the Board of our Company since April 23, 2018. He has an experience of appx 1 year in Digital Marketing.
<b>No. of Equity Share held in the Company as on 31st March, 2021</b>	3,103 Shares
<b>Relationship with Other Directors of the Company</b>	Mrs. Sujata Ravindra Hegde, Director is Mother, and Mr. Ravindra Malinga Hegde, Managing Director is Father.
<b>Year of Experience</b>	4 Years
<b>Remuneration Last Drawn by such person, if any</b>	6,00,000 P.A.
<b>Terms and conditions of appointment/ re-appointment &amp; Remuneration sought for</b>	N.A.
<b>Area of expertise in specific functional areas/ Brief resume of Director</b>	He is entrusted with the responsibility of looking after the management and operations of our Company.
<b>No. of Meeting of the Board attended during the year</b>	N.A.
<b>List of outside Directorship held in other companies</b>	N.A.
<b>Chairman/Member of the Committee of the Board of Directors of other Companies</b>	Nil

**Item 4:** To appoint Mr. Girish Gobindram Ramnani as an independent director of the company

<b>Name of the Director</b>	<b>Kapildeo Ramswarup Agrawal</b>
<b>Date of Birth</b>	26/10/1983
<b>Date of First Appointment</b>	July 27, 2022
<b>Qualification &amp; Expertise</b>	Mr. Kapildeo R Agrawal Holds Bachelor of Engineering (B.E), Master of Management Studies (MBA-MMS) and has more than more than 13 years of working experience in Business Development and performing management functions
<b>No. of Equity Share held in the Company as on 31st March, 2021</b>	Nil
<b>Relationship with Other Directors of the Company</b>	Not related with any other Directors of the Company.
<b>Year of Experience</b>	13 Years
<b>Remuneration Last Drawn by such person, if any</b>	Nil
<b>Terms and conditions of appointment/ re-appointment &amp; Remuneration sought for</b>	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
<b>Area of expertise in specific functional areas/ Brief resume of Director</b>	Business Development and performing management functions
<b>No. of Meeting of the Board attended during the year</b>	N.A.
<b>List of outside Directorship held in other companies</b>	Nil
<b>Chairman/Member of the Committee of the Board of Directors of other Companies</b>	Nil

**DIRECTOR'S REPORT**

Dear Members,

Your Directors are pleased to present the **16<sup>th</sup> Annual Report** on the affairs of the Company together with the Audited Financial Statements for the financial year ended on **March 31, 2022**.

**1. FINANCIAL HIGHLIGHTS/ PERFORMANCE OF THE COMPANY:**

The Company's performance during the financial year ended **31<sup>st</sup> March, 2022** are summarized in the following table:

<b>(In Rs. Lakh)</b>		
PARTICULARS	Financial Year 2021-22	Financial Year 2020-21
Turnover	9,642.24	11,498.31
Other Income	63.19	41.18
<b>Profit Before Depreciation, Interest and Tax</b>	<b>(1,479.00)</b>	<b>771.00</b>
Interest	571.78	510.28
<b>Profit Before Depreciation and Tax</b>	<b>(2,051.35)</b>	<b>261.00</b>
Depreciation and amortization expense	49.53	29.19
Profit Before Tax	<b>(2,100.35)</b>	<b>231.75</b>
<b>Tax Expenses:</b>		
Current Tax	-	58.48
Reversal of Provision of Income Tax	8.13	39.58
Deferred Tax	(187.12)	(192.56)
<b>Profit / (Loss) for the Year</b>	<b>(1,921.36)</b>	<b>326.24</b>

**2. IMPACT OF COVID-19**

The year has been challenging due to second wave of the COVID-19 pandemic which significantly affected the lives, livelihood and economy. In view of the restrictions due to COVID-19 pandemic across the country there was impact on the business of the Company for the year ended March 31, 2022. With a gradual return to pre-pandemic situation, your Company continues to ensure compliance with the directives issued by the Central Government, State Governments and local government from time to time. The manufacturing facilities are working and kept sanitized so that our employees are safe and secure. All safety protocols are being adhered to very stringently.

To survive this pandemic, company need to focus on customer care and concerns, stay connected to customers as per their channel choice, build agile capabilities for fluid times, and adapt to situation-based circumstances. Organizations would need to rethink their business and operating models. Consumers' search for value for money is a fundamental change in purchase priorities and will be prevalent in the upcoming years.

### 3. COMPANY'S PERFORMANCE REVIEW:

Your Company's revenue from operations for the financial year ending 31st March, 2021 stood at Rs. 9,642.24 Lakh as compared to previous year Rs. 11,525 Lakh. during the previous financial year. The Company has achieved EBIDTA (including other income) of Rs. (1479) Lakh during the financial year 2021 as against that of EBIDTA of Rs. 771 Lakh for the previous financial year 2020. The profit before tax for the financial year under review is (2,100) Lakh as compared to previous year Rs. 231.76 lakh for the previous financial year 2020. Profit after tax was positively impacted by the tax benefits availed under Section 80JJAA of the Income Tax Act, 1961 and deferred tax benefits.

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

### 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

1. Company issued and allotted 3,23,299 Equity Shares through Bonus issue on December 18, 2022 pursuant to which the share capital of the company increased from 96,99,000 Equity shares of Rs. 10 Each amounting to Rs. 9,69,90,000/- to 1,00,22,299 Equity shares of Rs. 10 Each amounting to Rs. 10,02,22,990/-.
2. Mr. Bharat Vithaldas Kanani, Independent Director of the Company, resigned from the board due to his pre-occupation elsewhere vide letter dated **April 22, 2022**. The Board appreciated for the guidance provided by Mr. Bharat Vithaldas Kanani during his tenure as an independent director on the board as Independent Director.
3. Mr. Naveen Carvalho, Chief Financial Officer (CFO) of the Company, resigned from the board due to his pre-occupation elsewhere vide letter dated June 30, 2022 The Board appreciated for the guidance provided by Mr. Naveen Carvalho during his tenure as CFO.
4. During the year under review, Board meeting held on February 24, 2022 approved for making the application for migration of companies present listing of equity shares from SME platform of NSE



to the main board of NSE and subsequently sent a postal ballot notice dated February 24, 2022 to the shareholder for approval and the same was approved special resolution dated April 04, 2022 for migration to the main board of NSE. Subsequently, for some strategic decision and future path board of directors considered and withdrawn the application from NSE for migration to the main board of NSE.

5. On May 25, 2022, company purchased 99% (9,990 shares) of share capital in the newly incorporated company KHFM Infra Projects Private Limited. Pursuant to which KHFM Infra Projects Private Limited is categorised as material unlisted company of KHFM Hospitality and Facility Management Services Limited.

Apart from the above, there have been no other 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

During the year under review, there is no change in the Authorized, Issued, Subscribed and Paid-up Share Capital of the Company.

As at March 31, 2022, the Authorized Share Capital of the Company is Rs. 12,00,00,000/- divided into 1,20,00,000/- equity shares of Rs. 10/- each.

Further, Issued, Subscribed and Paid-up Share Capital of the Company as at March 31, 2022 is Rs. 10,02,22,990/- divided into 1,00,22,299 equity shares of Rs. 10/- each. (Board of Directors on December 18, 2022, Issued 3,23,299 equity shares as Bonus issue pursuant to which the Issued, Subscribed and Paid-up Share Capital of the company increased to Rs. 10,02,22,990/-)

## 10. 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.

## 11. 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.

## 12. 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.

### 13. SUBSIDIARY COMPANY / ASSOCIATE COMPANY / JOINT VENTURE

As on 31st March, 2022, the Company does not have any subsidiary or joint venture and associate company.

### 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

i. The Directors and Key Managerial personnel of the Company as on 31st March, 2022 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.	Bharat Vithaldas Kanani*	Independent Director	0000019834
5.	Girish Ramnani	Independent Director	0009362318
6.	Riddhi Ravindra Hegde*	Non- Executive Director	0009093643
7.	Brahm Pal Singh	Independent Director	0008045923
8.	Naveen Alias Carvallo*	Chief Financial Officer	AEPPC7684B
9.	Rahul Krishna Pathak	Company Secretary & Compliance Officer	FKCPP3683P

\* Mr. Bharat Vithaldas Kanani resigned from the board due to his pre-occupation elsewhere vide letter dated **April 22, 2022**.

\* Ms. Riddhi Ravindra Hegde resigned from the board due to her pre-occupation elsewhere vide letter dated **February 17, 2022**

\* Mr. Naveen Alias Carvallo resigned from the post of Chief Financial Officer vide letter dated **June 30, 2022**.

ii. **During the Financial year 2021-22:**

Change in Board of Directors and KMP's:

- During the year, Mr. Ravi Vimal Nevatia resigned from the board due to his pre-occupation elsewhere vide letter dated **July 30, 2021**.
- Ms. Riddhi Ravindra Hegde resigned from the board due to her pre-occupation elsewhere vide letter dated **February 17, 2022**.

iii. **Retire by Rotation**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, the Office of Mr. Saurav Ravindra Hegde (DIN: 08116567) Director liable to retire by rotation at this Annual General Meeting, and being eligible, he has offered herself for re-appointment. Accordingly the proposal for his re-appointment has been included in the Notice convening the Annual General Meeting of the Company.

A brief resume of Director seeking appointment/re-appointment consisting nature of expertise in specific functional areas and name of Companies in which they hold directorship and/or

membership/chairmanships of the Committees of the respective Boards, Shareholding and relationship between Directorship inter-se as stipulated under Reg. 36(3) of SEBI (LODR) Regulations, 2015 are given in Section of the notice of AGM forming part of the Annual Report.

**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. Disqualification of Directors:**

During the financial year 2021-2022 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.

**15. COMMITTEES OF THE BOARD**

As on March 31, 2022, 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: -

<b>Name of the Director/Member</b>	<b>Designation</b>	<b>Nature of Directorship</b>
Mr. Girish Ramnani	Chairman	Independent & Non - Executive Director
Mr. Bharat Vithaldas Kanani	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 2021-22, the Audit Committee of the Board of Directors met Four times viz 07.10.2021, 29.10.2021, 13.11.2021 and 24.02.2022.

\* The composition of Audit committee has been re-constituted in the board meeting held on July 21, 2022.

**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. Bharat Kanani	Chairman	Independent & Non - Executive Director
Mr. Girish Ramnani	Member	Independent & Non - Executive Director
Ms. Sujata Ravindra Hegde	Member	Executive Director

During the Financial Year 2021-22, the Nomination and Remuneration Committee of the Board of Directors met Four times viz 07.10.2021, 29.10.2021, 13.11.2021 and 24.02.2022.

\* The composition of Nomination and Remuneration Committee has been re-constituted in the board meeting held on July 21, 2022.

## **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:

<b>Name of the Director/Member</b>	<b>Designation</b>	<b>Nature of Directorship</b>
Mr. Bharat Kanani	Chairman	Independent & Non - Executive Director
Mr. Sujata Ravindra Hegde	Member	Executive Director
Mr. Suarav Ravindra Hegde	Member	Non- Executive Director

During the Financial Year 2021-22, the Stakeholders Relationship Committee of the Board of Directors met Two times viz 29.10.2021 and 13.11.2022.

\* The composition of stakeholders' relationship committee has been re-constituted in the board meeting held on July 21, 2022.

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

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

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

The details of Investors' complaints received and resolved during the year 2021-2022 are as under:

<b>No. of Investors' Complaints received during the year 2021-</b>	<b>No. of Investors' Complaints resolved during the year 2021-</b>	<b>No. of Investors' Complaints pending as on 31st March, 2022</b>

22	22	22
0	0	0

**16. BOARD MEETINGS HELD DURING THE YEAR**

During the year under review, six 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:

22nd June, 2021	13th November, 2021
07th October, 2021	18th December, 2021
29th October, 2021	24th February, 2022

Considering the present COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 11/2020 dated March 24, 2020 read with General Circular No. 08/2021 dated May 03, 2021, requirements of Section 173 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, for the interval between the two meetings has been extended by 60 more days during the quarter April to June 2021 and July to September 2021.

Sr. No.	Name of the Director	No. of Board Meetings	
		Held	Attended
1.	Ravindra Malinga Hegde	6	6
2.	Sujata Ravindra Hegde	6	6
3.	Saurav Hegde	6	5
4.	Riddhi Ravindra Hegde*	6	2
5.	Bharat Vithaldas Kanani*	6	2
6.	Girish Ramnani*	6	2
7.	Brahm Pal Singh	6	4

\*Ms. Riddhi Ravindra Hegde has been appointed as an Additional Director with effect from March 24, 2021.

\*Mr. Bharat Kanani has been appointed on the board of the company as an Additional Independent Director with effect from October 29, 2021.

\*Mr Girish Ramnani has been appointed on the board of the company as an Additional Independent Director with effect from October 29, 2021.

**17. 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.

## 18. 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.

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2021 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>NIL</b>
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	

**20. 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 will be placed on the weblink of the company viz., <https://www.khfm.in/>.

**21. CORPORATE GOVERNANCE**

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

**22. COMPLIANCES OF SECRETARIAL STANDARDS**

The Company is in compliance with all the applicable standards issued by the Institute of Company Secretaries of India.

**23. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

**24. PARTICULARS OF EMPLOYEES**

The Company has no employee, who is in receipt of remuneration of Rs 8,50,000/- per month or Rs. 1,02,00,000/- per annum and hence the Company is not required to give information under sub rule 2

and 3 of rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further the following details forming part of **Annexure 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.

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 26. AUDITORS

### (a) Statutory Auditor

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s 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.

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, as amended with effect from May 07, 2018, ratification of the appointment of the statutory auditors, by the Members at every Annual General Meeting during the period of their appointment, 2021-22 has been withdrawn from section 139(1) of the Companies Act, 2013 with effect from that date. In view of the above, no resolution is proposed for ratification of appointment of the Statutory Auditor at the Annual General Meeting, and a note in respect of the same has been included in the Notice of the Annual General Meeting.

### (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 2021-22. The Secretarial Audit Report, issued by M/s. Mishra & Associates, Company Secretaries for the FY 2021-22, is set out in **Annexure IV** to this Report.

The responses of your Directors on the observations made by the Secretarial Auditor are as follows:-

#### Response to Point No. 1

Due to outbreak of the COVID-19 and the subsequent lockdown imposed by the Central Government hampering businesses and the day-to-day functioning of the Companies, caused the delay in submitting the half yearly Financial Result for half year ended 31<sup>st</sup> March, 2021, as required by Regulation 33 of Listing Regulations. The Board of directors of the company caught up in ensuring the smooth operations of the Company and the company faced issues in gathering the data from the stakeholders and the connected parties due to the pandemic.

**Response to Point No. 2**

With reference to the SEBI circular SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 09, 2020, with reference to Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures, company had appointed NSDL as Designated Depository on December 03, 2020. During the period of compliance as there were no person appointed on the position of company secretary or compliance officer in the company. Hence, compliance with the above circular was not made in the meantime.

**(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 2022-23.

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

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

**28. VIGIL MECHANISM**

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

**29. REPORTING OF FRAUD BY AUDITORS**

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

**30. CODE OF CONDUCT**

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

**31. PREVENTION OF INSIDER TRADING**

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has formulated and adopted the "Code of Conduct to regulate, monitor and report trading by designated persons in Listed" of the Company

("the Insider Trading Code"). The object of the Insider Trading Code is to set framework, rules and procedures which all concerned should follow, both in letter and spirit, while trading in listed securities of the Company.

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

### **32. MEANS OF COMMUNICATION**

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

### **33. PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE**

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

During the Financial Year 2021-22, the company has received no complaints on sexual harassment.

### **34. HUMAN RESOURCE**

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

### **35. WEBSITE**

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

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

A policy known as "Appointment criteria for Directors & Senior Management and their Remuneration

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

## 37. CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 and rules made thereunder are not applicable to the Company during the Financial Year 2021-22.

## 38. 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 KHFH HOSPITALITY AND FACILITY  
MANAGEMENT SERVICES LIMITED**

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

**Sujata Ravindra Hegde  
Director  
DIN: 01829352**

**Date: September 06, 2022  
Place: Mumbai**

**ANNEXURE TO THE BOARD REPORT  
ANNEXURE I**

<b>FORM NO. AOC-2</b>
(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		
<b>Sr. No.</b>	<b>Related Party</b>	<b>Relationship</b>
	NIL	
(b) Nature of contracts/arrangements/transactions		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
	NIL	
(c) Duration of contracts/arrangements/transactions		

<b>Sr. No.</b>	<b>contracts/arrangements/transactions</b>	<b>From</b>	<b>To</b>
	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			
<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>	
	NIL		
(g) Amount paid as advances, if any:			
<b>contracts or arrangements or transactions</b>			<b>Amount of Advance (Rs.)</b>
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		
<b>Sr. No.</b>	<b>Related Party</b>	<b>Relationship</b>
1.	Mr. Ravindra Malinga Hegde	Managing Director
2.	Mrs. Sujata Ravindra Hegde	Director
(b) Nature of Contracts/Arrangements/Transactions		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1.	Remuneration to Mr. Ravindra Malinga Hegde	12,00,000
2.	Remuneration to Mrs. Sujata Ravindra Hegde	7,20,000
3.	Remuneration to Mrs. Saurav Ravindra Hegde	5,40,000
4.	Rent paid to Mr. Ravindra Malinga Hegde	10,16,400
(c) Duration of contracts/arrangements/transactions		

<b>Sr. No.</b>	<b>Contracts/Arrangements/Transactions</b>	<b>From</b>	<b>To</b>
1.	Transactions	01/04/2020	31/03/2021
(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: 15 <sup>th</sup> June, 2022
(g) Amount paid as advances, if any: NA

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

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

**DATE: September 06, 2022  
PLACE: MUMBAI**

## ANNEXURE – II

**Disclosure as per Section 197(12) of Companies Act, 2013 and Rule 5 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, 2022 and The Percentage Increase in Remuneration of Each Director, Chief Financial Officer and Company Secretary during the Financial Year ending on March 31, 2022.

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2021-22
Mr. Ravindra Malinga Hegde	Managing Director	7.29	(42.85)
Mrs. Sujata Ravindra Hegde	Executive Director	3.50	(57.14)
Mr. Saurav Hegde	Executive Director	0.28	200
Mr. Naveen Alias Carvalho	CFO	1.50	Nil
Mr. Rahul Pathak	Company Secretary	0.15	70

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 2021-2022)

Name of the Director	Designation	Ratio of remuneration of each Director to median remuneration of employees	% increase in remuneration in FY 2021-22
Mr. Bharat Kanani	Non-Executive Independent Director	0.18	Nil
Mr. Brahm Pal Singh	Non-Executive Independent Director	0.15	Nil
Mr. Girish Ramnani	Non-Executive Independent Director	0.18	Nil
Ms. Riddhi Hegde*	Non-Executive Director	Nil	Nil

\* Ms. Riddhi Hegde, has resigned from the post of Non-executive Director of the Company w.e.f. from 17<sup>th</sup> February, 2022.

- b) The percentage increase in the median remuneration of employees in the financial year 2021-22 is 10%
- c) The median remuneration of employees of the Company during the financial year was: INR 1.65 Lakh
- d) The Total number of employees on the rolls of the Company in the financial year 2021-22 is 3513.
- Total Number of Employee on the roll of the Company as at March 31, 2022: 304
  - Total Number of Employee on the roll of the Contractors as at March 31, 2022: 3209



- e) 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/-  
RAVINDRA MALINGA HEGDE  
MANAGING DIRECTOR  
DIN: 01821002**

**DATE: SEPTEMBER 06, 2022  
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 was deeply impacted by the COVID-19 pandemic during FY 2020-21. The manufacturing and services sectors bore the brunt of extended lockdowns. Working from home became the new normal across the world. The pandemic's impact still continues, although at a lesser degree, due to the breakout of second and third waves. The long shadow cast by the pandemic continues to put constraints on economic activity.

#### INDIAN ECONOMY

The Indian economy has suffered extensively due to COVID-19, with lockdowns adversely affecting all sectors, particularly the un-organized. Most software and professional services companies closed down their campuses. A large part of the urban workforce migrated to native places, delivering a serious blow to the already distressed construction and manufacturing industries. India facility management market to

cross \$ 100 billion by 2023. Anticipated growth in the market can be attributed to an increase in construction activities across commercial as well as residential sector. Moreover, various initiatives by Government to provide housing for all citizens and development of smart cities in India are further expected to positively influence India facility management market in the coming years. Furthermore, rising population across tier 1 cities and continuing growth in IT/ITeS and banking sectors would further steer India facility management market during the forecast period. The market is dominated by unorganized players. The report pointed out that various factors such as boom in real estate, increasing awareness levels, growth in retail and hospitality sectors are the major drivers of this sector. "In light of the immense growth potential that the sector promises, many players, including foreign players, have dotted the Indian market... India's service sector is the fastest growing part of its economy," the study said. As per the report, the overall services sector held 33.3 per cent of GDP (at current prices) in 1950-51 and it grew to 64.8 per cent in 2012-13. Commenting on the findings, GIFPMA President Amit Raul said: "Companies are increasingly concerned about the skills of the manpower provided by them with changing needs of the customer... It was also found that the qualification and the minimum salary of the manpower vary with the type of service to be offered."

## 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.

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 Make in India and Atmanirbhar Bharat Abhiyan missions launched by the government are expected to provide ample growth opportunities to KHF. The Occupational Safety, Health and Working Conditions Code, 2019, is expected to encourage business organizations to hire Facility Management Services, for both short-term and long-term needs. The growing popularity of gated communities ensures sustained demand for integrated facility management services. All these positive developments are expected to maximise our opportunities in both existing and new markets.

The outlook of FM services in India is shaping up to be highly optimistic mainly due to the growing maturity of end users and the need for improved safety, comfort and professional maintenance of assets. Presence of Global and Indian MNCs across various end-user sectors is mainly driving the market for FM services in India as they are the potential customers due to their increased awareness levels, exposure to facilities and willingness to invest. The IT sectors are more concerned about personalized and specialized services utilizing both hard and soft services due to the recent boom and increase in investments in the Indian IT/ITeS/BPO and finance/banking sectors. Increase in investments from emerging sectors such as

health-care, retail and infrastructure sector are expected to further push this market to a higher growth curve in the life cycle.

- **Threats:**

- The FM industry suffers from severe fragmentation and is dominated largely by the unorganized sector, primarily through local service providers.
- The low cost unorganized service providers often undercut the organized sector, as they have the capacity to absorb razor thin margins, due to their non-existent statutory compliance overheads.
- To transform the perception of FM services beyond traditional housekeeping services.
- While attractive from a price perspective, there is a hidden cost and risk involved, as local players are unable to provide FM services on par with global standards and best practices.

### 3. SEGMENT - WISE OR PRODUCT- WISE PERFORMANCE

The Company is engaged in the business of Integrated Hospitality and Facility Management Services. The company is dealing only in this single segment and hence segment wise performance is not applicable to the Company.

### 4. OUTLOOK

While reducing cost has traditionally been a dominating driver in the market development, in recent years the decision to outsource has moved beyond core versus non-core and cost reduction parameters. The outsourcing decision is being combined with adding value to customers and thereby supporting them in fulfilling their objectives. The value added requirements in this regard among others relate to improving the satisfaction levels of customers' employees and/or users and complying with human resources and health, safety and environment standards. By doing this the provider can ensure the customers a creditable risk transfer. In brief, adding value requires developing knowledge and competencies specifically addressing customers' needs. It is anticipated that as the market becomes more mature that understanding of specific customer verticals needs and therefore requirements for specific value added skills become important for the choice of service supplier. This trend may also mean that provision of facility services contracts progressively move from being input (hours delivered) to output (service level delivered) based contracts as customers' concern over these value added parameters become increasingly important. As a service supplier it hence becomes a business requirement to demonstrate commitment and verified company policies and show that a management system is in place that implements risk management in their activities complies with applicable legislation and strives for continuous improvement and compliance with human resources and health, safety and environment standards.

Further, service suppliers must work actively to address and show a good performance in reducing their environmental impact and acting on their corporate responsibility. These requirements are increasingly becoming prerequisites for tendering for large multi-national contracts.

Over the long term, a healthy saving culture among Indians, higher proportion of a young working population and policy reforms are expected to drive India's economic growth. The soft food inflation trend is expected to continue, given the increased agricultural productivity in the country.

The challenges posed by the COVID-19 pandemic are expected to be short term under the existing scenario, where severe infection is limited to certain geographies, with many states already experiencing a flat curve in terms of infection rate. However, uncertainty on how the infectivity would

evolve in the future would largely dictate the time required for the economic growth to regain normalcy.

## 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

During the period under review the total turnover of the Company Rs. 9,642.24 Lakh as compared to previous year Rs. 11,525 Lakh. The Profit before tax of the Company is (2,100) Lakh as compared to previous year Rs. 231.76 lakh and Profit After Tax of the company stood at Rs. (1921.36) Lakh as compared to previous year Rs. 326.24 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 2500 people (including contractual) strong and dedicated workforce travel abreast of the latest trends.

**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 31,2022	As at March 31,2021	% change of ratio in	Remarks
Current Ratio	1.15	1.50	23.15%	
Debt-Equity Ratio	3.63	1.47	-146.83%	New Credit Facilities have been sanctioned and disbursed to the Company by Bank of India and State Bank of India during the Current Financial Year.
Debt Service Coverage Ratio	-1.06	0.74	243.48%	New Credit Facilities have been sanctioned and disbursed to the Company by Bank of India and State Bank of India during the Current Financial Year.
Return on Equity Ratio(%)	-68%	9.11%	850.74%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the new credit facility approved by BOI and SBI.
Inventory Turnover Ratio	16.66	5.14	-223.76%	The management chose to maintain a minimum 30-day supply of consumables due to the Covid -19 pandemic in order to prevent further shortages brought on the lock down.
Trade Receivables Turnover Ratio	3.32	3.26	-1.73%	
Trade Payable Turnover Ratio	10.60	8.75	-21.08%	
Net Capital Turnover Ratio	5.16	3.01	-71.38%	There has been a slowdown in the hospitality sector, where the company operates, throughout the current financial year.
Net Profit Ratio(%)	-20.18%	2.91%	794.16%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the

				new credit facility approved by BOI and SBI.
Return on Capital Employed (%)	-53.72%	20.52%	361.85%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the new credit facility approved by BOI and SBI.

## ANNEXURE – IV

### Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022  
[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, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by The Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2022** generally 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, 2022** 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:

Sr. No.	Relevant Provision for Compliance Requirement	Observation
1.	Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	The Company has submitted Audited financial results for the Financial year ended on 31 <sup>st</sup> March, 2021 to the Exchange on 7 <sup>th</sup> October, 2021 with a delay of 99 days.  Exchange has imposed fine of Rs. 4,95,000/- (Rupees Four Lakh Ninety Five Thousand Only). Company has paid the said fine to the Exchange.
2.	SEBI Circular SEBI/HO/ISD/ISD/CIR/P/202 dated 9th September, 2020	The details of designated persons were updated in delay with designated depository as per SEBI Circular SEBI/HO/ISD/ISD/CIR/P/202 dated 9th September, 2020

**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. Ravi Vimal Nevatia, Independent Director of the Company has resigned from the post of Independent Director with effect from 30<sup>th</sup> July, 2021.
2. Company have appointed Mr. Bharat Vithaldas Kanani & Mr. Girish Gobindram Ramnani as Independent Directors of the Company with effect from 29<sup>th</sup> October, 2021.
3. Board of Directors has recommended Bonus Issue of Equity Shares in the ratio of one (1) share for every thirty (30) shares held as on record date in their meeting held on 29<sup>th</sup> October, 2021 which was approved by the shareholders in the 15<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> November, 2021. Further Board has approved the allotment of the Bonus shares on 18<sup>th</sup> December, 2021.

4. Ms. Riddhi Ravindra Hegde has resigned from the post of Non –Executive Director with effect from 17<sup>th</sup> February, 2022.

Board has approved the Migration of Listing / Trading of Equity Shares of the Company from Emerge Platform of National Stock Exchange of India Limited (“NSE Emerge”) to Main Board of National Stock Exchange of India Limited (“NSE”) in their meeting held on 24<sup>th</sup> February, 2022 and also approved the postal ballot notice for the same.

For **Mishra & Associates**  
Company Secretaries

**Manishkumar Premnath Mishra**

Proprietor

**Membership No.** 41066

**C. P. No.** 18303

**FRN:** S2017MH516400

**UDIN:** A041066D000921363

**Date:** 06.09.2022

**Place:** Mumbai

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

## Annexure 'AA'

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  
**UDIN:** A041066D000921363

**Date:** 06.09.2022  
**Place:** Mumbai

**INDEPENDENT AUDITOR'S REPORT****To****The Members****KHFM Hospitality & Facility Management Services Limited****Report on the Audit of the 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 31<sup>st</sup> March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provision of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

**Emphasis of Matter**

1. We draw attention to Note 23 and 26 to the Ind As financial statements, relating to Site Expenses, Advance for Site Expenses, Employee Benefit Expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) for the year ended on 31<sup>st</sup> March 2022. We perceived that the system of recording site expenses needs advancement to ensure terminality, 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 management estimates, the site expenses and related transactions are fairly stated in the financial statement and there are no material deficiencies.

Our opinion is not modified in respect of this matter.

2. Refer Note No. 39 of Ind As Financial Statements, the Confirmations/ Reconciliation of balances of secured & unsecured loans, certain balances with banks including certain fixed deposits, trade receivables, trade and other payables (including micro and small enterprises and including capital creditors) and loans and advances are pending. The management is confident that on confirmation/ reconciliation there will not be any material impact on the financial statements.

Our Opinion is not modified in respect of aforesaid matter.

3. The Company is exposed to various laws and regulations. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government / department proceedings, as well as investigations by authorities. As at March 31, 2022, the Company's has ascertained contain-gent liabilities of Rs. 2528.46 Lakhs and also has unascertained liabilities (refer note 30 to the Ind AS financial statements. Management applies 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 matter. 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, Enquire and obtain explanations for movement during the year, is inadequate and needs improvement 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 this matter.

4. Refer Note No 11 of Ind As Financial Statements. Contract assets (Work in Progress) as on 31st March, 2022 of Rs 29.85 Cr. The amount represents value of work completed but are pending to be billed on completion of billing milestone. In the opinion of the management contract assets (Work in progress) are fairly stated in the financial statements and the same will be billed/invoiced on completion of event/reaching billing milestone. Contract assets are classified under other current assets as in the opinion of the management the same will be billed/invoiced within the normal operating cycle of the company.

Our opinion is not modified in respect of this matter.

5. Refer Note No 8 & 11 of Ind As Financial Statements regarding uncertainties relating to the recoverability of Work in progress (Contract Assets) and Non-Current trade receivables (Net) amounting to Rs 29.85 cr and Rs 6.63 cr respectively as of 31st March 2022, which represents various

claims raised in earlier years in respect of closed/ substantially closed / suspended sites. The aforementioned contract assets and receivables are presently under various stages on negotiations / discussions / arbitration / litigation with clients. Based on the current progress in each case / related legal opinion, management is of the view that the said receivables are fully recoverable.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

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

The key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b>	
<p>Revenue recognition was identified as key Audit Matter since-</p> <ul style="list-style-type: none"> <li>• There is an inherent risk around the accuracy and existing of revenues recognized considering the customized and complex nature of these contracts.</li> <li>• Application of Revenue Recognition accounting standard (Ind As 115 – Revenue from contracts with customers) is complex and involves a number of key judgements and estimates in mainly identifying performance obligations, related transaction price and estimating the future cost to completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation.</li> <li>• Due to large variety and complexity of contractual terms, significant judgements are required to estimate the amounts. If the actual amount differs from the amount estimated, this will have an impact on the accuracy of the revenue recognized in the current period.</li> <li>• These contracts may involve onerous obligations which requires critical assessment of foreseeable losses to be made.</li> <li>• As at March 31, 2022, contract assets of business operation comprises of Rs. 29.85 crores. Recoverability of certain contract</li> </ul>	<p>Our Audit Procedures on revenue recognized from fixed price contracts included:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the systems, process and controls implemented by the management for recording and computing revenue and the associated contract assets.</li> <li>• On selected specific/statistical samples of contracts, we tested that the revenue recognized is in accordance with the revenue recognition accounting standard.</li> <li>• We selected a sample of continuing and new contracts and performed the following procedures:                         <ul style="list-style-type: none"> <li>➤ We read the agreements with the customers to identify the distinct performance obligations, the transaction price and its allocation to the performance obligations in the contract and the classification of the contract for the basis of revenue recognition in accordance with Ind As 115.</li> <li>➤ For Fixed maintenance contracts, we verified the period of the contract with the customer agreements and the determination of the revenue. We verified if the revenue was recognized appropriately over the period of contract</li> </ul> </li> </ul>

<p>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.</p>	<p>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.</p> <ul style="list-style-type: none"> <li>➤ 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.</li> <li>• Evaluated the identification of performance obligations and the prescribed transaction.</li> <li>• Tested the management's computation of the estimation of contract costs and onerous obligations, if any.</li> <li>• We performed analytical procedures as applicable for reasonableness of revenues disclosed and service offerings.</li> <li>• We:       <ul style="list-style-type: none"> <li>➤ Assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel;</li> <li>➤ 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</li> <li>➤ Inspected underlying documents and performed analytics to determine reasonableness of contract costs.</li> </ul> </li> <li>• 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.</li> </ul> <p>As a part of substantive audit procedures, we tested the</p>
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	<p>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.</p>
<p><b>Allowance for doubtful debts/ Provision for Expected Credit Loss</b></p>	
<p>Allowance for doubtful debts was identified as key Audit Matter since-</p> <ul style="list-style-type: none"> <li>• Receivables comprise a significant portion of the liquid assets of the Company.</li> <li>• There is an inherent risk around the accuracy of company’s trade receivables being fairly valued and adequately provided against where doubt exists.</li> <li>• There is a risk of debtors being misstated and disclosures related to the same in the financial statements.</li> <li>• Accordingly, the estimation of the allowance for trade receivables is a significant judgement area and is therefore considered a key audit matter.</li> </ul>	<ul style="list-style-type: none"> <li>• We assessed the validity of material long outstanding receivables by considering, past payment history and unusual patterns to identify potentially impaired balances.</li> <li>• The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures including:                         <ul style="list-style-type: none"> <li>➤ Verifying the appropriateness and reasonableness of the assumptions applied in the management’s assessment of the receivables allowance.</li> <li>➤ To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias.</li> </ul> </li> </ul>

**Information other than Financial Statements and Auditor’s Report thereon**

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

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

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

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

### **Management’s Responsibility for the Standalone Ind AS Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor’s Responsibility**

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

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

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

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

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

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

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

1) As required by the Companies (Auditor’s Report) Order, 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 financial statements 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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
  - h) 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 2022 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.
  - iv. 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

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.

v. In our opinion and according to the information and explanations given to us, the board has not declared any dividend during the year due to losses.

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

**Sd/-**

**Bhushan Khot**

**(Partner)**

**Membership No. 101858**

**UDIN: 22101858AKZKFJ1679**

**Place: Mumbai**

**Date: 15th June 2022**

**ANNEXURE “A”**  
**TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

(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 favor 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:

<i>Name of the Bank</i>	<i>Aggregate Working Capital limits sanctioned</i>	<i>Nature of Current Assets offered as Security</i>	<i>Quarter ended</i>	<i>Amounts disclosed as per Quarterly return / Statement Rs in Lacs</i>	<i>Amount as per books of Accounts</i>	<i>Difference</i>	<i>Reason for difference</i>
Apna Sahakari Bank & Bank of India	Apna Sahakari Bank -1500 lakhs Bank of India-752 lakhs	Receivables, Inventory, Contract Assets (work in progress)	Sept-2021	7479.97	6030.71	1449.26	Incorrect amount of Inventory, Sundry Debtors and Contract Assets ( Work in Progress)
Apna Sahakari Bank & Bank of India	Apna Sahakari Bank -1745 lakhs Bank of India-752 lakhs	Receivables, Inventory, Contract Assets (work in progress)	March -2022	7491.29	5359.71	2131.58	Incorrect amount of Inventory, Sundry Debtors and Contract Assets ( Work in Progress)
State Bank of India	585 lakhs	Receivables, Inventory, Contract Assets (work in progress)	March -2022	7698.33	5359.71	2338.62	Incorrect amount of Inventory, Sundry Debtors and Contract Assets ( Work in Progress)

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 favor of the Bank, by way of hypothecation. Also refer Note 28 to the standalone financial statements.

- iii. In our opinion and according to the information and explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the financial year. Accordingly, the provisions of clause 3(iii) (a) (b) (c) (d) (e) and (f) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loan given, investments made, guarantees and securities given.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees’ state insurance, income tax, goods and services tax and labour welfare fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, service tax, duty of customs, duty of excise, value added tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute as at 31 March 2022 are as follows:

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (in Lakh)</b>	<b>Amount paid under protest (in lakhs)</b>	<b>Period</b>	<b>Forum where dispute is pending</b>
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. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.



- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies
- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.
- xi. (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government and up to the date of this report.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transaction have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

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

(b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

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

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

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

xvii. The Company has incurred Cash losses of Rs. 1896.67 lakhs in the Current financial year but the company has not incurred any cash losses in the immediately preceding financial year.

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

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The provisions for Corporate Social responsibility are not applicable to the company. Accordingly, reporting under clause (xx) of the order is not applicable for the year.

xxi. The company does not have subsidiaries, associates and joint ventures Accordingly, reporting under clause (xxi) of the order is not applicable for the year.

**For Bhushan Khot & Co.**  
**Chartered Accountants**  
**FRN 116888 W**

**Sd/-**  
**CA Bhushan Khot**  
**Partner**  
**Mem. No. 101858**  
**UDIN: 22101858AKZKFJ1679**

**Place: Mumbai**  
**Date: 15th June 2022**

**“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, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material aspects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to Ind As financial statements except for the inept recording of site expenses/site advances, exiguous payroll reconciliation/ employee benefit expenses, duff credit and collection policy for trade receivables and pending external balance confirmation were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

**Auditors’ Responsibility**

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

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

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

### **Meaning of Internal Financial Controls 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**

**(Firm's Registration No.116888W)**

**Sd/-**

**Bhushan Khot**

**(Partner)**

**Membership No. 101858**

**UDIN: 22101858AKZKFJ1679**

**Place: Mumbai**

**Date: 15th June 2022**

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

BALANCE SHEET AS AT 31ST MARCH, 2022

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
<b>A ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	146.16	137.55
(b) Right- of - Use Assets		-	-
(c) Capital Work in Progress		-	-
(d) Investment properties	3(a)	59.01	62.03
(e ) Goodwill		-	-
(f) Other Intangible Assets	3	3.66	0.52
(g) Intangible Assets Under Development		-	-
(h) Biological assets other than Bearer plants		-	-
(i) Financial Assets			
(i) Investments	4	5.50	5.00
(ii) Trade Receivables	8	663.60	1,360.08
(iii) Other Financial Assets	5	1,253.84	1,058.17
(j) Deferred Tax Assets (Net)	6	399.03	217.06
(k) Other Non-Current Assets			
<b>SUB-TOTAL</b>		<b>2,530.80</b>	<b>2,840.40</b>
<b>Current Assets</b>			
(a) Inventories	7	1.66	27.75
(b) Financial Assets			
(i) Investments			
(i) Trade Receivables	8	1,709.19	2,077.43
(ii) Cash and Cash Equivalents	9	976.06	521.50
(iii) Bank Balances other than (ii) above		-	-
(iv) Other Financial Assets		-	-
(c) Current Tax Assets (Net)	10	391.87	190.54
(d) Other Current Assets	11	3,055.49	3,789.79
<b>SUB-TOTAL</b>		<b>6,134.27</b>	<b>6,607.02</b>
Non Current Assets Classified as Held for sale			
<b>Total Assets</b>		<b>8,665.08</b>	<b>9,447.42</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	12	1,002.23	969.90
(b) Other Equity	13	867.51	2,851.20
		<b>1,869.74</b>	<b>3,821.10</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,474.96	1,208.83
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred tax Liabilities (Net)		-	-
(d) Other Non-Current Liabilities	15	5.85	18.65
		<b>1,480.81</b>	<b>1,227.48</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	3,197.93	1,806.49
(ii) Trade Payables	17	512.55	531.01
(iii) Other Financial Liabilities	18	600.25	981.65
(c) Provisions	19	662.80	710.19
(d) Other Current Liabilities	20	340.99	369.51
		<b>5,314.52</b>	<b>4,398.85</b>
<b>Total Equity and Liabilities</b>		<b>8,665.08</b>	<b>9,447.42</b>

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: 22101858AKZKFJ1679  
Place: Mumbai  
Date: 15<sup>th</sup> June, 2022

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/-  
Naveen Carvallo  
Chief Financial Officer

Sd/-  
Rahul Pathak  
Company Secretary

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
(CIN - L74930MH2006PLC159290)  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
I Revenue from Operations	21	9,642.24	11,498.31
II Other Income	22	63.19	41.18
<b>III Total Income (I+II)</b>		<b>9,705.43</b>	<b>11,539.49</b>
<b>IV EXPENSES</b>			
Employee Benefits Expense	23	5,654.40	5,841.35
Finance Costs	24	571.78	510.29
Depreciation and Amortization Expense	25	49.53	29.19
Other Expenses *	26	5,530.07	4,926.90
<b>Total Expenses (IV)</b>		<b>11,805.77</b>	<b>11,307.73</b>
<b>V Profit/(loss) before exceptional items and tax (III- IV)</b>		<b>(2,100.35)</b>	<b>231.76</b>
VI Exceptional Items			
VII Profit/(Loss) before Tax (V-VI)		(2,100.35)	231.76
<b>VIII Tax Expense:</b>	27		
(1) Current Tax		-	58.49
(2) Reversal of Provision of Income Tax		8.13	39.58
(3) Deferred Tax		(187.12)	(192.56)
<b>Total Tax Expense</b>		<b>(178.99)</b>	<b>(94.49)</b>
<b>IX Profit (Loss) for the period (VII-VIII)</b>		<b>(1,921.36)</b>	<b>326.24</b>
<b>X Other Comprehensive Income</b>			
(1) Items that will not be reclassified subsequently to Statement of Profit & Loss			
Re-measurement (Gain)/Loss on Defined Benefit Plan		24.85	(10.81)
(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss		-	2.72
(3) Items that will be reclassified subsequently to Statement of Profit & Loss			
<b>XI Total Comprehensive Income for the period (IX+X)</b>		<b>(1,946.21)</b>	<b>334.34</b>
<b>XII Earnings per Equity Share</b>	28		
(Face Value Rs 10/- Per Share ) (Rupees )			
(1) Basic		(19.62)	3.36
(2) Diluted		(19.62)	3.36

\* 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: 22101858AKZKFJ1679

Place: Mumbai

Date: 15<sup>th</sup> June, 2022

For and on behalf of Board of

KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED

Sd/-

Ravindra Malinga Hegde

Managing Director

DIN No. – 01821002

Sd/-

Naveen Carvallo

Chief Financial Officer

Sd/-

Sujata Ravindra Hegde

Director

DIN No. - 01829352

Sd/-

Rahul Pathak

Company Secretary

**M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED**  
(CIN - L74930MH2006PLC159290)  
**STATEMENT OF CHANGES IN EQUITY**

**A Equity Share Capital**

Rs in Lakhs

Balance at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year*	Balance as at April 1, 2022
969.90	-	969.90	32.33	1,002

Balance at March 31, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the year*	Balance as at April 1, 2021
969.90	-	969.90	-	969.90

**B Other Equity**

Rs in Lakhs

Particulars	Reserve and Surplus			Items of other comprehensive income	Total Equity
	Securities Premium	Retained Earnings	Share Issue expenses	Remeasurements of defined benefit Plans	
<b>Opening Balance as at 1st April, 2020</b>	687.23	1,859.24	-	1.96	2,548.43
Adjustment of prior period errors	-	-	-	-	-
<b>Restated Opening balance as at 1st April, 2020</b>	-	-	-	-	-
Profit/(Loss) for the year	-	326.24	-	-	326.24
Less: Bonus Issue	-	-	-	-	-
Other Comprehensive income/(losses)	-	-	-	8.09	8.09
<b>Total Comprehensive Income for the year</b>	-	326.24	-	8.09	334.34
Dividend (including tax)	-	(24.25)	-	-	(24.25)
Issue of shares	-	-	-	-	-
Transfer from share issue expenses to securities premium	-	-	-	-	-
IPO/Share issue expenses	-	-	-	-	-
Deferred tax on share issue expense	(7.32)	-	-	-	(7.32)
<b>Closing Balance as at 31st March, 2021</b>	679.91	2,161.23	-	10.06	2,851.20
Adjustment of prior period errors	-	-	-	-	-
<b>Restated Opening balance as at 1st April, 2021</b>	679.91	2,161.23	-	10.06	2,851.20
Profit/(Loss) for the period	-	(1,921.36)	-	-	(1,921.36)
Other Comprehensive income/(losses)	-	-	-	(24.85)	(24.85)
<b>Total Comprehensive Income for the Year</b>	-	(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)	-	-	-	-	-
<b>Closing Balance as at 31st March 2022</b>	642.43	239.87	-	(14.79)	867.51

Remeasurement gain (net) on defined benefit plan Loss Rs. 24.85 Lakhs (2021 Rs. 8.09 Lakhs) has been recognised during the year as part of retained earnings

**C. Description of the nature and purpose of Other Equity**

Retained Earnings: Retained earnings comprises of accumulated balance of profit / (losses) of current and prior years including transfer made to / from other reserves from time to time. The reserves can be utilised or distributed by the Company in accordance with the provisions 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: 22101858AKZKFJ1679  
Place: Mumbai  
Date: 15<sup>th</sup> June, 2022

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

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

Sd/-  
**Naveen Carvalho**  
Chief Financial Officer

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

Sd/-  
**Rahul Pathak**  
Company Secretary



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

CASH FLOW STATEMENT

(Rs. in Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(2,100.35)	231.76
<b>Adjustment for:</b>		
Depreciation and Amortization Expense	49.53	29.19
Finance cost	571.78	510.29
Interest paid on Security Deposit		
Allowance for Doubtful Debts	755.81	805.35
Balances Written Back		
Reversal of Allowance for Doubtful Debts		
Profit on sale of Property, Plant & Equipment	(4.16)	
Re-measurement (Gain)/Loss on Defined Benefit Plan	(24.85)	10.81
Interest Income on Fixed Deposit and Income Tax Refund	(35.23)	(24.85)
<b>Operating Profit before Working Capital changes</b>	<b>(787.46)</b>	<b>1,562.55</b>
<b>Adjustment for:</b>		
(Increase)/decrease in Trade Receivables	308.90	(631.80)
(Increase)/decrease in Other Current Financial Assets	-	(0.06)
(Increase)/decrease in Non-Current Loans		
(Increase)/decrease in Other Non-Current Financial Assets	(196.18)	(198.15)
(Increase)/decrease in Other Current Assets	524.85	(1,405.30)
(Increase)/decrease in Non-Current Assets	-	-
(Increase)/decrease in Inventories	26.09	65.22
Increase/(decrease) in Trade-Payable	(18.46)	(63.74)
Increase/(decrease) in Other Current Financial Liability	1,010.03	176.02
Increase/(decrease) in Non Current Liability	(12.80)	18.65
Increase/(decrease) in Provision	(47.38)	303.83
Increase/(decrease) in Other Non-Current Financial Liability	266.13	521.94
Increase/(decrease) in Current Liability	(28.52)	70.71
Increase/(decrease) in Non-Current Liability		
Cash Generated from Operations	<b>1,045.21</b>	<b>419.86</b>
Direct Taxes	-	(61.21)
<b>Net Cash from Operating Activities (A)</b>	<b>1,045.21</b>	<b>358.65</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(59.10)	(45.61)
Sale of Property, Plant & Equipment	5.00	0.05
Fixed Deposits placed/matured/realised	(417.80)	(146.73)
Interest Received	35.23	24.85
<b>Net Cash used in Investing Activities (B)</b>	<b>(436.67)</b>	<b>(167.44)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expenses	(571.78)	(510.29)
Dividend Paid	-	(24.25)
Dividend Distribution Tax	-	-
Proceeds from Issue of Equity Instruments	-	-
Payment For share issue related costs	-	-
<b>Net Cash from Financing Activities (C)</b>	<b>(571.78)</b>	<b>(534.54)</b>
<b>Net Changes in Cash and Cash Equivalents (A+B+C)</b>	<b>36.77</b>	<b>(343.33)</b>
Opening Balance of Cash and Cash Equivalents	<b>67.60</b>	<b>410.93</b>
Closing Balance of Cash and Cash Equivalents	<b>104.37</b>	<b>67.60</b>

Notes:-

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

Cash on Hand	97.34	29.84
In Current Account	7.03	37.76
	<b>104.37</b>	<b>67.60</b>

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: 22101858AKZKFJ1679  
Place: Mumbai  
Date: 15<sup>th</sup> June, 2022

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

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

Sd/-  
Naveen Carvallo  
Chief Financial Officer

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

Sd/-  
Rahul Pathak  
Company Secretary

**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**

CIN – L74930MH2006PLC159290

**Notes to Financial Statements for the year ended March 31, 2022****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 10<sup>th</sup>, 2012**.

Further, pursuant to Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on May 18<sup>th</sup>, 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 30<sup>th</sup>, 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 financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest rupees (INR), except when otherwise indicated.

The financial statements of the Company for the year ended 31st March, 2022 were approved for issue in accordance with the resolution of the Board of Directors on 15<sup>th</sup> June, 2022.

The company does not have any investment in subsidiary and also requirement to prepare consolidated financial statements under Ind AS 110 is not applicable to the Company.

## **II. USE OF ESTIMATION:**

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.

## **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 from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised on the basis of actual service provided vis-à-vis proportion of the total services to be provided. Few contracts include multiple performance obligations, and in that case the transaction price will be allocated to each performance obligation. Where these are not directly observable, they are estimated based on expected cost-plus margin. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments by customer exceeds the services rendered, a contract liability is recognised. If the contract includes payment clause on the basis of time lapse (hourly or monthly etc.), revenue is recognised to the extent the Company has a right to invoice. In such cases, customers are invoiced on a monthly basis and consideration is payable when invoiced.

**(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.

**(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 financial statements. However, deferred tax are not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**(h) NON CURRENT ASSETS HELD FOR SALE**

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

**(i) PROPERTY, PLANT AND EQUIPMENT**

Property, Plant & Equipment are stated at cost, plus non-recoverable taxes, trade discount & rebated less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use. Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

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 only.

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

<b>Type of Assets</b>	<b>Useful life as per Schedule II</b>
<b>Office Premises</b>	60 Years
<b>Equipment’s ( Plant &amp; Machineries)</b>	15 Years
<b>Vehicles</b>	8 Years
<b>Motor Vehicles on Hire</b>	6 years
<b>Office Equipment’s</b>	15 Years
<b>Furniture &amp; Fixtures</b>	10 Years
<b>Computers ( Servers &amp; Networks)</b>	6 Years
<b>Software</b>	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 de-recognised. Investment

properties are subsequently measured at cost less depreciation. Investment properties are depreciated based on their estimated useful lives. Office premises which is considered as Investment property has a useful life of 60 years. The useful life has been determined based on technical evaluation performed by the management.

#### **(k) IMPAIRMENT OF NON FINANCIAL ASSETS**

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

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

#### **(l) INVENTORIES**

Items of inventories are measured in at lower cost & net realisable value after providing for obsolescence, if any except in case of by-products which are valued at net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

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

#### **(m) DIVIDEND AND INTEREST INCOME**

Dividend income from investments is recognised 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 recognised 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.

**(n) 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.

**(o) PROVISIONS, CONTINGENT ASSETS & 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 financial statements unless an inflow of economic benefits is probable.

**(p) 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.

**(q) 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.



**(r) LEASES**

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

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

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

**(s) Impact of COVID-19 (pandemic)**

The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases and impact on effectiveness of its hedges. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.

**IV. Recent Pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below;

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

**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 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 may be. 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 re-measured 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 re-measured 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 re-measured 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.

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
(CIN - L74930MH2006PLC159290)  
NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

PROPERTY, PLANT AND EQUIPMENT							Intangible Assets
Description	Furniture & Fixture	Computers	Equipments \$	Motor Vehicles	Plant & Machinery *	Total	
<b>Gross Carrying Value as at 1st April 2020</b>	7.61	10.46	5.51	59.72	302.90	386.20	1.40
Additions	0.13	2.40	0.77	37.11	5.21	45.61	-
Disposals	-	-	0.05	-	-	0.05	-
<b>Gross Carrying Value as at 31 March 2021</b>	<b>7.74</b>	<b>12.86</b>	<b>6.23</b>	<b>96.84</b>	<b>308.11</b>	<b>431.77</b>	1.40
Additions	-	1.19	-	33.09	21.11	55.40	3.71
Disposals	-	-	-	0.84	-	0.84	-
<b>Gross Carrying Value as at 31 March 2022</b>	<b>7.74</b>	<b>14.05</b>	<b>6.23</b>	<b>129.09</b>	<b>329.22</b>	<b>486.32</b>	<b>5.11</b>
<b>Accumulated Depreciation</b>							
<b>Balance as at 31 March 2020</b>	6.21	7.36	3.89	51.74	199.87	269.08	
Additions	0.19	1.60	0.32	4.08	18.94	25.13	0.88
Disposal	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>6.41</b>	<b>8.96</b>	<b>4.22</b>	<b>55.81</b>	<b>218.82</b>	<b>294.22</b>	<b>0.88</b>
Additions	0.35	1.76	0.36	25.38	18.11	45.95	0.56
Disposal	-	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>6.75</b>	<b>10.72</b>	<b>4.58</b>	<b>81.19</b>	<b>236.93</b>	<b>340.17</b>	<b>1.45</b>
<b>Net Carrying Value</b>							
<b>As at 31 March 2021</b>	<b>1.34</b>	<b>3.90</b>	<b>2.01</b>	<b>41.02</b>	<b>89.29</b>	<b>137.55</b>	<b>0.52</b>
<b>As at 31 March 2022</b>	<b>0.99</b>	<b>3.33</b>	<b>1.65</b>	<b>47.90</b>	<b>92.29</b>	<b>146.16</b>	<b>3.66</b>

\* 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.

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: 22101858AKZKFJ1679  
Place: Mumbai  
Date: 15<sup>th</sup> June, 2022

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

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

Sd/-  
Naveen Carvallo  
Chief Financial Officer

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

Sd/-  
Rahul Pathak  
Company Secretary



M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
(CIN - L74930MH2006PLC159290)  
NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

3(a) INVESTMENT PROPERTIES	As at 31st March, 2022	As at 31st March, 2021
Gross Carrying Value	99.63	99.63
Accumulated depreciation	40.63	37.61
Net Carrying Value	<b>59.01</b>	<b>62.03</b>

ACCUMULATED DEPRECIATION ON INVESTMENT PROPERTIES	As at 31st March, 2022	As at 31st March, 2021
Accumulated depreciation at the beginning of the year	37.61	34.43
Addition	3.02	3.18
Accumulated depreciation at the end of the year	<b>40.63</b>	<b>37.61</b>

i) Amount recognised in profit and loss for investment properties	For the year ended 31st March, 2022		For the year ended 31st March, 2021
Rental Income	-		5.95
Direct operating expenses from property that generated Rental Income	0.86		1.42
Direct operating expenses from property that didn't generated Rental Income	0.13		1.60
Profit from investment properties before depreciation	(0.99)		2.93
Depreciation	3.02		3.18
Profit from investment properties	(4.01)		(0.25)

ii) Contractual obligations

The Company has no restrictions on the realisability of its investment property. There are no contractual obligations to purchase, construct or develop investment property as at the year end

iii) Leasing arrangements

Investment property is vacant during the Current Financial Year.

iv) Fair Value

Investment Property	192.22	192.22
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Estimation of Fair Value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties leased out by the Company are cancellable and non-cancellable leases, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence, fair value is ascertained on the basis of market rates prevailing for similar properties in those location on the basis of stamp duty reckoner. There is no involvement of independent and professional valuers in the determination of fair value.

4 INVESTMENTS	As at 31st March, 2022	As at 31st March, 2021
<b>Investment measured at Fair Value through Other Comprehensive Income</b>		
<b>In Equity Shares of Other Companies</b>		
<b>Unquoted, Fully Paid up</b>		
Shares in Apna Sahakari Bank (20000 Shares of Rs.25/- each fully paid up)	5.50	5.00
<b>Total</b>	<b>5.50</b>	<b>5.00</b>

5 OTHER FINANCIAL ASSETS	As at 31st March, 2022	As at 31st March, 2021
<i>(Unsecured, considered good, unless stated otherwise)</i>		
NSE Exchange Deposit	-	-
Security Deposits & Retension Money	1151.92	956.24
Service tax Appeal Deposit	101.93	101.93
<b>Total</b>	<b>1,253.84</b>	<b>1,058.17</b>

**M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED**  
**(CIN - L74930MH2006PLC159290)**  
**NOTES TO FINANCIAL STATEMENTS**

(Rs. in Lakhs)

<b>6 DEFERRED TAX ASSETS (NET)</b>		<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
<b>Deferred Tax Assets / (Liabilities) in relation to</b>			
<b>Deferred Tax Assets</b>			
Interest / Processing Fees Ind As Adjustments		0.12	-
Provision for Employee Benefits		4.38	7.14
Allowance for Bad & Doubtful Debts		389.03	205.15
Share Issue expenses/IPO Expenses		10.30	15.44
	<b>Sub-Total (A)</b>	<b>403.84</b>	<b>227.73</b>
<b>Deferred Tax Liabilities</b>			
Property, Plant & Equipment		4.80	6.30
Interest / Processing Fees Ind As Adjustments		-	4.38
	<b>Sub-Total (B)</b>	<b>4.80</b>	<b>10.67</b>
<b>Deferred Tax Assets / (Liability) (Net) (A-B)</b>		<b>399.03</b>	<b>217.06</b>

The movement on the Deferred Tax Asset is as follows:

<b>Particulars</b>	<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
<b>Balance at the Opening of Reporting period - Deferred Tax Asset</b>	<b>217.06</b>	<b>31.82</b>
Allowance for Bad & Doubtful Debts	183.88	178.97
Property, Plant & Equipment	1.50	0.76
Provision for Employee Benefits	(2.76)	7.14
Interest / Processing Fees Ind As Adjustments	4.50	5.69
<b>Recognised in Profit &amp; Loss A/c</b>	<b>187.12</b>	<b>192.56</b>
<b>Adjusted against share issue expenses/IPO expenses in equity</b>		
Share issue expenses/IPO expenses	(5.15)	(7.32)
<b>Total Movement of Deferred Tax Asset</b>	<b>181.97</b>	<b>185.24</b>
<b>Charge to Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans	-	-
<b>Balance at the Closing of Reporting period- Deferred Tax Asset</b>	<b>399.03</b>	<b>217.06</b>

<b>7 INVENTORIES</b>		<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
Raw Materials		-	-
Work-in-progress		-	-
Finished Goods		-	-
Traded Goods		-	-
Stores & spares		1.66	27.75
<b>Total Inventories</b>		<b>1.66</b>	<b>27.75</b>
Inventories are carried at lower of cost and net realisable value.			

<b>8 TRADE RECEIVABLES</b>		<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
<b>Non Current Debtors</b>			
- Unsecured		-	-
Considered Good		-	-
Considered Doubtful		2,023.68	2,040.12
		-	-
- Less:- Allowance for Bad & Doubtful Debts		1,360.08	680.04
	<b>Total</b>	<b>663.60</b>	<b>1,360.08</b>
<b>Current Debtors</b>			
- Unsecured		-	-
Considered Good		1,737.75	2,212.52
Considered Doubtful		-	-
		-	-
- Less:- Allowance for Bad & Doubtful Debts		28.55	135.09
	<b>Total</b>	<b>1,709.19</b>	<b>2,077.43</b>

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					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables - Billed</b>						
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
<b>Less: Allowance for doubtful trade receivables - Billed</b>						1,360.08
						1,360.08
<b>Trade receivables - Unbilled</b>						-
						663.60
<b>Total</b>						<b>663.60</b>

**M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
(CIN - L74930MH2006PLC159290)**

**NOTES TO FINANCIAL STATEMENTS**

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2021 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables - Billed</b>						
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	-	-	-	-	2,040.12	2,040.12
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
	-	-	-	-	2,040.12	2,040.12
<b>Less: Allowance for doubtful trade receivables - Billed</b>						680.04
						1,360.08
<b>Trade receivables - Unbilled</b>						-
<b>Total</b>						<b>1,360.08</b>

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					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables - Billed</b>						
Undisputed trade receivables – considered good						
Undisputed trade receivables – which have significant increase in credit risk	1,342.51	204.15	101.17	57.61	32.30	1,737.75
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
<b>Less: Allowance for doubtful trade receivables - Billed</b>						28.55
						1,709.19
<b>Trade receivables - Unbilled</b>						-
<b>Total</b>						<b>1,709.19</b>

Ageing for trade receivables - billed current outstanding as at March 31, 2021 is as follows

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables - Billed</b>						
Undisputed trade receivables – considered good	1,894.01	161.36	119.32	37.79	0.04	2,212.52
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	-	-	-	-	-	-
	1,894.01	161.36	119.32	37.79	0.04	2,212.52
<b>Less: Allowance for doubtful trade receivables - Billed</b>						135.09
						2,077.43
<b>Trade receivables - Unbilled</b>						-
<b>Total</b>						<b>2,077.43</b>

\* Receivables from Related Parties:- (Rs. Nil ) [(Previous Year-Rs. Nil)

<b>CASH AND BANK BALANCES</b>	<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
<b>Cash and cash equivalents</b>		
(a) Balances with Banks	7.03	37.76
(b) Cash on hand	97.34	29.84
	104.37	67.60
<b>Bank Balances other than above carried at Amortised Cost *</b>		
(a) Deposit with original maturity of more than 3 months but less than 12 months	-	-
(b) Margin money deposit under lien	871.59	453.79
(c) Unpaid dividend	0.11	0.11
	871.70	453.90
<b>Total</b>	<b>976.06</b>	<b>521.50</b>

**M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**

(Rs. in Lakhs)

10 CURRENT TAX ASSETS (NET)	As at 31st March, 2022	As at 31st March, 2021
Advance Income Tax (net of Provisions)	391.87	190.54
<b>Total</b>	<b>391.87</b>	<b>190.54</b>
11 OTHER CURRENT ASSETS	As at 31st March, 2022	As at 31st March, 2021
(a) Advances to Staff	1.01	0.40
(Unsecured Considered Good)	-	-
(b) Loans & Advances	5.27	15.07
(c) Advances against site	42.46	61.32
(d) Balance with Government Authorities	-	-
(e) Prepaid Expenses	21.48	11.66
(f) Contract Assets ( Work in Progress )	2,985.25	3,701.34
<b>Total</b>	<b>3,055.486</b>	<b>3,789.788</b>
<b>Changes in Contract Assets are as follows:</b>	<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
Contract Assets at the beginning of the year	3,701.34	2,056.05
Revenue Recognised during the year	9,646.02	11,504.27
Invoices raised during the year	(10,204.98)	(9,858.98)
Unbilled receivables	-	-
Provision for contract assets	(157.12)	-
Contract Assets at the end of the year	<b>2,985.25</b>	<b>3,701.34</b>
12 SHARE CAPITAL	As at 31st March, 2022	As at 31st March, 2021
<b>(a) Authorised</b>		
1,20,00,000 Equity Shares of Rs. 10 each	1,200.00	1,200.00
<b>Total</b>	<b>1,200.00</b>	<b>1,200.00</b>
<b>(b) Issued, Subscribed and Paid Up</b>		
1,00,22,299 Equity Shares of Rs. 10 each	1,002.23	969.90
<b>Total</b>	<b>1,002.23</b>	<b>969.90</b>
<b>(c) Reconciliation of the Number of Equity Shares</b>		
Shares outstanding at the beginning of the year	96.99	96.99
Shares issued during the year	3.23	-
Shares bought back during the year	-	-
Shares outstanding at the Closing of the year	<b>100.22</b>	<b>96.99</b>
<b>(d) Terms and Rights attached to Equity Shareholders</b>		
The Company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend is recommended by the Board of Directors and declared by the members at the ensuing Annual General Meeting. In the event of winding-up, the holders of equity shares shall be entitled to receive remaining assets, if any in proportion to the number of shares held at the time of commencement of winding-up. The share holders have all other rights as available to the Equity shareholders as per the provisions of the Companies Act, 2013 read together with the Memorandum of Association and Articles of Association of the Company, as applicable.		
<b>(e) Shareholders holding more than 5% Equity Shares</b>	<b>As at 31st March, 2022</b>	<b>As at 31st March, 2021</b>
<b>Equity Shares of Rs.10 each fully paid held by-</b>	<b>No. of shares</b>	<b>No. of shares</b>
(i) Ravindra Malinga Hegde	61.44	59.46
(ii) Sujata Ravindra Hegde	9.89	9.57

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
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## NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

13 OTHER EQUITY	As at 31st March, 2022	As at 31st March, 2021
<b>(a) Security Premium</b>		
Opening Balance	679.91	687.23
add : issue of shares	-	-
less : Bonus issue	(32.33)	-
less: Share issue expenses/IPO Expenses net of Tax benefit	(5.15)	(7.32)
Closing balance	<b>642.43</b>	<b>679.91</b>
<b>(b) Retained Earnings</b>		
Balance at the beginning of the Financial Year	2,161.23	1,859.24
Adjustment of prior period expense	-	-
Restated balance at the beginning of the Financial Year	2,161.23	1,859.24
Profit during the year transferred	(1,921.36)	326.24
Less: Dividend Paid	-	(24.25)
Tax on Dividend	-	-
Utilisation for Bonus Issue	-	-
Balance at the end of the Financial Year	<b>239.87</b>	<b>2,161.23</b>
Balance consists of Surplus retained from earned profit after payment of dividend.		
<b>(c) Share issue expenses</b>		
Opening Balance	-	-
Add : expenses incurred	-	-
Less : Transfer to Securities Premium Account	-	-
Closing Balance	-	-
<b>Total Reserve &amp; Surplus (a)+(b)+(c)</b>	<b>882.30</b>	<b>2,841.14</b>
<b>(d) Items of Other Comprehensive income</b>		
<b>Remeasurements of defined benefit plans</b>		
Opening Balance	10.06	1.96
Add: Current year Income/(expense)	(24.85)	8.09
Closing balance	<b>(14.79)</b>	<b>10.06</b>
<b>Total Other Equity (a)+(b)+(c)+(d)</b>	<b>867.51</b>	<b>2,851.20</b>
<b>14 NON-CURRENT LIABILITIES</b>		
<b>(a) Financial Liabilities</b>		
<b>(i) Borrowings</b>		
1-Secured loans	1,385.20	978.66
2-Unsecured loans	89.77	230.17
<b>Total</b>	<b>1,474.96</b>	<b>1,208.83</b>
Secured Loans are secured against property, plant and Equipments and Fixed Deposits ( Refer Note 28 )		
<b>15 OTHER NON-CURRENT LIABILITIES</b>		
Provision for gratuity	5.85	18.65
<b>Total</b>	<b>5.85</b>	<b>18.65</b>
<b>16 CURRENT BORROWINGS</b>		
<b>Working capital</b>		
<b>from banks &amp; financial institutions-Secured</b>		
Apna Sahakari Bank Ltd	1,778.84	1,582.82
Deutsche Bank	-	137.65
Bank of India	738.23	0.00
State Bank of India	583.13	-
<b>From Related Parties</b>	-	-
Ravindra Hegde	64.74	56.04
Sujata Hegde	31.98	28.98
KHFM HR Consultancy Private Limited	1.00	1.00
<b>Total</b>	<b>3,197.93</b>	<b>1,806.49</b>
Working Capital Loans are secured against current assets(book debts) property, plant and equipments, fixed deposits and personal guarantee of directors. ( Refer Note 28 )		

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
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NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

17 TRADE PAYABLES		As at 31st March, 2022	As at 31st March, 2021
<i>Financial Liabilities carried at Amortised Cost</i>			
(a) Due to Micro, Small and Medium Enterprises		8.79	13.64
(b) Others		-	-
(i) Related Parties		4.23	1.70
(ii) Other Parties		499.53	515.66
<b>Total</b>		<b>512.55</b>	<b>531.01</b>

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

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

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

Ageing for trade payables outstanding as at March 31, 2021 is as follows

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade payables</b>					
MSME*	13.30	0.34	-	-	13.64
Others	493.63	23.73	-	-	517.36
Disputed dues - MSME*	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>506.93</b>	<b>24.07</b>	<b>-</b>	<b>-</b>	<b>531.01</b>
<b>Accrued expenses</b>					-
<b>Total</b>					<b>531.01</b>

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

18 OTHER FINANCIAL LIABILITIES		As at 31st March, 2022	As at 31st March, 2021
<i>Financial Liabilities carried at Amortised Cost</i>			
(a) Current Maturity of long term debt		436.39	602.95
(b) Unclaimed Dividend		0.11	0.11
(c) Subcontractor deposits		163.76	378.59
(d) Deposit premises		-	-
<b>Total</b>		<b>600.25</b>	<b>981.65</b>

19 PROVISIONS (CURRENT)		As at 31st March, 2022	As at 31st March, 2021
Provision for taxes		-	-
Provision for Gratuity		11.57	9.72
Provision for Employee benefit expenses		651.17	694.92
Provision for Audit fees		-	5.55
Provision for Electricity expense		0.07	-
<b>Total</b>		<b>662.80</b>	<b>710.19</b>

20 OTHER CURRENT LIABILITIES		As at 31st March, 2022	As at 31st March, 2021
(a) Advances from customer		-	-
(b) Statutory Dues		340.99	369.51
<b>Total</b>		<b>340.99</b>	<b>369.51</b>

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(Rs. in Lakhs)

<b>21 REVENUE FROM OPERATIONS</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
Contracted Price ( Services )	9646.02	11504.27
Less : Reduction towards variable consideration components	3.78	5.96
<b>Total</b>	<b>9,642.24</b>	<b>11,498.31</b>

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.

<b>22 OTHER INCOME</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
(a) Rental Income	-	5.95
(b) Reimbursement of Interest & Issue Exp from LLPs	-	-
(c) Miscellaneous Income	-	-
(d) Profit on Sale of Property, Plant & Equipments	4.16	-
(e) Reversal of Allowance for Bad & Doubtful Debts	-	-
(f) Dividend	-	-
(g) Interest Income earned on Financial Assets carried at Amortised Cost	-	-
(i) Interest on Bank Fixed Deposits	35.23	24.85
(ii) Interest on Security Deposit	-	-
(h) Investment carried at Fair Value through P&L	-	-
(i) Fair Value Gain on Mutual Funds	-	-
(i) Remission of Liability	23.80	10.37
<b>Total</b>	<b>63.19</b>	<b>41.18</b>

<b>23 EMPLOYEE BENEFITS EXPENSES</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
(a) Salaries, Wages and Bonus	5,040.07	5,182.52
(b) Contribution to Provident Fund and Other funds	607.99	653.48
(c) Staff Welfare expenses	6.33	5.35
<b>Total</b>	<b>5,654.40</b>	<b>5,841.35</b>

<b>24 FINANCE COST</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
(a) Interest Expenses for financial liabilities measured at amortised cost	571.78	510.29
<b>Total</b>	<b>571.78</b>	<b>510.29</b>

<b>25 DEPRECIATION</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
Depreciation on property, plant and equipment	45.95	25.13
Depreciation on investment property	3.02	3.18
Amortisation of intangible assets	0.56	0.88
Amortisation of leasehold land	-	-
<b>Total</b>	<b>49.53</b>	<b>29.19</b>

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NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

26 OTHER EXPENSES	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>Direct Expenses</b>		
Site Expenses	1,699.75	1,882.42
Labour Charges	1,906.50	1,479.56
Consumption of stores, spares & Consumables	244.98	310.55
Uniform Expenses	8.02	8.45
Blocked credit	49.82	43.36
Deductions & Penalty	276.69	89.94
<b>Indirect Expenses</b>		
Advertising and domain expenses	1.61	1.38
Audit Fees	18.26	12.94
Computer, Software & Printer Expenses	5.04	2.89
Commission	116.10	0.23
Donation	2.28	0.76
GST / Service Tax/TDS	0.13	-
Insurance	38.86	37.70
Miscellaneous Expenses	4.93	7.49
Office Expenses	2.81	3.98
Power & Fuel	2.64	11.90
Property Tax	0.80	0.79
Professional tax	0.05	0.08
Legal & Professional Charges	23.89	29.87
Licence fees	12.40	-
Listing Fees	0.15	0.15
Interest late fees and penalty	16.83	6.34
Printing & Stationery	2.52	1.47
Rent Including Lease Rentals	69.19	35.81
Repair & Maintenance	29.51	19.81
Allowance for Bad & Doubtful Debts/ Contract Assets	755.81	805.35
Tender related expense	15.77	10.14
Telephone Charges	1.90	1.57
Transport Charges	38.45	59.83
Travelling and Conveyance	169.17	62.17
Mortgage and Stamp duty	15.21	-
<b>Total</b>	<b>5,530.07</b>	<b>4,926.90</b>
<b>27 INCOME TAX</b>	<b>For the year ended 31st March, 2022</b>	<b>For the year ended 31st March, 2021</b>
<b>(a) Income Tax recognized in Statement of Profit &amp; Loss</b>		
Current Tax Expenses	-	58.49
Tax of the Earlier Years	8.13	39.58
Deferred Tax Expenses	(187.12)	(192.56)
<b>Total Tax Expenses recognized in Statement of Profit &amp; Loss</b>	<b>(178.99)</b>	<b>(94.49)</b>
<b>(b) Tax expenses related to Items recognized in Statement of Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans	-	2.72
<b>Income tax Charged to Statement of Other Comprehensive Income</b>	<b>-</b>	<b>2.72</b>
<b>(b) Reconciliation of Effective Tax Rate</b>		
Profit Before Tax	(2,100.35)	231.76
Tax at India's statutory Income Tax rate	25.17	25.17
<b>Expected Income tax expense/(benefit)</b>	<b>(528.62)</b>	<b>58.33</b>
<u>Tax effect of adjustments to reconcile expected Income Tax expense to reported Income Tax expense</u>		
Tax on Items inadmissible to be debitted to P/L	542.82	220.68
Tax on Items admissible to be debitted to P/L /Considered under separate head	(23.07)	(227.82)
Tax on Items Considered under other Head of income	8.87	7.30
<u>Current Tax Expense</u>	<b>0.00</b>	<b>58.49</b>
Tax on Items recognised in other comprehensive income	-	2.72
<b>Total Tax Expenses /(benefits)( A )</b>	<b>0.00</b>	<b>61.21</b>
Incremental Deferred Tax Liability/(Assets) on account of Property, Plant and Equipment	(1.50)	(0.76)
Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	(185.62)	(191.80)
<b>Deferred Tax Provision ( B )</b>	<b>(187.12)</b>	<b>(192.56)</b>
<b>Total Tax Expenses/(benefits) ( A + B )</b>	<b>(187.12)</b>	<b>(131.35)</b>
<b>Effective Tax Rate</b>	<b>8.91%</b>	<b>-56.67%</b>



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(Rs. in Lakhs)

A. Working Capital Facilities & Term Loans from Banks								31-03-2022		31-03-2021	
Name of Lender	Purpose	Sanction Amount (in lakhs)	Rate of interest	Securities offered	Re-payment	Moratorium	As At				
<b>Secured Borrowings</b>											
Apna Sahakari Bank Ltd.	Working Capital (Cash Credit)	1500.00	11% p.a.	<b>Primary Security :</b> Hypothecation of Stock & Book Debts <b>Collateral Security :</b> As per Note 1 <b>Personal Guarantee :</b> As per Note 2	On Demand	NA		1778.84		1582.82	
STATE BANK OF INDIA (40608236665)	Working Capital (Cash Credit)	585.00	8.15%	As per Note 7	On Demand	NA		583.13		-	
Bank of India CC (92)	Working Capital (Cash Credit)	752.00	8.85%	As per Note 6	On Demand	NA		738.23		-	
Deutsche Bank AG	Working Capital (Cash Credit)	137.50	10.55% p.a.	Loan Taken over by Bank of India	On Demand	NA		-		137.65	
Apna Sahakari Bank Ltd.	Business Loan (Loan against book debts and property)	300.00	11.50% p.a.	<b>Primary Security :</b> As per note no 5. <b>Collateral Security:</b> Nil	120 EMIs of 4.26 lacs each	NA		216.28		242.75	
Apna Sahakari Bank Ltd.	Business Loan (Loan Against Property)	100.00	12% p.a.	<b>Primary Security :</b> As per note no 03. <b>Collateral Security:</b> As per note 04	120 EMIs of Rs. 1.45 Lacs each	Nil		50.26		61.68	
	Business Loan (Loan Against Machinerics)	19.00	12% p.a.	Loan Closed	60 EMIs of Rs. 0.43 Lacs each	Nil		-		8.35	
	Business Loan (Loan Against Property)	150.00	12% p.a.	Loan Closed	60 EMIs of Rs. 3.36 Lacs each	Nil		-		5.50	
	Business Loan (Loan Against Property)	50.00	12% p.a.	<b>Primary Security :</b> As per note no 03. <b>Collateral Security:</b> As per note 04	60 EMIs of Rs. 1.125 Lacs each	Nil		4.56		16.95	
Deutsche Bank AG	Business Loan (Loan Against Property)	206.00	10.50% p.a.	Loan Taken over by Bank of India	180 EMIs of Rs. 2.28 Lacs each	Nil		-		90.23	
PNB Housing Finance Ltd.	Business Loan (Loan Against Property)	60.50	11.45% p.a.	Loan Taken over by Bank of India	180 EMIs of Rs. 0.69 Lacs each	Nil		-		51.26	
Apna Sahakari Bank Ltd.	Loan against deposit	40.00	7.5% p.a	Secured against Fixed deposit of Rs 45.01 Lakhs	EMIs of Rs 24,000 each	Nil		36.09		38.25	
Apna Sahakari Bank Ltd.	Business Loan (Loan against book debts and property)	550.00	11% p.a.	<b>Primary Security :</b> As per note no 5. <b>Collateral Security:</b> Nil	84 EMIs of Rs 9.46 lacs each	Nil		503.92		550.17	
Deutsche Bank	Business Loan (Loan Against Property)	48.08	10.50% p.a.	Loan Taken over by Bank of India	Loan taken over by Bank of India	Yes		-		48.08	
Mahindra Finance	Car Loan used for Business	54.56	9.5% p.a	Secured against Car	24 EMIs of Rs 2,53,040 each	Nil		27.83		58.20	
Bank of India	Business Loan (Loan Against Property)	185.00	8.85% p.a.	As per Note 6	84 EMIs of Rs 220238 each	Nil		81.30		-	
	Business Loan (Loan Against Property)	53.00	8.85% p.a.	As per Note 6	84 EMIs of Rs 63095 each	Nil		48.31		-	
	Business Loan (Loan Against Property)	48.00	8.10% p.a	As per Note 6	Loan taken over From Deutsche Bank	Nil		37.60		-	
	Business Loan (Loan Against Property)	500.00	9.25% p.a.	As per Note 6	Moratorium for First 24 Month and next 36 month EMI of RS 1555310 each	Yes		506.39		-	

**Notes**

**Apna Sahakari Bank Ltd. - Cash Credit Rs. 1750.00 Lacs**

**1. Collateral Security :** Registered Equitable Mortgage of Commercial and Residential Properties held in the name of Directors.

**2. Guarantee :** Personal Guarantee of Directors, Ravindra Hegde and Sujata Hegde and Book debts

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

**3. Primary:** FDR of Rs 210 lakhs

**4. Security :** Shop No 1, 2, & 3 Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. 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.

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

**5. Security:** Shop No 1, 2, & 3 Nirma Plaza, Makhwana Road, Marol, Andheri East, Mumbai-400059 held in the name of Mr Ravindra Hegde. 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. D/3/18, Green filed, Mahakali/caves, Jogeshwari(E), Mumbai held in the name of the directors & FDR of Rs 210 lakhs

**Bank Of India**

**6 Security:** First Pari Passu Charge on Book debts with Apna Sahakari Bank- Apna Sahkari Bank has limits of Rs. 15.00 crores and BG Limit of Rs. 14.00 crores and accordingly BOI share is 18.67 % of Bookdebts. Second Pari-Passu charge for GECL Collateral facility on Book Debts with Apna Sahakari Bank. Eqm of Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Spleandur, JVL R, 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**

**7. Security:** First pari passu 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

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## NOTES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

29 EARNING PER SHARE	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) Net Profit for Basic & diluted EPS	(1,921)	326
(b) Number of Equity Shares at the beginning of the year	96.99	96.99
(c) Total Number of Shares outstanding at the end of the year	100.22	96.99
(d) Weighted Average number of Equity Shares outstanding during the year	97.91	96.99
<b>Earning Per Share - Basic</b>	<b>(19.62)</b>	<b>3.36</b>
<b>Earning per share - Diluted</b>	<b>(19.62)</b>	<b>3.36</b>
<b>Face value per share (Rs.)</b>	<b>10.00</b>	<b>10.00</b>

30 CONTINGENT LIABILITIES & COMMITMENTS	As at 31st March, 2022	As at 31st March, 2021
<b>(a) Claims against the company not acknowledged as debt:</b>		
- Service Tax	1389.40	1389.40
<b>(b) Guarantees</b>		
(i) Bank Guarantees	1139.06	1365.44
(ii) Surety Bond (Custom Authorities)		-
<b>(b) Undrawn Commitment</b>		
(i) Towards Non Convertible Debentures		-

31 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As at 31st March, 2022	As at 31st March, 2021
The information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company:		
(a) Principal amount and Interest due thereon remaining unpaid to any supplier as on 31st March, 2022	8.79	13.64
(b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without	-	-
(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	-	-
(d) the amount of provision made for payment to MSME Enterprises	-	5.55

**M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED  
(CIN - L74930MH2006PLC159290)**

**NOTES TO FINANCIAL STATEMENTS**

**32 RELATED PARTY DISCLOSURES**

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

**(a) List of Related Parties**

**(i) Associate Concerns**

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

**(ii) Key Managerial Personnel**

	<b>Designation</b>
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director
(c) Saurav Hegde	Director
(d) Riddhi Hegde	Non Executive Director
(e) Brahm Pal Singh	Non Executive & Independent Director
(f) Bharat Kanani	Non Executive & Independent Director
(g) Girish Ramnani.	Non Executive & Independent Director
(h) Naveen Carvallo	CFO ( KMP)
(i) Rahul Pathak	CS & Compliance Officer (KMP)

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

Name of Party	Type of relation	Nature of Transaction	Income / Expense/ Asset/ Liability	2021-22	2020-21
				Amount	Amount
Palemer Enterprises ( Prop Sujata Hegde)	Associate Concerns	Interest Expenses	Expense	2.90	0.71
		<b>Closing Balance</b>		-	-
		Unsecured Loans	Liability	31.98	28.98
Kalpataru Pest Control ( Prop Ravindra Hegde)	Associate Concerns	Interest Expenses	Expense	4.77	2.31
		<b>Closing Balance</b>		-	-
		Unsecured Loans	Liability	64.74	56.04
KHFM HR Consultancy Private Limited	Associate Concerns	Unsecured Loans	Liability	1.00	1.00
Ravindra Hegde	KMP	Director Remuneration	Expense	12.00	21.00
		Rent Paid	Expense	10.16	10.16
		Dividend Paid	Expense/Equity	-	14.84
		<b>Closing Balance</b>		-	-
		Creditor	Liability	3.23	1.05
		Salary Payable	Liability	4.58	0.62
Saurav Hegde	KMP	Director remuneration	Expense	5.40	1.80
		Dividend paid	Expense	-	0.00
		<b>Closing Balance</b>		-	-
		Salary payable	Liability	-	-
Sujata Hegde	KMP	Director Remuneration	Expense	7.20	16.80
		Dividend Paid	Expense/Equity	-	2.38
		<b>Closing Balance</b>		-	-
		Creditor	Liability	1.00	0.66
Riddhi Hegde	KMP	Salary Payable	Liability	0.86	2.93
		Dividend Paid	Expense	-	0.00
Naveen Carvallo	KMP	Salary	Expense	7.20	7.20
		<b>Closing Balance</b>		-	-
		Salary Payable	Liability	-	0.46
Bharat Kanani	KMP	Sitting fees	Expense	0.30	-
		<b>Closing Balance</b>		-	-
		Sitting fees payable	Liability	0.27	-
Brahm Pal Singh	KMP	Sitting fees	Expense	0.25	0.25
		<b>Closing Balance</b>		-	-
		Sitting fees payable	Liability	0.09	0.04
Girish Ramnani	KMP	Sitting fees	Expense	0.30	-
		<b>Closing Balance</b>		-	-
Rahul Pathak	KMP	Sitting fees payable	Liability	0.27	-
		Salary	Expense	4.20	1.80

**(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. There have been no guarantees provided or received for any related party receivables or payables.

**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**

CIN – L74930MH2006PLC159290

**Notes to Financial Statements for the year ended March 31, 2022****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 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. 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:**

<b>31st March 2022</b>	<b>Fair value through Profit and Loss</b>	<b>Fair value through Other Comprehensive Income</b>	<b>Amortised cost</b>	<b>Total</b>
<b><u>Financial Asset :</u></b>				
<b>Non-Current Assets:-</b>				
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
<b>Current Assets:-</b>				
Cash & Cash equivalents	-	-	976.06	976.06
Trade receivables	-	-	1709.19	1709.19
Other Financials Assets	-	-	-	-
<b><u>Financial Liability :</u></b>				
<b>Non-Current :-</b>	-	-	-	-
Borrowings	-	-	1474.96	1474.96
Other financial liabilities				
<b>Current :-</b>	-	-	-	-
Borrowings	-	-	3197.92	3197.92
Trade payables	-	-	512.54	512.54
Other financial liabilities			600.25	600.25

31st March 2021	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
<b>Financial Asset :</b>				
<b>Non-Current Assets:-</b>				
Investments	-	-	-	-
Investment in Equity instruments	-	5.00	-	5.00
Investment in Preference Shares	-	-	-	-
Trade Receivables	-	-	1360.07	1360.07
Other Non-Current Financial Assets	-	-	1058.16	1058.16
<b>Current Assets:-</b>				
Cash & Cash equivalents	-	-	521.50	521.50
Trade receivables	-	-	2077.43	2077.43
Other Financials Assets	-	-	-	-
<b>Financial Liability :</b>				
<b>Non-Current :-</b>				
Borrowings	-	-	1208.83	1208.83
Other financial liabilities	-	-	-	-
<b>Current :-</b>				
Borrowings	-	-	1806.49	1806.49
Trade payables	-	-	531.01	531.01
Other financial liabilities	-	-	981.65	981.65

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, 2022 and 31st March, 2021 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 oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

##### **(a) Credit risk**

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

##### **• Trade Receivables**

Customer credit risk is managed by requiring customers to pay advances through progress billings before transfer of ownership, therefore substantially eliminating the Company's Credit risk in this respect. The Company's credit risk with regard to trade receivables has a high degree of risk diversification, due to the

large number of projects that vary in sizes and types with numerous different customer categories in a large number of geographical markets. Based on prior experience and an assessment of the current economic environment, management has recognised appropriate provision for expected credit loss.

Particulars	31st March, 2022	31st March, 2021
Opening Expected Credit Loss	815.12	94.10
Additions	598.69	805.35
Less: Bad debts booked	(25.18)	(84.32)
Closing Expected Credit Loss	<b>1388.62</b>	<b>815.13</b>

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 Company'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 Company's reputation. Management monitors rolling forecasts of the Company'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, 2022.

(Rs in Lakhs)

Particulars	Due within 12 Months	Due within 1 to 3 years	More than 3 years
Financial Liabilities Borrowings	436.38	670.42	804.54

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2021.

(Rs in Lakhs)

Financial Liabilities Borrowings	602.95	512.47	696.35
----------------------------------	--------	--------	--------

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rate and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market



risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(e) Currency risk

Currency risk is not material, as the Company'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	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Financial Assets	-	-
Fixed rate instruments		
Bank Deposits		
- Current	7.03	37.76
- Non Current	871.58	453.79
Financial Liabilities		
Fixed rate instruments		
Borrowing	-	-
Variable rate instruments		
Borrowing		
- Short term borrowing	3634.31	2409.44
- Long term borrowing	1474.96	1208.83

### 36. EMPLOYEE BENEFITS

(i) *Short term employee benefits*

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

(ii) *Post-Employment Benefits*

#### Defined Contribution Plans

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid

exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined Benefit Plans**

The Gratuity Benefits are classified as Post-Retirement Benefits as per Ind AS 19 and the accounting policy is outlined as follows. As per IndAS 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.

<b>Funded status of the Plan:</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
Present value of funded obligations	81.28	67.60
Fair value of plan assets	63.86	(39.24)
Net Liability (Asset)	17.41	28.36

<b>Profit and loss for the period:</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>

Service Cost:		
Current Service Cost	9.71	69.69
Past Service Cost and loss/(gain) on curtailments and settlements	-	-
Net Interest Cost	0.99	(0.42)
<b>Total included in "Employee benefit expense"</b>	<b>10.71</b>	<b>69.26</b>

<b>Other comprehensive Income for the period: Rs in lakhs</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
<b>Components of actuarial gain/losses on obligations:</b>		
Due to Change in financial assumptions	(1.23)	2.67
Due to change in demographic assumption		(15.90)
Due to experience adjustments	27.04	2.67
Return on plan assets excluding amounts included in interest income	(0.95)	(0.25)
<b>Amounts recognized in Other Comprehensive (Income) / Expense</b>	<b>24.84</b>	<b>(10.81)</b>

<b>Reconciliation of defined benefit obligation. Rs in lakhs</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
Opening Defined Benefit Obligation	67.60	18.55
Current service cost	9.71	69.69
Interest cost	2.18	1.26
<b>Components of actuarial gain/losses on obligations:</b>		
Due to Change in financial assumptions	(1.23)	2.67
Due to change in demographic assumption	-	(15.90)
Due to experience adjustments	27.04	2.67
Benefits paid by the company	(24.03)	(11.36)
<b>Closing Defined Benefit Obligation</b>	<b>81.28</b>	<b>67.60</b>

<b>Reconciliation of Plan assets. Rs in lakhs</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
Opening value of plan assets	39.24	19.84
Transfer in/(out) plan assets	-	-
Interest Income	1.18	1.69
Return on plan assets excluding amounts included in interest income	0.95	0.25
Contributions by employer	22.48	17.44
Contributions by Employee	-	-
Exchange differences on foreign plans	-	-
<b>Closing value of Plan assets</b>	<b>63.86</b>	<b>39.24</b>

<b>The assumptions used in accounting for the defined benefit plan are set out below:</b>		
<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
Discount rate	5.15% p.a.	4.25% 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 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. However, as per sanction letter issued by Bank, inventory related to EPC projects are not pledged with banks. Accordingly, the company has submitted NIL inventory in its submission. As per sanctioned letter issued by Banks, the Company is required to submit Book Debts statement (excluding debtors related to EPC Project) to Banks on quarterly basis. The Books Debts (excluding debtors related to EPC projects) are in agreement with books of accounts except reconciliation items amounting to `78.94 Million for Quarter 1, `73.65 Million for Quarter 2 and `69.69 Million for Quarter 3. These reconciliation items of book debts are related to other operational division of the Company which has been excluded in book debt statement basis the mutual understanding with Bank.

#### **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, 2022 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 31,2022	As at March 31,2021	% change of ratio in	Remarks
Current Ratio	1.15	1.50	23.15%	
Debt-Equity Ratio	3.63	1.47	-146.83%	New Credit Facilities have been sanctioned and disbursed to the Company by Bank of India and State Bank of India during the Current Financial Year.
Debt Service Coverage Ratio	-1.06	0.74	243.48%	New Credit Facilities have been sanctioned and disbursed to the Company by Bank of India and State Bank of India during the Current Financial Year.
Return on Equity Ratio(%)	-68%	9.11%	850.74%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the new credit facility approved by BOI and SBI.
Inventory Turnover Ratio	16.66	5.14	-223.76%	The management chose to maintain a minimum 30-day supply of consumables due to the Covid -19 pandemic in order

				to prevent further shortages brought on the lock down.
Trade Receivables Turnover Ratio	3.32	3.26	-1.73%	
Trade Payable Turnover Ratio	10.60	8.75	-21.08%	
Net Capital Turnover Ratio	5.16	3.01	-71.38%	There has been a slowdown in the hospitality sector, where the company operates, throughout the current financial year.
Net Profit Ratio(%)	-20.18%	2.91%	794.16%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the new credit facility approved by BOI and SBI.
Return on Capital Employed (%)	-53.72%	20.52%	361.85%	In the current fiscal year, the cost of keeping an employee with the company increased along with interest costs for the new credit facility approved by BOI and SBI.

**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 Financial Statements were approved for issue by the Board of Directors on June 15, 2022.

The management and authorities have the power to amend the 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: 22101858AKZKFJ1679**

**Place: Mumbai**

**Date: 15<sup>th</sup> June, 2022**

**For and on behalf of Board of**

**KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED**

**Sd/-**

**Ravindra Malinga Hegde**

**Managing Director**

**DIN No. – 01821002**

**Sd/-**

**Naveen Carvallo**

**Chief Financial Officer**

**Sd/-**

**Sujata Ravindra Hegde**

**Director**

**DIN No. - 01829352**

**Sd/-**

**Rahul Pathak**

**Company Secretary**