



UDIN: **22101858AKZJEG1319**

**Dated: 15/06/2022**

Independent Auditors Report

To Board of Directors of **M/s. KHFM Hospitality & Facility Management Services Limited**

### **Report on the audit of the Standalone Annual Financial Results**

#### **Opinion**

1. We have audited the accompanying Standalone Annual Financial Results of M/s KHFM Hospitality & Facility Management Services Limited ('the Company') for the year ended 31 March, 2022 (Standalone financial results) attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure requirements) Regulation 2015, as amended. ("the Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the year ended 31 March, 2022:

- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive income and other financial information of the Company for the year then ended.

#### **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 paragraph (a) of our Auditor's Responsibilities section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial results for the year ended 31 March, 2022 under the provision of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on standalone financial results.

#### **Management's and Board of Director's Responsibilities for the Standalone Annual Financial Results**



This statement which includes the Standalone Financial Results is the responsibility of the Company's Board of directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended March 31, 2022 has been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the Half Year and year ended March 31, 2022 that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of director's are also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities for Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Standalone financial results for the year ended 31 March, 2022 as a whole are free from material misstatement, whether due to fraud of error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

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 Annual Standalone financial results, whether due to fraud of error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than



for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, of the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management and Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosure made by Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of Management and Board of Director'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 Annual standalone financial results, including the disclosures, and whether the Annual standalone financial results represent the underlying transaction and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual standalone financial results of the Company to express an opinion on the Annual standalone financial results.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Standalone Financial Results.

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.



**Emphasis of Matters:**

We draw attention to –

- a. Site Expenses, Advance for Site Expenses, Employee Benefit Expenses (including transactions related to provident fund, ESIC, profession tax & gratuity) for the year ended on 31st March 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.
- b. 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.
- c. 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. 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.
- d. Uncertainties relating to the recoverability of Work in progress (Contract Assets) and Non-Current trade receivables 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.



**BHUSHAN KHOT & CO**

Chartered Accountants

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- e. During the current financial year, the Company has incurred significant losses as it has not been able to recover increase in input costs through increased prices. This has triggered in diminishing of reserves of Rs. 19.46 Crores of the Company.

Our conclusion is not modified in respect of aforesaid Matters.

## 2. Other Matters

- a. The standalone annual financial results include the results for the half year ended 31<sup>st</sup> March 2022 being the balancing figures between the audited figures in respect of the full financial year and the published audited year to date figures up to the first half of the current financial year.
- b. The figures for the previous periods / year are re-classified / re-arranged / re-grouped by the Management of the Company.
- c. Significant event subsequent to 31<sup>st</sup> March, 2022 till date has neither advanced to the knowledge of management nor to us by any means.

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

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



Bhushan Khot  
Partner  
Membership No. 101858  
UDIN: **22101858AKZJEG1319**  
Place: Mumbai  
Date: 15/06/2022

**KHFM Hospitality & Facility Management Services Limited**  
(CIN - L74930MH2006PLC159290)

**Statement of Audited Financial Results for the year ended 31st March, 2022**

Sr. No	PARTICULARS	6 Month Ended			(Amount in Rs)	
		March 31, 2022 (Audited)	September 30, 2021 (Unaudited)	March 31, 2021 (Audited)	Year ended March 31, 2022 (Audited)	Year ended March 31, 2021 (Audited)
(I)	Revenue from Operations	53,76,51,912	42,65,71,761	75,36,36,687	96,42,23,673	1,14,98,31,047
(II)	Other Income	31,60,229	31,58,937	29,20,096	63,19,166	41,17,514
(III)	<b>Total Revenue (I+II)</b>	<b>54,08,12,142</b>	<b>42,97,30,698</b>	<b>75,65,56,782</b>	<b>97,05,42,840</b>	<b>1,15,39,48,561</b>
(IV)	Expenses					
	Employee Benefit Expense	25,64,05,167	30,90,34,536	33,72,92,477	56,54,39,703	58,41,34,839
	Finance Cost	2,31,91,747	3,39,86,065	2,63,80,662	5,71,77,812	5,10,28,978
	Depreciation and amortisation expense	25,73,415	23,80,039	15,55,795	49,53,454	29,19,312
	Other expenses	31,28,59,650	24,01,46,872	24,81,77,512	55,30,06,522	49,26,89,826
	<b>TOTAL EXPENSES (IV)</b>	<b>59,50,29,979</b>	<b>58,55,47,512</b>	<b>61,34,06,447</b>	<b>1,18,05,77,491</b>	<b>1,13,07,72,955</b>
(V)	<b>Profit before exceptional items and tax(III-IV)</b>	<b>(5,42,17,837)</b>	<b>(15,58,16,814)</b>	<b>14,31,50,336</b>	<b>(21,00,34,651)</b>	<b>2,31,75,606</b>
(VI)	Exceptional Items	-	-	-	-	-
(VII)	<b>Profit/(Loss) before Tax (V-VI)</b>	<b>(5,42,17,837)</b>	<b>(15,58,16,814)</b>	<b>14,31,50,336</b>	<b>(21,00,34,651)</b>	<b>2,31,75,606</b>
(VIII)	Tax Expense	(93,02,278)	(85,96,475)	63,00,913	(1,78,98,753)	(94,48,930)
(IX)	<b>Profit for the period (VII-VIII)</b>	<b>(4,49,15,559)</b>	<b>(14,72,20,339)</b>	<b>13,68,49,423</b>	<b>(19,21,35,898)</b>	<b>3,26,24,536</b>
(X)	<b>Other Comprehensive Income</b>					
	(1) Items that will not be reclassified subsequently to Statement of Profit & Loss	1,46,865	23,37,810	(18,68,041)	24,84,675	(10,81,444)
	(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss	-	-	2,72,199	-	2,72,199
	(3) Items that will be reclassified subsequently to Statement of Profit & Loss	-	-	-	-	-
(XI)	<b>Total Comprehensive Income for the period(IX+X)</b>	<b>(4,50,62,423)</b>	<b>(14,95,58,149)</b>	<b>13,84,45,265</b>	<b>(19,46,20,572)</b>	<b>3,34,33,781</b>
	Share of Profit/ (Loss) of Associates					
	Minority Interest					
	Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates					
	<b>Paid-up equity share capital</b>					
	<b>Earnings Per Share</b>					
	(a) Basic	10,02,22,990	9,69,90,000	9,69,90,000	10,02,22,990	9,69,90,000
	(b) Diluted	-4.54	-15.18	14.11	-19.62	3.36
		-4.54	-15.18	14.11	-19.62	3.36

**Notes:**

- a) The above results have been published in accordance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meeting held on 15th June, 2022.
- b) These results have been prepared in accordance with the Indian Accounting Standards(referred to as "Ind As") 34 Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with Companies(Indian Accounting Standards) Rules as amended from time to time.
- c) Previous period figures have been re-grouped and/ or re-arranged wherever necessary to make their classification comparable with the current period.

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



**Ravindra Malinga Hegde**  
Director  
DIN NO : 01821002

Mumbai  
15th June, 2022

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

BALANCE SHEET AS AT 31ST MARCH, 2022

		All Amount in INR	
Particulars	As at 31st March, 2022	As at 31st March, 2021	
<b>A ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	1,46,15,601	1,37,55,082	
(b) Right-of-Use Assets	-	-	
(c) Capital Work in Progress	-	-	
(d) Investment properties	59,00,784	62,02,863	
(e) Goodwill	-	-	
(f) Other Intangible Assets	3,65,960	51,576	
(g) Intangible Assets Under Development	-	-	
(h) Biological assets other than Bearer plants	-	-	
(i) Financial Assets			
(i) Investments	5,50,000	5,00,000	
(ii) Trade Receivables	6,63,60,139	13,60,07,668	
(iii) Other Financial Assets	12,53,84,465	10,58,16,856	
(j) Deferred Tax Assets (Net)	3,99,03,460	2,17,06,074	
(k) Other Non-Current Assets	-	-	
<b>SUB-TOTAL</b>	<b>25,30,80,409</b>	<b>28,40,40,119</b>	
<b>Current Assets</b>			
(a) Inventories	1,66,164	27,75,441	
(b) Financial Assets			
(i) Investments	-	-	
(ii) Trade Receivables	17,09,19,400	20,77,43,068	
(iii) Cash and Cash Equivalents	9,76,06,469	5,21,50,181	
(iv) Bank Balances other than (ii) above	-	-	
(v) Other Financial Assets	-	-	
(c) Current Tax Assets (Net)	3,91,86,836	1,90,54,058	
(d) Other Current Assets	30,55,48,559	37,89,79,792	
<b>SUB-TOTAL</b>	<b>61,34,27,428</b>	<b>66,07,02,540</b>	
Non Current Assets Classified as Held for sale			
<b>Total Assets</b>	<b>86,65,07,837</b>	<b>94,47,42,659</b>	
<b>B EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	10,02,22,990	9,69,90,000	
(b) Other Equity	8,67,51,462	28,51,19,842	
	<b>18,69,74,452</b>	<b>38,21,09,842</b>	
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14,74,96,418	12,08,83,247	
(ii) Other Financial Liabilities	-	-	
(b) Provisions	-	-	
(c) Deferred tax Liabilities (Net)	-	-	
(d) Other Non-Current Liabilities	5,84,705	18,64,805	
	<b>14,80,81,123</b>	<b>12,27,48,052</b>	
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	31,97,92,846	18,06,49,270	
(ii) Trade Payables	5,12,54,728	5,31,00,519	
(iii) Other Financial Liabilities	6,00,25,087	9,81,65,416	
(c) Provisions	6,62,80,374	7,10,18,678	
(b) Other Current Liabilities	3,40,99,226	3,69,50,882	
	<b>53,14,52,262</b>	<b>43,98,84,765</b>	
<b>Total Equity and Liabilities</b>	<b>86,65,07,837</b>	<b>94,47,42,659</b>	

Note: Unbilled Work in progress (Contract Assets), Non-Current trade receivables and Current Trade Receivables amounting to Rs 29,85cr, Rs 6,63cr and Rs 17,09cr respectively outstanding as at 31st March 2022 representing receivables from customers based on the terms and conditions implicit in the contracts and other receivables in respect of closed / substantially closed / suspended sites. Considering the contractual tenability, progress of negotiations / discussions / arbitration / litigation and as legally advised in certain contentious matters, the management is confident of recovery of these receivables.

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

  
Ravindra Malinga Hegde  
Director  
DIN NO : 01821002

Mumbai  
15th June, 2022



CASH FLOW STATEMENT

Particulars	All Amount in INR	
	As at 31st March 2022	As at 31st March 2021
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(21,00,34,651)	2,31,75,606
<b>Adjustment for:</b>		
Depreciation and Amortization Expense	49,53,454	29,19,312
Finance cost	5,71,77,812	5,10,28,978
Interest paid on Security Deposit	-	-
Allowance for Doubtful Debts	7,55,80,909	8,05,34,839
Balances Written Back	-	-
Reversal of Allowance for Doubtful Debts	-	-
Profit on sale of Property, Plant & Equipment	(4,16,072)	-
Re-measurement (Gain)/Loss on Defined Benefit Plan	(24,84,675)	10,81,444
Interest Income on Fixed Deposit and Income Tax Refund	(35,23,222)	(24,85,274)
<b>Operating Profit before Working Capital changes</b>	<b>(7,87,46,444)</b>	<b>15,62,54,905</b>
<b>Adjustment for:</b>		
(Increase)/decrease in Trade Receivables	3,08,90,288	(6,31,80,149)
(Increase)/decrease in Other Current Financial Assets	-	(6,438)
(Increase)/decrease in Non-Current Loans	-	-
(Increase)/decrease in Other Non-Current Financial Assets	(1,96,17,609)	(1,98,15,425)
(Increase)/decrease in Other Current Assets	5,24,85,004	(14,05,29,732)
(Increase)/decrease in Non-Current Assets	-	-
(Increase)/decrease in Inventories	26,09,277	65,22,070
Increase/(decrease) in Trade-Payable	(18,45,790)	(63,73,961)
Increase/(decrease) in Other Current Financial Liability	10,10,03,246	1,76,02,062
Increase/(decrease) in Non Current Liability	(12,80,100)	18,64,805
Increase/(decrease) in Provision	(47,38,304)	3,03,83,132
Increase/(decrease) in Other Non-Current Financial Liability	2,66,13,171	5,21,93,645
Increase/(decrease) in Current Liability	(28,51,656)	70,71,213
Increase/(decrease) in Non-Current Liability	-	-
Cash Generated from Operations	<b>10,45,21,083</b>	<b>4,19,86,127</b>
Direct Taxes	-	(61,21,181)
<b>Net Cash from Operating Activities (A)</b>	<b>10,45,21,083</b>	<b>3,58,64,946</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment	(59,10,207)	(45,61,436)
Sale of Property, Plant & Equipment	5,00,000	5,000
Fixed Deposits placed/matured/realised	(4,17,79,534)	(1,46,72,913)
Interest Received	35,23,222	24,85,274
<b>Net Cash used in Investing Activities (B)</b>	<b>(4,36,66,519)</b>	<b>(1,67,44,075)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Expenses	(5,71,77,812)	(5,10,28,978)
Dividend Paid	-	(24,24,750)
Dividend Distribution Tax	-	-
Proceeds from Issue of Equity Instruments	-	-
Payment For share issue related costs	-	-
<b>Net Cash from Financing Activities (C)</b>	<b>(5,71,77,812)</b>	<b>(5,34,53,728)</b>
<b>Net Changes in Cash and Cash Equivalents (A+B+C)</b>	<b>36,76,753</b>	<b>(3,43,32,858)</b>
Opening Balance of Cash and Cash Equivalents	67,60,055	4,10,92,913
Closing Balance of Cash and Cash Equivalents	<b>1,04,36,808</b>	<b>67,60,055</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	97,33,749	29,83,709
In Current Account	7,03,059	37,76,346
	<b>1,04,36,808</b>	<b>67,60,055</b>

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



Ravindra Malinga Hegde  
Director  
DIN NO : 01821002

Mumbai  
15th June, 2022

