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BHUSHAN KHOT & CO
Chartered Accountants

Off: 022 – 26822541
022 – 26822542
Email: bhushan@cabkc.in

INDEPENDENT AUDITOR'S REPORT

To

The Members

KHFM Hospitality & Facility Management Services Ltd

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of KHFM Hospitality & Facility Management Services Ltd ("the Company"), which comprises of the Balance Sheet as at 31st March, 2019, 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, the aforesaid standalone financial statements give the information required by the Companies Act,2013 ("the act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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Key Audit Matters

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

The key audit matters	How our audit addressed the key audit matter
Revenue recognition – Fixed price development contracts	
The Company inter alia engages in Fixed-price development contracts, where, revenue is recognized using the percentage of completion computed as per the input method based on management's estimate of contract costs (Refer Note 2. III (a) to the standalone financial statements). We identified revenue recognition of fixed price development contract as a KAM considering – • There is an inherent risk around the accuracy of revenues given, the customized and complex nature of these contract; • Application of revenue recognition accounting standard is complex and involved a number of key judgments and estimates including estimating the future cost-to-completion of these contract, which is used to determine the percentage of completion of the relevant performance obligation. • This contract may involve onerous obligation on the company that require critical estimates to be made by management; and • At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognized on the balance sheet.	Our audit procedures on revenue recognized from fixed price developments contract included • Obtaining an understanding of the systems, process and control implemented by management for recording and calculating revenue and the associated contract assets, unearned and deferred revenue balances. • On selected samples of contracts, we tested that the revenue recognized is in accordance with the accounting standard by- ➢ Evaluating the identification of performance obligation; ➢ Testing management's calculation of the estimation of contract cost and onerous obligation, if any. We: ➢ Observed that the estimates of cost to complete were reviewed and approved by appropriate levels of management; ➢ Performed a retrospective review of cost incurred with estimated costs to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract' ➢ Assessed the appropriateness of work in progress (contract assets) on balance sheet by evaluating the underlying documentation to identify possible delays in achieving milestones

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	which may require change in estimated costs to complete the remaining performance obligation; and ➢ Performed test of details including analytics to determine reasonableness of contract costs.
Adoption of Ind AS 115 – Revenue from Contract with Customers	
As described in Note 2 II (a) to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contract with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard established a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandated robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. The Company adopted Ind AS 115 and applied the available exemption provided there in, to not restate the comparative periods.	Our audit procedures on adoption of Ind AS 115, Revenue from contract with Customers ('Ind AS 115'), which is the new revenue accounting standard, include- • Evaluated the design and implementation of the processes and internal control relating to implementation of the new revenue accounting standard; • Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams • Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and • Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditor's report thereon.

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

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In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud of error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, of the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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

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- the related disclosures in the standalone financial statements or, if such disclosers are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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(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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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".

(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 2019 on its financial position in its standalone financial statements- Refer Note 33 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- Refer Note 18 and 19 to the standalone financial statements.

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

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Iv The disclosures in the standalone financial statements regarding holding as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanation given to us, the remuneration Paid by the company to this director during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Bhushan Khot
(Partner)
Membership No. 101858
Place: Mumbai
Date: 30th May 2019

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022 – 26822542
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Annexure A to the Independent Auditor's Report

With reference to the Annexure A reference to in the Independent Auditor's Report to the member of the Company on the standalone financial statements for the year ended 31[St] March 2019, we report the following:

1. (a) The Company has maintained proper record showing full, including quantitative details and situation of fixed assets.

   (b) The Company has a regular Programme of physical verification of its fixed assets., by which all fixed assets are verified in a phased manner over a period of three year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its asserts. Pursuant to the Programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

   (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

2. The inventory has been physically verified by the management during the year. In our opinion. The frequency of such verification is reasonable. The Company has maintained proper record of inventory. The discrepancies noticed on verification between the physical stock and the book record were not material.

3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to company, Firm, limited liability partnerships or other parties covered int the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loan given, investments made, guarantees and securities given.

5. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act. Any other relevant provisions of the Act and the relevant rules reamed thereunder.

6. The Central Governments has not prescribed the maintained of cost records under Section 148 of the Act for any of the services rendered by the Company.

7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee State Insurance, Income tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

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According to the information and explanation given to us, no undisputed amount payable in respect of Provident fund, Employee State Insurance, Income tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than Six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and service tax or duty of Customs of duty of excise or value added tax which have not been deposited by the Company on account of disputes, excepts for the following:

Name of the Statute	Nature of the Dues	Amount (in Lakh)	Period	Frum where dispute is pending
The Financial Act, 1994	Service tax	625.79	2007-2008, to 2014-15	The Principle Commissioner GST and Central Excise Mumbai – East

8. In our opinion and according to the information and explanation given to us, the Company has not defaulted in the repayments of loans or borrowings to banks. The Company did not have any outstanding loans or borrowing from financial institution or governments and there are no dues to debenture holders during the year.

9. In our opinion and according to the information and explanation given to us, the Company did not raise any money by way of initial pubic offer or further public offer and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

10. To the best of our knowledge and according to the information and explanation given to us and based on examination of the record of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Scheduled V tot the Act.

11. According to the information and explanation given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

12. 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 accounting standards.

13. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year, Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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"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 Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of KHFM Hospitality & Facility Management Services Ltd ("the Company") as of March 31, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial

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controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Bhushan Khot & Co.
Chartered Accountants
FRN 116888 W

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

CA Bhushan Khot
Partner
Mem. No. 101858
Place: Mumbai
Date : 30th May 2019

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

BALANCE SHEET AS AT 31ST MARCH, 2019

All Amount in INR

	Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
A	**ASSETS**				
	Non-Current Assets				
	(a) Property, Plant and Equipment	3	1,94,54,221	2,12,41,079	2,17,58,173
	(b) Capital Work in Progress		-	-	-
	(c) Intangible Assets		-	-	-
	(d) Intangible Assets Under Development	3	42,000	-	-
	(c) Financial Assets				
	(i) Investments	4	5,00,000	5,00,000	5,00,000
	(ii) Loans				
	(iii) Other Financial Assets	5	3,78,92,697	3,68,05,750	3,37,99,207
	(d) Deferred Tax Assets (Net)	6	8,18,261	-	-
	(e) Other Non-Current Assets		-	-	-
			5,87,07,178	5,85,46,829	5,60,57,380
	Current Assets				
	(a) Inventories	7	3,29,001	4,41,754	25,68,772
	(b) Financial Assets				
	(i) Investments				
	(i) Trade Receivables	8	40,10,98,665	29,99,27,575	26,89,60,427
	(ii) Cash and Cash Equivalents	9	4,17,86,421	2,56,51,247	1,59,12,810
	(iii) Bank Balances other than (ii) above		-	-	-
	(iv) Other Financial Assets		-	-	-
	(c) Current Tax Assets (Net)	10	8,66,235	11,21,105	3,04,870
	(d) Other Current Assets	11	7,71,45,015	12,13,99,226	5,31,12,035
			52,12,25,338	44,85,40,907	34,08,58,914
	Total Assets		57,99,32,516	50,70,87,737	39,69,16,294
B	**EQUITY AND LIABILITIES**				
	Equity				
	(a) Equity Share Capital	12	6,75,00,000	6,75,00,000	67,50,000
	(b) Other Equity	13	14,32,38,184	11,62,83,262	15,48,30,201
			21,07,38,184	18,37,83,262	16,15,80,201
	Liabilities				
	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	7,91,43,484	12,05,83,653	8,40,00,877
	(b) Deferred Tax Liability (Net)	6	-	9,23,424	10,09,973
	(c) Provisions		-	-	-
	(d) Other Non-Current Liabilities	15	3,45,631	10,45,115	-
			7,94,89,115	12,25,52,192	8,50,10,850
	Current Liabilities				
	(a) Financial Liabilities				
	(ii) Current Borrowings	16	17,09,06,407	14,98,97,501	13,90,38,196
	(ii) Trade Payables	17	2,43,66,435	1,64,92,970	50,13,254
	(b) Other Current Liabilities	18	7,80,31,156	3,42,53,542	62,73,793
	(c) Provisions	19	1,64,01,219	1,08,270	-
			28,97,05,217	20,07,52,283	15,03,25,243
	Total Equity and Liabilities		57,99,32,516	50,70,87,737	39,69,16,294

Significant Accounting Policies
See accompanying Notes to the Financial Statements 1-33

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Bhushan Khot
Partner
M. No. 101858

Place: Mumbai
Date: 30th May 2019

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

Ravindra Malinga Hegde
Director
DIN No. - 01821002

Suajata Ravindra Hegde
Director
DIN No. - 01829352

Naveen Carvallo
Chief Financial Officer

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd. KHFM

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

All Amount in INR

	Particulars	Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018	
I	Revenue from Operations	20	78,00,11,978	45,68,35,461	
II	Other Income	21	20,49,075	9,45,047	
III	**Total Income (I+II)**		**78,20,61,053**	**45,77,80,508**	
IV	**EXPENSES**				
	Cost of Material Consumed	22	4,76,67,676	3,47,23,538	
	Employee Benefits Expense	23	46,41,62,911	32,17,77,375	
	Finance Cost	24	4,97,08,898	3,69,53,192	
	Depreciation and Amortization Expense	3	31,79,641	24,21,600	
	Other Expenses *	25	18,08,02,223	3,06,15,552	
	Total Expenses (IV)		**74,55,21,349**	**42,64,91,257**	
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**3,65,39,704**	**3,12,89,251**	
VI	Exceptional Items		-	4,25,405	
VII	Profit/(Loss) before Tax (V-VI)		3,65,39,704	3,08,63,846	
VIII	**Tax Expense:**	26			
	(1) Current Tax		1,01,97,007	85,24,236	
	(2) Reversal of Provision of Income Tax		11,29,460	50,000	
	(3) Deferred Tax		(17,41,685)	86,549	
	Total Tax Expense		**95,84,782**	**86,60,785**	
IX	**Profit (Loss) for the period (VII-VIII)**		**2,69,54,922**	**2,22,03,061**	
X	**Other Comprehensive Income**				
	(1) Items that will notbe reclassified to Statement of Profit & Loss				
	Re-measurement (Gain)/Loss on Defined Benefit Plan		-	-	
	(2) Income tax relating to items that will not be reclassified to Statement of Profit & Loss		-	-	
XI	**Total Comprehensive Income for the period (IX+X)**		**2,69,54,922**	**2,22,03,061**	
XII	Earnings per Equity Share	21			
	(1) Basic		3.99	32.89	**
	(2) Diluted		3.99	3.29	**

* Other Expenses include allowances for Bad & Doubtful Debts

** After Considering allotment of Bonus Equity Shares (Refer Note 22)

Significant Accounting Policies

See accompanying Notes to the Financial Statements 1-33

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Bhushan Khot
Partner
M. No. 101858

Place: Mumbai
Date: 30th May 2019

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

Ravindra Malinga Hegde
Director
DIN No. - 01821002

Suajata Ravindra Hegde
Director
DIN No. - 01829352

Naveen Carvallo
Chief Financial Officer

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd. KHFM

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

CASH FLOW STATEMENT

All Amount in INR

	Particulars	As at 31st March, 2019	As at 31st March, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before Tax	3,65,39,704	3,08,63,846
	Adjustment for:		
	Depreciation and Amortization Expense	31,79,641	24,21,600
	Interest Expenses	3,79,97,124	2,92,29,988
	Bank charges ,Commission & Processing Fees	1,17,11,774	77,23,204
	Interest paid on Security Deposit	-	-
	Allowance for Doubtful Debts	81,85,687	-
	Balances Written Back	-	-
	Reversal of Allowance for Doubtful Debts	-	-
	Mark-to-Market (Gain)/Loss on Investments	-	-
	Profit on sale of Property, Plant & Equipment	-	-
	Interest Income on Security Deposit	-	-
	Interest Income on Fixed Deposit and Income Tax Refund	(10,84,174)	(5,70,047)
	Operating Profit before Working Capital changes	**9,65,29,756**	**6,96,68,591**
	Adjustment for:		
	(Increase)/decrease in Trade Receivables	(10,93,56,777)	(3,09,67,148)
	(Increase)/decrease in Other Current Financial Assets	-	-
	(Increase)/decrease in Non-Current Loans	-	-
	(Increase)/decrease in Other Non-Current Financial Assets	(10,86,947)	(30,06,543)
	(Increase)/decrease in Other Current Assets	4,42,54,211	(6,82,87,191)
	(Increase)/decrease in Non-Current Assets	-	-
	(Increase)/decrease in Inventories	1,12,753	21,27,018
	Increase/(decrease) in Trade-Payable	78,73,465	1,14,79,716
	Increase/(decrease) in Other Current Financial Liability	2,10,08,906	1,08,59,305
	Increase/(decrease) in Non Current Financial Liability	(6,99,484)	-
	Increase/(decrease) in Provision	1,51,12,334	1,08,270
	Increase/(decrease) in Other Non-Current Financial Liability	(3,98,03,454)	3,77,11,977
	Increase/(decrease) in Current Liabilitty	4,37,77,614	2,79,79,749
	Increase/(decrease) in Non-Current Liabilitty		
	Cash Generated from Operations	**7,77,22,377**	**5,76,73,743**
	Direct Taxes Paid	(1,01,45,852)	(86,70,915)
	Net Cash from Operating Activities (A)	**6,75,76,525**	**4,90,02,828**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	(14,34,783)	(19,04,505)
	Sale of Property, Plant & Equipment	-	-
	Fixed Deposits matured/realised	74,28,037	5,00,000
	Fixed Deposits placed	(1,86,17,356)	(11,27,766)
	Investment in Mutual Funds	5,77,800	-
	Interest Received	10,84,174	5,70,047
	Net Cash used in Investing Activities (B)	**(1,09,62,128)**	**(19,62,224)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Expenses	(3,96,33,839)	(3,03,59,189)
	Bank charges ,Commission & Processing Fees	(1,17,11,774)	(77,23,204)
	Dividend Paid	-	-
	Tax on Dividend	-	-
	Net Cash from Financing Activities (C)	**(5,13,45,613)**	**(3,80,82,393)**
	Net Changes in Cash and Cash Equivalents (A+B+C)	52,68,784	**89,58,211**
	Opening Balance of Cash and Cash Equivalents	1,45,97,013	56,38,802
	Closing Balance of Cash and Cash Equivalents	1,98,65,797	1,45,97,013

Notes:-

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

2 Cash and Cash Equivalents at the year end comprises

Cash on Hand	46,78,223	59,14,082
In Current Account	1,51,87,575	86,82,931
	1,98,65,797	**1,45,97,013**

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Bhushan Khot
Partner
M. No. 101858

Place: Mumbai
Date: 30th May 2019

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

Ravindra Malinga Hegde
Director
DIN No. - 01821002

Suajata Ravindra Hegde
Director
DIN No. - 01829352

Naveen Carvallo
CFO

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd. KHFM

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

STATEMENT OF CHANGES IN EQUITY

A Equity Share Capital — All Amount in INR

Particulars	Amount
Balance as at 31st March, 2016	**67,50,000**
Changes in equity share capital during 2016-17	-
Balance as at 31st March, 2017	**67,50,000**
Changes in equity share capital during 2017-18	**6,07,50,000**
Balance as at 31st March, 2018	**6,75,00,000**
Changes in equity share capital during 2018-19	-
Balance as at 31st March, 2019	**6,75,00,000**

B Other Equity — All Amount in INR

Particulars	Securities Premium	Retained Earnings	Total
Balance as at 31st March, 2017	**1,31,25,000**	**14,17,05,201**	**15,48,30,201**
Profit/(Loss) for the period	-	2,22,03,061	2,22,03,061
Other Comprehensive income	-	-	-
Total Comprehensive Income for the year	-	**2,22,03,061**	**2,22,03,061**
Transaction with owners, recorded directly in Equity			
Contribution by and Distributions to Owners	1,31,25,000	4,76,25,000	6,07,50,000
Dividend (including tax)(Refer Note-17)	-	-	-
Balance as at 31st March, 2018	-	**11,62,83,262**	**11,62,83,262**
Profit /(Loss) for the period	-	2,69,54,922	2,69,54,922
Other Comprehensive income (Net of Tax)	-	-	-
Total Comprehensive Income for the Year	-	**2,69,54,922**	**2,69,54,922**
Transaction with owners, recorded directly in Equity			
Contribution by and Distributions to Owners			
Dividend (including tax)(Refer Note-17)	-	-	-
Balance as at 31st March 2019	-	**14,32,38,184**	**14,32,38,184**

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)

Bhushan Khot
Partner
M. No. 101858

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 30th May 2019

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

Ravindra Malinga Hegde
Director
DIN No. - 01821002

Suajata Ravindra Hegde
Director
DIN No. - 01829352

Naveen Carvallo
Chief Financial Officer

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd.

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

CIN – U74930MH2006PLC159290

Notes to Financial Statements for the year ended March 31, 2019

1. CORPORATE INFORMATION

The Company

KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED (the Company) was originally incorporated as KALPATARU'S HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED under the provisions of the Companies Act, 1956 with Certificate of Incorporation dated January 27, 2006 issued by the Registrar of Companies, Mumbai Maharashtra (CIN U74930MH2006PTC159290).

Pursuant to having passed necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act, 1956 read with Government of India, Department of Company Affairs, New Delhi, Notification No. GSR 507(E) dated 24/06/1985 vide SRN B45036902 dated 10/08/2012 the name of the said company was changed to **KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED,** wef **August 10th, 2012**.

Further, pursuant to Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on May 18th, 2018, the company was converted from "**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES PRIVATE LIMITED**" to "**KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED**" vide a fresh Certificate of Incorporation dated May 30th, 2018 issued by the Registrar of Companies, Mumbai, Maharashtra, The Corporate Identification Number of our Company is **U74930MH2006PLC159290**.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARTION and PRESENTATION:

The Separate 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
2. Equity Settled Share Based Payments and

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

3. Certain Financial assets and liabilities measured at fair value.

The company has adopted Ind AS and the adoptions were carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards with transition date of 1st April, 2017.

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.

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, 2019 were approved for issue in accordance with the resolution of the Board of Directors on 30th of May, 2019.

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.

Ind AS 101.6 states that "An entity shall prepare and present an opening Ind AS Balance Sheet at the date of transition to Ind AS." Further, Ind AS 101.21 states that "An entity's first Ind AS financial statements shall include at least three Balance Sheets, two Statements of profit and loss, two Statements of cash flows and two Statements of changes in equity and related notes, including comparative

Subsequent to the first Ind AS financial statements, Ind AS 1.40A requires an entity to present a third balance sheet as at the beginning of the preceding period if:

(a) It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and

The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third balance sheet.

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.

BHUSHAN KHOT & CO.
MUMBAI
Firm Regn. No. 116888W
CHARTERED ACCOUNTANTS

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government i.e. it is net of indirect taxes in its Profit & Loss Account. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

i) **Interest:-**

• Revenue 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.

ii) **Dividend:-**

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

iii) **Rent Income**:-

Rent Income is recognized on the basis of agreed periodic amount decided through agreement.

iv) **Profit on sale of investment:-**

It is recognized on its liquidation/redemption.

IV. 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

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

(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).

V. 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

The Company has recognized reimbursement of Interest as well as issue expenses at the time of calculation of Fair Rate of Return and consequent adjustments is furnished in the accompanying Financial Statements.

VI. TAXES

CURRENT INCOME TAX

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.

BHUSHAN KHOT & CO. ★ CHARTERED ACCOUNTANTS ★ MUMBAI Firm Regn. No. 116888W

DEFERRED TAX

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.

MINIMUM ALTERNATE TAX (MAT)

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

VII. 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.

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

VIII. PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment are stated at cost, net of 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, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

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 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 dislosed under Capital Work – in – Prigress.

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 :

Type of Assets	Useful life as per Schedule II
Office Premises	60 Years
Equipments (Plant & Machineries)	15 Years
Vehicles – Three & Four Wheelers	8 Years
Office Equipments	15 Years
Furniture & Fixtures	10 Years
Computers (Servers & Networks)	6 Years

In none of the case the residual value of an assets is more than five percent of the Original Cost of the assets.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Staement of Profit and Loss when the asset is derecognized.

IX. 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.

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

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.

X. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

XI. 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.

XII. EMPLOYEE BENEFITS

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.

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

Post-Employment Benefits

Defined Contribution Plans

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction n future payment or a cash refund.

Defined Benefit Plans

The Company pays gratuity to the employees who have completed five years of service with the company at the time of resignation/superannuation. The gratuity fund has been approved by respective Income Tax authorities.

The liability in respect of gratuity and other post –employment benefits is calculated using the Prijected Unit Credit Method and spraed over the period during which

XIII. FINANCIAL INSTRUMENTS

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.

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 dercognised when the obligation specified in the contract is discharged, cancelled or expires.

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.

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DERECOGNITION

(a) FINANCIAL ASSETS

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

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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.

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.

XIV. 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.

XV. CASH FLOW STATEMENT

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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.

XVI. 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.

XVII. SEGMENT REPORTING

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

XVIII. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease

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liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. The Company is in the process of finalising changes to systems and processes to meet the accounting and the reporting requirements of the standard in conjunction with review of lease agreements.

The Company will recognise with effect from April 1, 2019 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to

(a) amortisation charge for the right-to-use asset, and (b) interest accrued on lease liability

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would

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depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

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-

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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-

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controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being Recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is Recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been Recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period(see above), or additional assets or liabilities are Recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

XIX. 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

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net carrying amount on initial recognition.

XX. INVENTORIES

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

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

XXI. INVESTMENTS IN EQUITY INSTRUMENTS AT FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value 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 Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

XXII. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition of Investment at Co-op Banks which are unlisted to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading and as the Fair Value of the Same is not available, the same is recorded at Cost.

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

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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 Group'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.

XXIII. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31st March, 2019 were approved by the Board of Directors on 30th May, 2019.

The management and authorities have the power to amend the Financial Statements in accordance with Section 130 and 131 of The Companies Act, 2013.

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XXVIII. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are Recognised, in respect of each class, financial liability and equity instruments to the financial statements

Financial Assets and Liabilities

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

31st March 2019	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
Financial Asset :				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-	5,00,000	-	5,00,000
Investment in Preference Shares	-	-	-	-
Loan and Advances	-	-	-	-
Other Non-Current Financial Assets	-	-	3,78,92,697	3,78,92,697
Current Assets:-				
Investments	-	-	-	-
Trade receivables	-	-	40,10,98,665	40,10,98,665
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-				
Borrowings	-	-	7,91,43,484	7,91,43,484
Other financial liabilities	-	-	-	-
Current :-				
Borrowings	-	-	17,09,06,407	17,09,06,407
Trade payables	-	-	2,43,66,435	2,43,66,435
Other financial liabilities	-	-	-	-

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31st March 2018	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
Financial Asset :				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-	5,00,000	-	5,00,000
Investment in Preference Shares	-	-	-	-
Loan and Advances	-	-	-	-
Other Non-Current Financial Assets	-	-	3,68,05,750	3,68,05,750
Current Assets:-				
Investments	-	-	-	-
Trade receivables	-	-	29,99,27,575	29,99,27,575
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-				
Borrowings	-	-	12,05,83,653	12,05,83,653
Other financial liabilities	-	-	-	-
Current :-				
Borrowings	-	-	14,98,97,501	14,98,97,501
Trade payables	-	-	1,64,92,970	1,64,92,970
Other financial liabilities				

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1st April 2017	Fair value through Profit and Loss	Fair value through Other Comprehensive Income	Amortised cost	Total
Financial Asset :				
Non-Current Assets:-				
Investments	-	-	-	-
Investment in Equity instruments	-	5,00,000	-	5,00,000
Investment in Preference Shares	-	-	-	-
Loan and Advances	-	-	-	-
Other Non-Current Financial Assets	-	-	3,37,99,207	3,37,99,207
Current Assets:-				
Investments	-	-	-	-
Trade receivables	-	-	26,89,60,427	26,89,60,427
Other Financials Assets	-	-	-	-
Financial Liability :				
Non-Current :-				
Borrowings	-	-	8,40,00,877	8,40,00,877
Other financial liabilities	-	-	-	-
Current :-				
Borrowings	-	-	13,90,38,196	13,90,38,196
Trade payables	-	-	50,13.254	50,13.254

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, 2019, 31st March, 2018 and 1st April, 2017 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.

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B) Fair value hierarchy

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

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The Company has fair valued the transaction of financial guarantee (under Other Financial Liabilities) on the basis of internal comparable of a similar transaction with an unrelated party. The fair value so determined will therefore be classified under Level 2. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.

The cost of unquoted investments approximate the fair value because there is a wide range of possible fair valued measurements and the cost represents estimate of fair valued within that range.

C) Financial risk management

i) Risk management framework

a) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the risk management policies. The Company reports regularly to the Board of Directors on its activities.

b) The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which the employees understand their roles and obligations.

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

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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 of 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 believes there is no credit risk provision required. Also the Company does not have any significant concentration of credit risk.

The ageing of trade receivables is as follows:

Particulars	31st March, 2019	31st March, 2018	01st April, 2017
Trade Receivables (Unsecured)			
Over six months	17,20,70,103	4,74,56,791	3,11,50,960
Less than six months	23,72,14,249	25,24,70,783	23,78,09,468

The amounts reflected in the table above are not impaired as on the reporting date.

a) 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.

b) 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.

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Particulars	Due within 12 months	Due within 1 to 3 years	More than 3 years
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2019			
Financial Liabilities			
Borrowings	17,09,06,407	4,29,88,254	3,61,55,230
Trade payables	2,43,66,435		
Other financial liabilities			
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March, 2018			
Financial Liabilities			
Borrowings	14,98,97,501	8,07,59,965	3,98,23,688
Trade payables	1,64,92,970		
Other financial liabilities			
The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 1st April, 2017			
Financial Liabilities			
Borrowings	13,90,38,196	3,69,59,652	4,70,41,225
Trade payables	50,13,254		
Other financial liabilities			

c) 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.

• 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.

• Interest rate risk

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

Exposure to interest rate risk.

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

Particulars	31st March, 2019	31st March, 2018	1st April, 2017
Financial Assets			
Fixed rate instruments			
Bank Deposits			
- Current	1,51,87,575-	86,82,931	39,32,257
- Non Current	2.19,20,624-	97,51,838	89,26,612
Financial Liabilities			
Fixed rate instruments			
Borrowing	-	-	-
Variable rate instruments			
Borrowing			
- From Schedule Bank	22,39,92,264	16,94,32,690	15,44,94,845
- From Financial institutions	2,60,57,627	10,10,48,464	6,85,44,228

XXIX. 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.

First-time adoption of Ind-AS

The transition as at April 1, 2017 to Ind As was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Exemptions availed on first time adoption of Ind-AS 101

A) Optional Exemptions availed

i) Property, Plant & Equipment and Intangibles

As permitted by Ind As 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

ii) Investment in Subsidiary

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The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 1, 2017 in its separate financial statements.

B) Mandatory Exemption

i) Estimates

Ind AS estimates as at 1st April, 2017 are consistent with the estimates as at the same date made in conformity with the previous GAAP. The Company made estimates for the following items in accordance with the Ind AS at date of transition as these were not required under previous GAAP:

- Fair valuation of financial Instruments carried at FVTPL and/or FVOCI
- Determination of the discounted value for financial instruments carried at amortized cost

ii) De-recognition of financial assets and liabilities Ind AS 101 requires a first time adopter to apply the de-recognition provision of Ind AS 109 prospectively for transactions on or after the date of transition to Ind As. Accordingly, the Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

iii) Classification and measurement of financial assets

The Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

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C) Reconciliations between Previous GAAP and Ind AS

i) Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2019 and 31st March, 2018:

Particulars	BALANCESHEET AS ON 31.3.2019			BALANCESHEET AS ON 31.3.2018		
	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS						
Non-Current Assets						
(a) Property, Plant and Equipment	1,94,54,221		1,94,54,221	2,12,41,079		2,12,41,079
(b) Intangible Assets Under Development	42,000		42,000			
(c) Financial Assets						
(i) Investments	5,00,000		5,00,000	5,00,000		5,00,000
(ii) Loans						
(iii) Other Financial Assets	3,78,92,697		3,78,92,697	3,68,05,750		3,68,05,750
(d) Deferred Tax Assets (Net)	(6,86,939)	15,05,200	8,18,261	-	-	-
(e) Other Non-Current Assets						
Current Assets						
(a) Investments						
(b) Inventories	3,29,001		3,29,001	4,41,754		4,41,754
(c) Financial Assets						
(i) Trade Receivables	40,92,84,352	(81,85,687)	40,10,98,665	29,99,27,575		29,99,27,575
(ii) Cash and Cash Equivalents	4,17,86,421		4,17,86,421	2,56,51,247		2,56,51,247
(iii) Bank Balances other than (ii) above						
(iv) Other Financial Assets						
(d) Current Tax Assets (Net)	9,52,785	(86,550)	8,66,235	12,07,655	(86,550)	11,21,105
(e) Other Current Assets	7,71,45,015		7,71,45,015	12,13,99,226		12,13,99,226
Total Assets	**58,66,99,552**	**(67,67,037)**	**57,99,32,516**	**50,71,74,287**	**(86,550)**	**50,70,87,737**
EQUITY AND LIABILITIES						
Equity						
(a) Equity Share Capital	6,75,00,000		6,75,00,000	6,75,00,000		6,75,00,000
(b) Other Equity	14,54,91,747	(22,53,563)	14,32,38,184	11,55,57,333	7,25,929	11,62,83,262
Liabilities						
Non-Current Liabilities						
(a) Financial Liabilities						
(i) Borrowings	8,19,09,400	(27,65,916)	7,91,43,484	12,17,12,854	(11,29,201)	12,05,83,653
(b) Deferred Tax Liability (Net)				6,06,702	3,16,722	9,23,424
(c) Provisions						
(d) Other Non-Current Liabilities	3,45,631		3,45,631	10,45,115		10,45,115
Current Liabilities						
(a) Financial Liabilities						
(ii) Current Borrowings	17,09,06,407		17,09,06,407	14,98,97,501		14,98,97,501
(ii) Trade Payables	2,43,66,435		2,43,66,435	1,64,92,970		1,64,92,970
(b) Deferred Tax Liability (Net)	-		-	-		-
(c) Other Current Liabilities	7,80,31,156		7,80,31,156	3,42,53,542		3,42,53,542
(d) Provisions	1,81,48,776	(17,47,557)	1,64,01,219	1,08,270		1,08,270
Total Equity and Liabilities	**58,66,99,552**	**(67,67,037)**	**57,99,32,516**	**50,71,74,287**	**(86,550)**	**50,70,87,737**

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ii) Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS

Effect of Ind AS adoption on the Profit and Loss for the period ended 31st March, 2019 and 31st March, 2018

Particulars	Profit & Loss For the period 31st March, 2019			Profit & Loss For the period 31st March, 2018		
	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from Operations	78,00,11,978		78,00,11,978	49,93,20,525		49,93,20,525
Other Income	20,49,075		20,49,075	9,45,047		9,45,047
Total Income	**78,20,61,053**		**78,20,61,053**	**50,02,65,572**	-	**50,02,65,572**
EXPENSES						
Cost of Material Consumed	4,76,67,676		4,76,67,676	3,47,23,538		3,47,23,538
Employee Benefits Expense	46,41,62,911		46,41,62,911	32,17,77,375		32,17,77,375
Finance Cost	5,13,45,613	(16,36,715)	4,97,08,898	3,80,82,393	(11,29,201)	3,69,53,192
Depreciation and Amortization Expense	31,79,641		31,79,641	24,21,600		24,21,600
Other Expenses *	17,26,16,536	81,85,687	18,08,02,223	7,31,00,616		7,31,00,616
Total Expenses	**73,89,72,377**	**65,48,972**	74,55,21,349	**47,01,05,522**	**(11,29,201)**	**46,89,76,321**
Profit/(loss) before exceptional items, extraordinary items	4,30,88,676	**65,48,972**	**3,65,39,704**	**3,01,60,050**	**11,29,201**	**3,12,89,251**
Exceptional Items	-			(4,25,405)		(4,25,405)
Profit/(Loss) before Tax (V-VI)	4,30,88,676		3,65,39,704	2,97,34,645		3,08,63,846
Tax Expense:	-					
(1) Current Tax	1,19,44,564	(17,47,557)	1,01,97,007	86,10,785	(86,549)	85,24,236
(2) Reversal of Provision of Income Tax	11,29,460		11,29,460	50,000		50,000
(3) Deferred Tax	80,238	17,47,557	(17,41,685)	(4,03,271)	(3,16,722)	86,549
Total Tax Expense	1,31,54,262		**95,84,782**	**82,57,514**		**86,60,785**
Profit (Loss) for the period (VII-VIII)	2,99,34,414		**2,69,54,922**	**2,14,77,131**		**2,22,03,061**

As per our report of even date attached

For and on behalf of the Board

For Bhushan Khot & Co.

Chartered Accountants

Firm Regn No. 116888W

Bhushan Khot

Partner

M No. 101858

Place: Mumbai

Date: 30th May,2019

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

For KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

Ravindra M Hegde
Director
DIN – 01821002

Sujata R Hegde
Director
DIN - 01829352

Naveen Carvallo
Chief Financial Officer

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd. KHFM

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

NOTES TO FINANCIAL STATEMENTS

All Amount in INR

3 PROPERTY, PLANT & EQUIPMENT

Description	Furniture & Fixture	Computers	Office Premises *	Equipments $	Motor Vehicles	Plant & Machinery *	Total	Intangible Assets Under Development
Gross Carrying Value as at 1st April 2017	**7,32,530**	**5,72,267**	**99,63,420**	**3,75,561**	**51,55,908**	**2,68,76,796**	**4,36,76,482**	
Additions	0	88,569	0	0	0	18,15,937	**19,04,506**	
Disposals	0	0		0	0	0	**0**	
Gross Carrying Value as at 31 March 2018	**7,32,530**	**6,60,836**	**99,63,420**	**3,75,561**	**51,55,908**	**2,86,92,733**	**4,55,80,988**	
Additions	28,900	83,921		88,482	1,20,018	10,71,462	13,92,783	42,000
Disposals							0	
Gross Carrying Value as at 31 March 2019	**7,61,430**	**7,44,757**	**99,63,420**	**4,64,043**	**52,75,926**	**2,97,64,195**	**4,69,73,771**	**42,000**
Accumulated Depreciation								
Balance as at 31 March 2017	**4,60,090**	**5,26,449**	**23,79,109**	**3,51,999**	**49,21,252**	**1,32,79,410**	**2,19,18,309**	
Additions	49,312	25,112	3,79,216	3,278	60,752	19,03,930	24,21,600	
Disposal	0	0	0	0	0	0	0	0
Balance as at 31 March 2018	**5,09,402**	**5,51,561**	**27,58,325**	**3,55,277**	**49,82,004**	**1,51,83,340**	**2,43,39,909**	
Additions	62,869	65,584	3,50,888	7,836	71,973	26,20,491	31,79,641	
Disposal			0				0	0
Balance as at 31 March 2019	**5,72,271**	**6,17,145**	**31,09,213**	**3,63,113**	**50,53,977**	**1,78,03,831**	**2,75,19,550**	**0**
Net Carrying Value								
As at 31 March 2017	**2,72,440**	**45,818**	**75,84,311**	**23,562**	**2,34,656**	**1,35,97,386**	**2,17,58,173**	**0**
As at 31 March 2018	**2,23,128**	**1,09,275**	**72,05,095**	**20,284**	**1,73,904**	**1,35,09,393**	**2,12,41,079**	**0**
As at 31 March 2019	**1,89,159**	**1,27,612**	**68,54,207**	**1,00,930**	**2,21,949**	**1,19,60,364**	**1,94,54,221**	**42,000**

* Registered Equitable Mortgage and First and exclusive charge and security by way of hypothecation of machineries for Apna Sahakari Bank Ltd Loan amount of Rs 269 Lacs

$ Includes office Equipments

Intangible Assets Under Development includes Rs 42000/- (Previous Year Nil) on account of Advance given for Mobile Application

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

All Amount in INR

4	INVESTMENTS		As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
	Investment measured at Fair Value through Other Comprehensive Income				
	In Equity Shares of Other Companies				
	Unquoted, Fully Paid up				
	Shares in Apna Sahakari Bank		5,00,000	5,00,000	5,00,000
	(20000 Shares of Rs.25/- each fully paid up)				
		Total	5,00,000	5,00,000	5,00,000

5	OTHER FINANCIAL ASSETS		As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
	(Unsecured, considered good, unless stated otherwise)				
	NSE Exchange Deposit		11,62,300		
	Security Deposits		3,67,30,397	3,68,05,750	3,37,99,207
		Total	3,78,92,697	3,68,05,750	3,37,99,207

6	DEFERRED TAX ASSETS (NET)		As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
	Deferred Tax Assets / (Liabilities) in relation to				
	Deferred Tax Assets				
	Property, Plant & Equipment				-
	Provision for Employee Benefits		1,08,432	3,20,871	-
	Allowance for Bad & Doubtful Debts		22,77,258		
		Sub-Total (A)	23,85,690	3,20,871	-
	Deferred Tax Liabilities				
	Property, Plant & Equipment		7,95,373	9,27,573	8,49,816
	Provision for Employee Benefits		-	-	1,60,157
	Interest / Processing Fees Ind As Adjustments		7,72,056	3,16,722.00	-
	MAT Credit Entitlement		-	-	-
	Issue expenses written off/misc exp				
		Sub-Total (B)	15,67,429	12,44,295	10,09,973
	Deferred Tax Assets / (Liability) (Net) (A-B)		8,18,261	(9,23,424)	(10,09,973)
			-	-	-

The movement on the Deferred Tax Libility is as follows:

Particulars	As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
Balance at the Opening of Reporting period	(9,23,424)	(10,09,973)	(9,23,595)
Charge to Profit & Loss Account			
Deferred Tax Assets			
Provision for Employee Benefits		4,81,028	
Allowance for Bad & Doubtful Debts	22,77,258	-	-
Deffered Tax Liability			
Property, Plant & Equipment	1,32,200	(77,757)	(86,378)
Provision for Employee Benefits	(2,12,439)	-	-
Interest / Processing Fees Ind As Adjustments	(4,55,334)	(3,16,722)	-
MAT Credit Entitlement	-	-	-
Total Charged to Profit & Loss A/C	17,41,685	86,549	(86,378)
Charge to Other Comprehensive Income			
Remeasurement of Defined Benefit Plans		-	
Balance at the Closing of Reporting period	8,18,261	(9,23,424)	(10,09,973)

7	Inventories	As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
	Raw Materials			
	Work-in-progress			
	Finished Goods			
	Traded Goods			
	Stores & spares	3,29,001	4,41,754	25,68,772
	Total Inventories	3,29,001	4,41,754	25,68,772

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

8	TRADE RECEIVABLES		As as 31st March, 2019	As at 31st March, 2018	As at 1st April , 2017
	- Unsecured				
	Considered Good		40,92,84,352	29,99,27,575	26,89,60,427
	Considered Doubtful		-	-	-
	- Less:- Allowance for Bad & Doubtful Debts		81,85,687	-	-
		Total	40,10,98,665	29,99,27,575	26,89,60,427

* Receivables from Related Parties:- (Rs. Nil) [(Previous Year-Rs. Nil) (As on 1.4.2017 - Rs Nil)]

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NOTES TO FINANCIAL STATEMENTS

9 CASH AND BANK BALANCES		As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Cash and cash equivalents				
(a) Balances with Banks		1,51,87,575	86,82,931	39,32,257
(b) Cash on hand		46,78,223	59,14,082	17,06,545
		1,98,65,797	1,45,97,013	56,38,802
Bank Balances other than above carried at Amortised Cost *				
(a) Deposit with original maturity of more than 3 months but less than 12 months		-	-	-
(b) Margin money deposit under lien		2,19,20,624	1,10,54,234	1,02,74,008
		2,19,20,624	1,10,54,234	1,02,74,008
	Total	4,17,86,421	2,56,51,247	1,59,12,810

10 CURRENT TAX ASSETS (NET)		As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Advance Income Tax (net of Provisions)		8,66,235	11,21,105	3,04,870
	Total	8,66,235	11,21,105	3,04,870

11 OTHER CURRENT ASSETS		As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
(a) Advances to Staff (Unsecured Considered Good)		-	1,17,50,000	1,02,50,000
(b) Loans & Advances		6,37,520	2,15,74,987	1,85,11,685
(c) Advances against site		6,83,81,102	8,69,98,739	2,43,50,350
(d) Balance with Government Authorities				
(e) Prepaid Expenses		20,18,295		-
(f) Deferred GST		-	-	-
(g) Miscellaneous Expenses		61,08,098	10,75,500	-
	Total	7,71,45,015	12,13,99,226	5,31,12,035

* Misceallenous Expenses includes IPO Related Expenses

12 SHARE CAPITAL		As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
(a) Authorised				
1,20,00,000 Equity Shares of Rs. 10 each (Previous Year 7,50,000 Equity Shares of Rs. 10 each)		12,00,00,000	75,00,000	75,00,000
	Total	12,00,00,000	75,00,000.00	
(b) Issued, Subscribed and Paid Up				
67,50,000 Equity Shares of Rs. 10 each (Previous Year 67,50,000 Equity Shares of Rs. 10 each) (As on 1.4.17 6,75,000 Equity Shares of Rs. 10 each)		6,75,00,000	6,75,00,000	67,50,000
	Total	6,75,00,000	6,75,00,000	67,50,000
(c) Reconciliation of the Number of Equity Shares				
Shares outstanding at the beginning of the year		67,50,000	6,75,000	6,75,000
Shares issued during the year		-	60,75,000	-
Shares bought back during the year		-	-	-
Shares outstanding at the Closing of the year		67,50,000	67,50,000	6,75,000

(d) Terms and Rights attached to Equity Shareholders

The Company has only one class of equity shares having a face value of Rs.10 per share. Each holder of equity share is entitled to one vote per equity share.The dividend 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.

(e) Shareholders holding more than 5% Equity Shares

	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Equity Shares of Rs.10 each fully paid held by-	**No. of shares**	**No. of shares**	**No. of shares**
(i) Ravindra Malinga Hegde	58,04,785	58,04,785	5,80,500
(ii) Sujata Ravindra Hegde	9,45,000	9,45,000	94,500

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NOTES TO FINANCIAL STATEMENTS

13 **OTHER EQUITY**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
(a) Security Premium A/C			
Opening Balance	-	1,31,25,000	1,31,25,000
add : issue of shares			
less : Bonus issue		1,31,25,000	
Closing balance	-	-	1,31,25,000
(b) Retained Earnings			
Balance at the beginning of the Financial Year	11,62,83,262	14,17,05,201	12,40,43,620
Profit during the year transferred	2,69,54,922	2,22,03,061	1,76,61,581
Add: Other Comprehensive Income	-	-	-
Less: Dividend Paid	-	-	-
Tax on Dividend	-	-	-
Utilisation for Bonus Issue		(4,76,25,000)	
Balance at the end of the Financial Year	14,32,38,184	11,62,83,262	14,17,05,201
Balance consists of Surplus retained from earned profit after payment of dividend.			
Total Reserve & Surplus (a)+(b)	14,32,38,184	11,62,83,262	15,48,30,201

14 **Non-Current Liabilities**			
(a) Financial Liabilities			
(i) Borrowings			
1-Secured loans	5,54,31,149	7,21,34,536	4,19,75,305
2-Unsecured loans	2,64,78,251	4,95,78,318	4,20,25,573
3-Interest & Processing Fees - Ind AS Adjustments	(27,65,916)	(11,29,201)	
TOTAL	7,91,43,484	12,05,83,653	8,40,00,877

Secured Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 27)

15 **OTHER NON-CURRENT LIABILITIES**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Provision for gratuity	3,45,631	10,45,115	
Total	3,45,631	10,45,115	-

16 **Current Borrowings**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Working capital			
from banks & financial institutions-Secured			
Apna Sahakari Bank Ltd	15,56,51,255	13,68,46,169	12,52,20,949
Deutsche Bank	1,08,77,395	1,30,51,332	1,38,17,247
From Related Parties			
Ravindra Hegde	42,77,757		
Sujata Hegde	1,00,000		
	17,09,06,407	14,98,97,501	13,90,38,196

Working Capital Loans are secured against property, plant and Equipments and Fixed Deposits (Refer Note 27)

17 **TRADE PAYABLES**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial Liabilities carried at Amortised Cost			
(a) Due to Micro, Small and Medium Enterprises			
(b) Others			
(i) Related Parties	7,26,314		
(ii) Other Parties	2,36,40,121	1,64,92,970	50,13,254
Total	2,43,66,435	1,64,92,970	50,13,254

There are no data available for overdue amounts to Micro, Small and Medium Enterprises as at March 31,2019 for diclosures requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable

18 **OTHER CURRENT LIABILITIES**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
(a) Advances from customer			-
(b) Statutory Dues	2,36,79,398	3,39,53,542	62,73,793
(d) Current Maturity of long term debt	4,39,05,061		
(e) Deposite -Premises	3,00,000	3,00,000	-
(f) Others			
(i) Related Parties	3,85,000		
(ii) Other Parties	97,61,697		
Total	7,80,31,156	3,42,53,542	62,73,793

19 **PROVISIONS (CURRENT)**	As as 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Provision for tax	11,80,615		
Provision for Gratuity	44,135	1,08,270	
Expenses	1,51,76,469		
Total	1,64,01,219	1,08,270	

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NOTES TO FINANCIAL STATEMENTS

All Amount in INR

20 REVENUE FROM OPERATIONS		For the year ended 31st March, 2019	For the year ended 31st March, 2018
Contracted Price (Services)		78,03,38,983	45,68,35,461
Less : Reduction towards variable consideration components		3,27,005	-
	Total	78,00,11,978	45,68,35,461

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

21 OTHER INCOME		For the year ended 31st March, 2019	For the year ended 31st March, 2018
(a) Rental Income		9,15,000	3,75,000
(b) Reimbursement of Interest & Issue Exp from LLPs			
(c) Miscellaneous Income		-	-
(d) Profit on Sale of Property, Plant & Equipments		-	-
(e) Reversal of Allowance for Bad & Doubtful Debts		-	-
(f) Dividend		49,901	-
(g) Interest Income earned on Financial Assets carried at Amortised Cost			
(i) Interest on Bank Fixed Deposits		10,84,174	5,70,047
(ii) Interest on Security Deposit		-	-
(h) Investment carried at Fair Value through P&L			
(i) Fair Value Gain on Mutual Funds		-	-
	Total	20,49,075	9,45,047

22 COST OF MATERIAL CONSUMED		For the year ended 31st March, 2019	For the year ended 31st March, 2018
Spares material at the beginning of the year		4,41,754	25,68,772
Add ; Purchases		4,75,54,923	3,25,96,520
Less : Spares Material at the end of the year		3,29,001	4,41,754
Total cost of material cosumed	Total	4,76,67,676	3,47,23,538

23 EMPLOYEE BENEFITS EXPENSES		For the year ended 31st March, 2019	For the year ended 31st March, 2018
(a) Salaries, Wages and Bonus		38,08,64,815	26,37,40,265
(b) Contribution to Provident Fund and Other funds		8,12,59,518	5,71,86,778
(c) Staff Welfare expenses		20,38,578	8,50,332
	Total	46,41,62,911	32,17,77,375

Gratuity and Pension

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 Plan of the Company is not funded.

Change in benefit obligations	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Benefit obligations, beginning of the year	1153385	1411459
Service Cost	38116	91607
Interest Cost	88,811	1,08,682
Remeasurement of the net defined benefit liabilitty	(8,90,546)	(4,58,363)
Benefit paid	-	
Benefit obligations, end of the year	**3,89,766**	**11,53,385**

The assumptions used in accounting for the defined benefit plan are set out below:	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Discount Rate	7.70%	7.70%
Rate of increase in compensation levels of covered employees	6.60%	6.60%

BHUSHAN KHOT & CO.
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CHARTERED ACCOUNTANTS

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NOTES TO FINANCIAL STATEMENTS

24 FINANCE COST		For the year ended 31st March, 2019	For the year ended 31st March, 2018
(a) Interest Expenses		3,96,33,839	3,03,59,189
(b) Bank charges ,Commission & Processing Fees		1,17,11,774	77,23,204
(c) Amortized Interest & Processing Fees expenses		(16,36,715)	(11,29,201)
	Total	**4,97,08,898**	**3,69,53,192**

25 OTHER EXPENSES		For the year ended 31st March, 2019	For the year ended 31st March, 2018
Direct Expenses			
Site Expenses		9,68,27,623	1,34,98,888
Drycleaning Expenses			2,73,877
Labour Charges		4,65,28,108	15,226
Uniform Expenses		16,32,698	2,16,252
Indirect Expenses			
Advertising expenses		8,25,489	3,99,745
Audit Fees		3,00,000	1,70,000
Computer & Printer Expenses		36,048	33,054
Donation		95,503	92,662
Director Remunaration		66,00,000	24,00,000
GST / Service Tax		4,21,413	47,77,801
Insurance		15,23,152	18,62,041
Membership & Subscriptions			1,00,135
Miscellaneous Expenses		17,76,961	3,389
Office Expenses		23,16,190	12,59,047
Postage & courier		62,469	56,753
Power & Fuel		14,48,616	5,17,966
Legal & Professional Charges		12,39,160	15,29,998
Printing & Stationery		6,61,933	2,34,929
Rent Including Lease Rentals		9,44,700	1,30,030
Repair & Maintenance		22,14,229	10,45,986
Bad Debts		42,027	-
Allowance for Bad & Doubtful Debts		81,85,687	-
Tender Fees		4,97,378	1,27,236
Telephone Charges		1,82,309	84,954
Transport Charges		49,07,555	8,75,790
Travelling and Conveyance		15,32,976	8,75,582
Works Contract tax		-	34,211
	Total	**18,08,02,223**	**3,06,15,552**

Payment to Auditor			
As Auditor			
(a) Audit Fee		3,00,000	1,70,000
(b) Other Services		-	-
	Total	**3,00,000**	**1,70,000**

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NOTES TO FINANCIAL STATEMENTS

26 INCOME TAX	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(a) Income Tax recognized in Statement of Profit & Loss		
Current Tax Expenses	1,01,97,007	85,24,236
Tax of the Earlier Years	11,29,460	50,000
Deferred Tax Expenses	(17,41,685)	86,549
Total Tax Expenses recognized in Statement of Profit & Loss	**95,84,782**	**86,60,785**
Deferred Tax related to Items recognized in Statement of Other Comprehensive Income		
Remeasurement of Defined Benefit Plans	-	-
Income tax Charged to Statement of Other Comprehensive Income	-	-
(b) Reconciliation of Effective Tax Rate		
Profit Before Tax	3,65,39,704	3,08,63,846
Tax at India's stautory Income Tax rate	27.82	27.55
Tax on above	**1,01,65,346**	**85,03,761**
Tax of the Earlier Years	-	-
Expense / Income not deductible for Tax Purpose		
Remeasurement of Defined Benefit Plans		
Donation	26,569	20,475
GST Late Fees	5,092	-
Current Tax Provision (A)	**1,01,97,007**	**85,24,236**
Incremental Deferred Tax Liability on account of Property, Plant and Equipment	1,32,200	82,827
Incremental Tax Liability / (Assets) on account of Financial assets and Other Items	16,09,485	3,722
Deferred Tax Provision (B)	**17,41,685**	**86,549**
Tax Expenses recognised in Statement of Profit & Loss (A + B)	**1,19,38,692**	**86,10,785**
Effective Tax Rate	**32.67%**	**27.90%**

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KHFM HOSPITALITY AND FACILITY MANAGEMENT SERVICES LIMITED

STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

Note No 27

A. Working Capital Facilities & Term Loans from Banks

Name of Lender	Purpose	Sanction	Rate of interest	Securities offered	Re-payment	Moratorium	As At 31.3.2019	As At 31-03-2018
Secured Borrowings								
Apna Sahakari Bank Ltd.	Working Capital (Cash Credit)	1550.00	11.50% p.a.	**Primary Security :** Hypothecation of Stock & Book Debts **Collateral Security :** As per Note 1 **Personal Guarantee :**	On Demand	NA	15,56,51,255	13,68,46,169
Apna Sahakari Bank Ltd.	Working Capital (Cash Credit)	120.00	11.50% p.a.	**Primary Security :** Hypothecation of Stock & Book Debts **Collateral Security :** As per Note 1 **Personal Guarantee :**	On Demand	NA	2,90,38,637	0
Deutsche Bank AG	Working Capital (Cash Credit)	137.50	10.55% p.a.		On Demand	NA	1,08,77,395	1,30,51,332
Small Industries Development Bank Of India (SIDBI)	Business Loan in form of Optionally Convertible Subordinate Debt(OCSD)	300.00	15.50% p.a.			36 Months	0	3,00,00,000
Apna Sahakari Bank Ltd.	Business Loan (Loan Against Property)	100.00	12.00% p.a.	As per Note 7	120 EMIs of Rs. 1.45 Lacs each	Nil	80,31,392	87,75,402
	Business Loan (Loan Against Machineries)	100.00	12.00% p.a.	As per Note 8	84 EMIs of Rs. 1.11 Lacs each	Nil	3,76,647	15,90,757
	Business Loan (Loan Against Machineries)	19.00	12.00% p.a.	As per Note 9	48 EMIs of Rs. 0.43 Lacs each	Nil	15,81,726	13,75,855
	Business Loan (Loan Against Property)	150.00	12.00% p.a.	As per Note 10	60 EMIs of Rs. 3.36 Lacs each	Nil	76,71,469	1,06,23,569
	Business Loan (Loan Against Property)	50.00	12.00% p.a.	As per Note 11	60 EMIs of Rs. 1.125 Lacs each	Nil	37,64,475	46,18,301
Deutsche Bank AG	Business Loan (Loan Against Property)	206.00	10.50% p.a.	As per Note 12	180 EMIs of Rs. 2.28 Lacs each	Nil	93,11,625	93,59,780
PNB Housing Finance Ltd.	Business Loan (Loan Against Property)	60.50	11.00% p.a.	As per Note 13	180 EMIs of Rs. 0.69 Lacs each Commencing from Oct.' 16	1 Month	55,61,273	57,90,873

Notes

Apna Sahakari Bank Ltd. - Cash Credit Rs. 1550.00 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.

Deutsche Bank AG – Overdraft Rs. 137.50 Lacs

3. Security : Registered Equitable Mortgage of Residential Property bearing Flat No. 2504, 25th Floor, F Wing, Building No. 1, Oberoi Splendor, Jogeshwari Vikroli Link Road, Jogeshwari East, Mumbai – 400060, C.T.S No. 1, 375(A) (pt), 16/A, 32/A (pt) of Village Majas at Jogeshwari (E) JVL Road, Mumbai held in the name of Mr. Ravindra Hegde and Mrs. Sujata Hegde.

4. Guarantee : Personal Guarantee of Directors, Ravindra Hegde and Sujata Hegde.

Small Industries Development Bank of India - Business Loan in form of Optionally Convertible Subordinate Debt (OCSD) Rs. 300.00 Lacs

5. Security : First charge by way of hypothecation of movable assets of the borrower acquired / proposed to be acquired under the project. Residual charge by way of mortgage of all the immovable assets and hypothecation of all the movable assets and current assets on which Apna Sahakari Bank Ltd (Co-Operative Bank) has first charge.

6. Guarantee : Irrevocable and unconditional, personal guarantee of Directors, Ravindra Hegde and Sujata Hegde.

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

7. Security : Registered Equitable Mortgage of Property bearing Unit No. 305, Thakor House (Antariksh), Makhwana Road, Marol Junction, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra held in the name of Mr. Ravindra Hegde and Mrs. Sujata Hegde.

Apna Sahakari Bank Ltd. – Loan against Machineries Rs. 100.00 Lacs

8. Security : First and exclusive charge and security by way of hypothecation of machineries purchased from 1.) Eureka Forbes Ltd., 2.) Sharpex Engg., 3) Nayak Eng. Co., 4.) Datarica Dispensing Syst., 5.) Dulero India Pvt. Ltd., 6.) Unique Clearing Product.

Apna Sahakari Bank Ltd. – Loan against Machineries Rs. 19.00 Lacs

9. Security : First and exclusive charge and security by way of hypothecation of machineries such as Eicher Tractors, Eicher Tractors Trolly, B.N.T. Plus.

Apna Sahakari Bank Ltd. – Loan against Property Rs. 150.00 Lacs

10. Security : Registered Equitable Mortgage of Business Premises situated at , Nirma Plaza, Shop No. 1, 2 & 103 Flat Dattatraya held in the name of Mr. Ravindra Hegde

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

11. Security : Registered Equitable Mortgage of Property bearing Unit No. 305, Thakor House (Antariksh), Makhwana Road, Marol Junction, Andheri Kurla Road, Andheri East, Mumbai – 400059, Maharashtra held in the name of Mr. Ravindra Hegde and Mrs. Sujata Hegde.

Deutsche Bank AG – Business Loan Rs. 260.00 Lacs

12. Security : Registered Equitable Mortgage of Property bearing Flat No. 2504, Wing F, Fantacy Land, CTS No. 1, JV Link Road, Opp. Majas Depot, Jogeshwari, Mumbai 400060, Maharashtra, held in the name of Mr. Ravindra Hegde and Mrs. Sujata Hegde.

PNB Housing Finance Limited – Business Loan Rs. 60.50 Lacs

13. Security : Registered Equitable Mortgage of Property bearing Flat No. 17, 1st Floor, D3 Green Fields Complex, Rocks End CHSL, JVLR Jogeshwari East, Mumbai Maharashtra, India 400060, held in the name of

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

M/s KHFM HOSPITALITY & FACILITY MANAGEMENT SERVICES LIMITED
(CIN - U74930MH2006PLC159290)

NOTES TO FINANCIAL STATEMENTS

All Amount in INR

28 EARNING PER SHARE	Year ended 31st March, 2019	Year ended 31st March, 2018
(a) Net Profit for Basic & diluted EPS	2,69,54,922	2,22,03,061
(b) Number of Equity Shares at the beginning of the year	67,50,000	6,75,000
(c) Total Number of Shares outstanding at the end of the year	67,50,000	67,50,000
Earning Per Share - Basic (Rs.)	3.99	32.89
Earning per share - Diluted (Rs.)	3.99	3.29
Face value per share (Rs.)	10.00	10.00

Rs in Lacs

29 CONTINGENT LIABILITIES & COMMITMENTS	As as 31st March, 2019	As at 31st March, 2018
(a) Claims against the company not acknowledged as debt*		
-Service Tax	625.79	625.79
(b) Guarantees		
(i) Bank Guarantees	972.17	602.19
(ii) Surety Bond (Custom Authorities)	-	-
(b) Undrawn Commitment		
(i) Towards Non Convertible Debentures	-	-

* Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of the cash outflows, if any, in respect of the above as it is determinable only on receipt of the judgements/ decisions pending with various forums / authorities.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

30 THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006	As as 31st March, 2019	As at 31st March, 2018
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	-	-
(b) Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(c) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(d) the amount of interest accrued and remaining unpaid	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

There are no data available for overdue amounts to Micro, Small and Medium Enterprises as at March 31,2019 for diclosures requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable

Information about major customers

The Company does not have any customers contributing more than 10% to its revenues for the Financial Year 2017-18 & 2016-17.

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NOTES TO FINANCIAL STATEMENTS

31 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)

(ii) Key Managerial Personnel	Designation
(a) Ravindra Hegde	Managing Director
(b) Sujata Hegde	Director
(c) Ravi Nevatia	Director
(d) Brahm Pal Singh	Director
(e) Saurav Hegde	Director
(f) Abhibrat Shankar Kumar Das	Director
(g) Naveen Carvallo	CFO (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	2018-19 Amount	2017-18 Amount
Palemer Enterprises (Prop Sujata Hegde)	Associate Concerns	Dividend Paid	Other Equity		
		Closing Balance			
		Unsecured Loans	Liability	1,00,000	-
Kalpataru Pest Control (Prop Ravindra Hegde)	Associate Concerns	Interest Expenses	Expense	2,30,841	-
		Closing Balance			
		Unsecured Loans	Liability	42,77,757	-
Ravindra Hegde	KMP	Director Remuneration	Expense	36,00,000	12,00,000
		Rent Paid	Expense	8,40,000	-
		Closing Balance			
		Rent Payable	Liability	7,26,314	-
		Salary Payable	Liability	35,000	-
Sujata Hegde	KMP	Director Remuneration	Expense	30,00,000	12,00,000
		Closing Balance			
		Salary Payable	Liability	3,50,000	-
Naveen Carvallo	KMP	Salary	Expense	3,58,614	5,09,645
		Closing Balance			
		Salary Payable	Liability	46,000	-

(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.

32 OTHER NOTES

The Ind AS financial statements of the Company for the year ended March 31, 2018, were audited by predecessor auditor. We have relied on the audited financial statement of previous year with respect to opening balance as at April 1, 2018. Further, the company has made necessary re-grouping of the last year figure to make it comparable with the current financial year figures and there is no impact of the same on financial statement and same is not material.

33 SUBSEQUENT EVENTS

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to Board of Directors of the Company have proposed a final dividend of ` Rs 0.50 per share in respect of the year ended applicable dividend distribution tax. On May 30, 2019, the March 31, 2019 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ` Rs. 58,46,557/- , inclusive of corporate dividend tax of ` Rs 9,97,057/-.

As per our Attached report of even date

For BHUSHAN KHOT & CO
Chartered Accountants
(FRN: 116888 W)

Bhushan Khot
Partner
M. No. 101858

Place: Mumbai

Date: 30th May, 2019

BHUSHAN KHOT & CO. MUMBAI Firm Regn. No. 116888W CHARTERED ACCOUNTANTS

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

Ravindra Malinga Hegde
Director
DIN No. - 01821002

Naveen Carvallo
Chief Financial Officer

Suajata Ravindra Hegde
Director
DIN No. - 01829352

Anubhav Shrivastava
Company Secretary

KHFM Hospitality & Facility Management Services Ltd. KHFM