



KMF BUILDERS & DEVELOPERS LIMITED

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NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note No Particulars

Significant accounting policies:

a) Basis of Preparation and Presentation of Financial Statements

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified by the Ministry of corporate Affairs pursuant to section 133 of the companies Act, 2013 ("Act") , the companies (Indian Accounting Standards) Rules, 2015, as amended, and other applicable provisions of the Act.

The financial statements of the company for the year ended March 31, 2019, are the first financials prepared in compliance with Ind AS recognition and measurement principles and Ind AS 101, First Time Adoption of Indian Accounting Standards. The date of transition to Ind AS is April 1, 2016. The financial Statements upto the year ended March 31, 2018, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), and other applicable provisions of the Act, considered as the " Previous GAAP". The financial statements for the year ended March 31, 2018 ,have been restated in accordance with the Ind AS recognition and measurement principles. Reconciliations and explanations of the effect of transition from previous GAAP to Ind AS on the Company's Equity, Total Comprehensive Income and Cash Flows are provided.

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity have been prepared and presented in the format prescribed in the Division II of the Schedule III to the Companies Act, 2013. Statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 Statement of Cash Flows. The disclosure requirements with respect to the items in the Balance Sheet and Statement of Profit and Loss Account are presented by way of notes forming part of financial statements.

The Company has considered a period of twelve months as the operating cycle for classification of assets and liabilities as current and non-current

Basis of Measurement

These financial statements have been prepared based on accrual and going concern principles following the historical cost conventions except for those financial assets and liabilities that are measured at fair value.

b) Key Estimates & Assumptions

In preparing these Ind AS compliant financial statements, the Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable and a continuous evaluation is done on the estimation and judgements based on historical experience and other factors.

c) Inventories

Value of inventories are measured at Cost.

Cost Comprises of Land, Development Rights, Materials, Services, and other expenses attributable to the Project. Cost of Construction / development (including cost of land) incurred is charged to the standalone statement of profit & loss Proportionate to area sold and the balance cost is carried over under inventories as WIP.

d) Revenue recognition

Revenue from Construction activity is recognized to the extent that it is probable that the economic benefits will flow to the customer, all significant risks and rewards of ownership are transferred to the customers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of Consideration.



KMF BUILDERS & DEVELOPERS LIMITED

Revenue from Construction Activity is recognised at a point in time when significant risks & rewards are transferred to the customer i.e, When the control of residential flats is transferred to the Customers.

Cost of Construction/Development includes all cost directly related to the project and other expenditure as identified by the management which are reasonably allocable to the project.

e) **Property, Plant and Equipment(PPE)**

Recognition and Measurement

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE other than freehold land is stated at original cost including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use, net of tax/duty credits availed, if any, after deducting rebates and trade discounts, less accumulated depreciation and accumulated impairment losses, if any. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items(major components) of PPE

Depreciation & Amortisation

Depreciation is provided using the Straight Line Method (SLM) as per the useful life of the assets estimated by the management. Depreciation on Addition/Deletion of PPE made during the year is provided on Prorata basis from/up to date of addition/deletion. The useful life of assets estimated by the management is same as prescribed in scheduled II of the Act, except in respect of the following category of asset given below- Where the life is different than that of schedule II to the Act.

First Time Adoption of Ind AS

The Company has opted to measure all its PPE at the Previous GAAP carrying amounts as deemed cost on the date of transition to Ind AS.

The following are the useful lives of the various classes of the property, plant and equipment

Class description	Useful life
AIR CONDITIONER	5
AUTO LEVEL	5
BOILER	5
BOREWELL & TUBEWELL	5
COMPUTERS	3
CYCLE	10
D G SET	5
DIESEL ENGINE	15
FIRE FIGHTING EQUIPMENT	5
FURNITURE & FIXTURES	10
INVERTOR	5
LIFT	15
MACHINARY A/C	15
MOTOR VEHICLE	8
MIXTURE	15
OFFICE BUILDING	30
REFRIGERATOR	5
ROAD ROLLER	10
UPS	5
VIBRATOR	5
LAPTOP	3
OFFICE EQUIPMENT	5



KMF BUILDERS & DEVELOPERS LIMITED

f) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to issuance of new ordinary shares are charged to profit and loss account on the basis of predetermined period in equal proportions.

g) Taxes on Income

Income tax expense/income comprises of current income tax expense/income and deferred tax expense/income. It is recognised in the statement of Profit and Loss except to the extent it relates to the items directly recognised in Other Comprehensive Income or in Equity. There is Rs.1,01,811/- changes in estimates hence Current year comprehensive income has accrued.

Current tax is the expected income tax payable/recoverable in respect of the taxable profit/(tax loss) for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amount used for tax purposes.

h) Employee benefits

Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long term obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are accounted on accrual basis.

Post employment benefits:

The entity operates the Gratuity scheme as defined benefit plan and the obligations for these benefits are recognised as per the Actuarial Valuation.

Actuarial Measurement of Gratuity

<i>Net Asset/ Liability Recognised in the Balance Sheet</i>	31-03-2019	31-03-2018
Present value of Defined Benefits Obligation At Beginning (Opening)	480,066	445,066
Current Service Cost	-	-
Interest Cost	-	-
Actuarial (Gains) / Loss	35,000	35,000
Benefits Paid	-	-
Present value of Defined Benefits Obligation at the end (Closing)	515,066	480,066

i) Provisions and Contingent Liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability, using a current pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as finance cost.



KMF BUILDERS & DEVELOPERS LIMITED

Contingent liabilities are disclosed in the notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the best estimates.

j) Segment Information

i) The Company operates in one activity i.e construction of Residential flats. Hence, not applicable.

k) Related Party Disclosures

a) Individuals having control and relatives

Gourav Chadha KMF Securities Ltd	Director Common Director
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b) Significant transactions with Related Parties :-

Particulars	Relation	Amount	Nature of Transaction/Balance
1. Malik Pradeep Kumar	CFO	420,000	Salary
		200,000	Current A/c balance
2. Gaurav Chadha	Director	750,000	Salary
		475,830	Current A/c balance
3. Kavitha Chadha	Director	387,000	Rent
		1,122,425	Advance for Flat
		1,439,449	Unsecure Loan Payable
		359,000	Rental Security deposit
4. Manisha Chadha	Directors Relative	470,000	Unsecure Loan Payable
5. KMF Securities Ltd	Common Director	650,000	Inter corporate Deposit

l) First Time Adoption of Ind AS

The financial statements of the Company for the year ended March 31, 2019, are the first financials prepared in compliance with Ind AS recognition and measurement principles. The date of transition to Ind AS is April 1, 2017. The financial statements upto the year ended March 31, 2018, were prepared in accordance with the accounting standards notified under the Companies(Accounting Standards) Rules , 2006, and other relevant provisions of the Act, considered as the "Previous GAAP".

The financial statements for the year ended March 31, 2019, have been restated in accordance with the Ind AS recognition and measurement principles. In Preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below:

Optional exemptions from retrospective application

i) Deemed cost for property, plant and equipment and intangible assets. The company has elected to measure all its property, plant and equipment and intangible assets at the previous GAAP carrying amounts as its deemed cost on the date of transition to Ind AS

Mandatory Exceptions from retrospective application

i) The Company has classified and measured the financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS



KMF BUILDERS & DEVELOPERS LIMITED

Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101: Previous GAAP figures have been reclassified / regrouped wherever necessary to conform the financial statements prepared under the Ind AS.

Reconciliation of Asset as at April 1, 2018, and March 31, 2019

	As at March 31, 2018			As at March 31, 2019		
	Previous GAAP	Ind AS Adjustments	Ind AS	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	614,514	-	614,514	1,494,272	101,811	1,392,461
Capital Work-in-Progress	-	-	-	-	-	-
Deferred Tax Assets (Net)	548,760	-	548,760	398,777	-	398,777
Other Non-Current Assets	2,166,888	-	2,166,888	2,166,888	-	2,166,888
Current Assets						
Inventories - WIP	125,017,973	-	125,017,973	125,017,973	40,954,844	165,972,817
Financial Assets	-	-	-	-	-	-
Trade Receivables	2,913,466	-	2,913,466	2,913,466	-	2,913,466
Cash and Cash Equivalents	3,125,393	-	3,125,393	14,741,294	-	14,741,294
Current tax assets	-	-	-	-	-	-
Other Current Assets	10,333,600	-	10,333,600	11,007,147	-	11,007,147
TOTAL ASSETS	144,720,594	-	144,720,594	157,739,816	41,056,655	198,592,849

Reconciliation of Equity as at March 31, 2018, and March 31, 2019

	As at March 31, 2018			As at March 31, 2019		
	Previous GAAP	Ind AS Adjustments	Ind AS	Previous GAAP	Ind AS Adjustments	Ind AS
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	60,910,000	-	60,910,000	60,910,000	-	60,910,000
Other Equity	50,887,716	-	50,887,716	53,749,107	-3,844,655.00	49,904,452
Liabilities						
Non-Current Liabilities						
Financial Liabilities						
Borrowings	4,186,509	-	4,186,509	2,824,860	-	2,824,860
Provisions	-	-	-	-	-	-
Deferred Tax Liabilities (Net)	-	-	-	-	-	-
Current Liabilities						
Financial Liabilities						
Borrowings	-	-	-	-	-	-
Trade Payables	8,302,432	-	8,302,432	7,559,876	-	7,559,876
Other Financial Liabilities	-	-	-	-	-	-
Other current liabilities	19,655,110	-	19,655,110	76,895,335	-	76,895,335
Provisions	778,826	-	778,826	498,326	-	498,326
Current Tax Liabilities (Net)	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	144,720,593	-	144,720,593	202,437,504	-3,844,655	198,592,849

Reconciliation of Total Comprehensive Income

For the Year ended March 31, 2018

	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue From Operations	16,080,000	-	16,080,000
Other Income	375,266	-	375,266
Total Income	16,455,266	-	16,455,266
EXPENSES			
Cost of Materials Consumed	4,894,524	-	4,894,524
Employee Benefits Expense	2,887,816	-	2,887,816
Finance Costs	41,248	-	41,248
Depreciation and Amortization Expense	531,728	-	531,728
Other Expenses	6,815,656	-	6,815,656
Total Expenses	15,170,971	-	15,170,971



KMF BUILDERS & DEVELOPERS LIMITED

Profit/(Loss) Before Tax	1,284,295	-	1,284,295
Tax Expense:			
Current Tax	298,760	-	298,760
Deferred Tax	-35,844	-	-35,844
Tax of Earlier Years	547,015	-	547,015
MAT Credit Entitlement		-	-
Profit (Loss) for the Period	1,568,394	-	1,568,394
Other Comprehensive Income			
Items that will not be reclassified to Profit/Loss			
-Additional Depreciation due to change in estimate		-	-
Income tax relating to above		-	-
-Deferred Tax on above		-	-
Items that will be reclassified to Profit/Loss			
Income tax relating to above	-	-	-
Total Income for the period	1,568,394	-	1,568,394

o) General

Accounting policies which are not specifically stated are consistent and in consonance with Indian Accounting Standards

2 Earnings per share

Basic earnings per share is computed by dividing Net Profit after tax (attributable to equity share holders) by weighted average number of equity shares outstanding for the period. Dilutive earnings per share is not calculated as the company has not issued any dilutive potential equity shares.

Particulars	31.03.2019	31.03.2018
Nominal value of shares of Rs.10/- each		
Profit/(Loss) after tax	2,861,390	1,568,394
Average no. of shares outstanding	12,182,000	12,182,000
Basic earnings per share	0.23	0.13
Diluted earnings per share	0.23	0.13

3 Retirement Benefit

- One Employee is covered under gratuity scheme. The company has determined the gratuity liability.
- In case of leave encashment benefits offered to employees, there is no liability for provision of leave encashment benefit at the end of the year.
- The Company's total number of employees has not exceeded the stipulation limit of the PF Act., 1952, Hence the company has not registered under PF Act., 1952

4 Deferred Tax

Deferred tax recognized subject to the consideration of prudence, on timing differences between taxable income and accounting income, that originates in one period and are capable of reversal in one or more subsequent periods.

5 Taxation

Income tax expense comprises current tax for the year determined in accordance with the income-tax Act, 1961.

Deferred tax:

Deferred taxation is provided using the liability method in respect of the taxation effect originating from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to reverse in subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation



KMF BUILDERS & DEVELOPERS LIMITED

or carried forward loss under taxation laws, deferred tax assets are recognized only when there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or, written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Minimum Alternative Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

6 Goods and Service Tax Input

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits. At the year end GST Input underlying in books charged to Direct Expenses.

7 Contingent liabilities and commitments

Contingent liabilities:

During the year 2016-17 there was a Income tax notice for the assessment year 2017-18 and assessment year 2018-19 In the course of that certain issues were raised by the department resulting in a variance of amount of Rs.3,75,266/- for AY18-19 and Rs.20,61,185/-for the Ay17-18.

As per the expert opinion the balance demand is incorrect and cannot be sustained.

The company has accordingly replied to the department putting its contentions. The company is sure the services provided are not taxable and in view of this, no provision has been made for the balance amount in books of accounts.

8 Payment to auditors

For audit	55,000	50,000
For tax audit	55,000	50,000
For other services	-	-
	110,000	100,000

9 Earnings per share

Basic earnings per share has been calculated by dividing the profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

10 Income & Expenditure in foreign currency

Inflow of foreign Currency:

Amount Received is Nil

Outflow of foreign Currency:

Amount paid in form of Foreign Currency - Nil

11 Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable with current year's figures.

12 Amounts in paises have been rounded off to the nearest Rupee.

For and on behalf of Board of Directors
M/s KMF Builders and Developers Limited

As per our report of even date
For CS Nagendra & Co



KMF BUILDERS & DEVELOPERS LIMITED

**Chartered Accountants
Firm Regn No: 009486S**

**Kavita Chadha
Director
DIN: 03304018**

**Gorve Chadha
Managing Director
DIN: 06407884**

**Priyanka Behl
Company Secretary
ICSI Reg No:44723**

**CAC S Nagendra
Proprietor
ICAI Reg No:027390**

Place : Delhi

Date: 14.08.2019