



ROYAL ORCHID HOTELS LTD.,

Regd. Office :

1, Golf Avenue, Adjoining KGA Golf Course,
HAL Airport Road, Kodihalli, Bangalore - 560 008, India.
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www.royalorchidhotels.com
CIN : L55101KA1986PLC007392
email : investors@royalorchidshotels.com

Date: August 07, 2023

To,
The Manager,
Department of Corporate Services,
Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 532699

To,
The Manager,
Department of Corporate Services,
National Stock Exchange of India Limited,
Exchange Plaza, Plot no. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
NSE Scrip Symbol: ROHLTD

Dear Sir/Madam,

Sub: Outcome of the Board Meeting and Submission of Unaudited Standalone & Consolidated Financial Results for Quarter ended 30.06.2023

Pursuant to Para A of Part A of Schedule III, read with, Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board, in its Meeting held today, i.e. August 07, 2023, approved the Un-audited Financial Results (Standalone & Consolidated) for the First Quarter (Q1) ended on June 30, 2023.

A copy of Un-audited Financial Results (Standalone & Consolidated) for the quarter ended June 30, 2023, as approved by the Board is enclosed for your information and record. Further, pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are also enclosing herewith a copy of the 'Limited Review Report' received from Statutory Auditors, on the Standalone & Consolidated Un-audited financial results.

The Board meeting commenced at 12:27 P.M. and concluded at 12:44 P.M.

You are requested to take the above on record.

Thanking you,

Yours Sincerely,

For ROYAL ORCHID HOTELS LIMITED

Ranabir Sanyal
Company Secretary & Compliance Officer
Encl: As above

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Royal Orchid Hotels Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Royal Orchid Hotels Limited ('the Company') for the quarter ended 30 June 2023, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

Walker Chandniok & Co LLP

5. **Emphasis of Matter – Interim order cum show cause notice issued by SEBI**

We draw attention to Note 5 to the accompanying statement, which describes that an 'interim order cum show cause notice' dated 31 March 2023 was issued by the Securities and Exchange Board of India ('SEBI') to the Company, its Managing Director, Director and Chief Financial Officer regarding alleged incorrect accounting of 'loss of control' with respect to an erstwhile subsidiary of the Company, Ksheer Sagar Developers Private Limited ('KSDPL'), in the previous year ended 31 March 2022. The Company has filed an appeal before the Securities Appellate Tribunal ('SAT') against the interim order which has been stayed by the SAT and the matter is yet to be adjudicated upon. As further described in aforementioned note, the management is of the view that evaluation of 'loss of control' and classification of KSDPL as an associate during the year ended 31 March 2022 is appropriate in accordance with the 'control assessment' principles enunciated under Ind AS 110, Consolidated Financial Statements and accordingly, no adjustments are required to be made in respect of this matter in the accompanying statement. Our conclusion is not modified in respect of this matter.

For **Walker Chandniok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Hemant Maheshwari

Partner

Membership No. 096537

UDIN: 23096537BGVESR8295

Bengaluru

07 August 2023

ROYAL ORCHID HOTELS LIMITED

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(₹ in lakhs except per share data)

Sl. No.	Particulars	Quarter ended			Year ended
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		(Unaudited)	(Audited) (Refer note 3)	(Unaudited)	(Audited)
1	Income				
	(a) Revenue from operations	4,461.31	4,751.96	3,808.04	16,994.62
	(b) Other income	96.65	115.00	135.68	667.02
	Total Income	4,557.96	4,866.96	3,943.72	17,661.64
2	Expenses				
	(a) Food and beverages consumed	466.87	461.20	416.00	1,777.18
	(b) Employee benefits expense	875.62	782.21	622.68	2,855.58
	(c) Rent expense	291.69	342.14	252.30	1,244.78
	(d) Power and fuel expense	440.88	324.26	360.65	1,353.19
	(e) Other expenses	1,115.50	1,291.20	838.78	4,245.55
	Expenses before depreciation and amortisation and finance costs	3,190.56	3,201.01	2,490.41	11,476.28
3	Profit before depreciation and amortisation, finance costs and taxes (1-2)	1,367.40	1,665.95	1,453.31	6,185.36
4	Finance costs	379.47	392.44	269.55	1,205.80
5	Depreciation and amortisation expense	371.26	306.13	261.57	1,132.71
6	Total expenses (2+4+5)	3,941.29	3,899.58	3,021.53	13,814.79
7	Profit before exceptional items and tax (1-6)	616.67	967.38	922.19	3,846.85
8	Exceptional items	-	-	-	-
9	Profit before tax (7+8)	616.67	967.38	922.19	3,846.85
10	Tax expense				
	(a) Current tax	182.90	214.24	260.00	975.24
	(b) Deferred tax charge	(32.83)	35.40	(25.80)	54.01
	Total tax expense	150.07	249.64	234.20	1,029.25
11	Net Profit for the period / year (9-10)	466.60	717.74	687.99	2,817.60
12	Other Comprehensive Income / (Loss)				
	Items that will not be reclassified to profit or loss	-	6.83	-	6.83
	Income tax relating to items that will not be reclassified to profit or loss	-	(1.90)	-	(1.90)
	Total Other Comprehensive Income	-	4.93	-	4.93
13	Total Comprehensive Income for the period / year (11+12)	466.60	722.67	687.99	2,822.53
14	Paid-up equity share capital (Face Value ₹ 10/- each)	2,742.52	2,742.52	2,742.52	2,742.52
15	Other equity				18,803.11
16	Earnings Per Share of ₹ 10 each: *				
	(a) Basic (₹)	1.70	2.62	2.51	10.27
	(b) Diluted (₹)	1.70	2.62	2.51	10.27

* not annualised

See accompanying notes to the standalone financial results.

Notes:

- 1 The standalone financial results ("the Statement") for the quarter ended 30 June 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 07 August 2023.
- 2 The Company has evaluated its operating segments in accordance with Ind AS 108 and has concluded that it is engaged in a single operating segment viz. hospitality business.
- 3 The figures for the quarter ended 31 March 2023 are the balancing figures between the audited figures in respect of the full financial years and published unaudited year to date figures upto third quarter of the respective financial years. Also the figures upto the end of third quarter were subjected to limited review and were not subjected to audit.
- 4 During the year ended 31 March 2022, the Company entered into arbitration in respect of one of its leased hotels with the lessor. The Company is of the view that it will be able to continue regular operations at the said premise. Accordingly, no adjustments with respect to lease liabilities and Right-of use assets have been made as on 30 June 2023. The Company has been accruing for the unpaid rent from the date of dispute out of which the Company has been directed to make a payment of ₹1,350 lakhs basis an interim order dated 14 October 2022 issued by the arbitrator. The said amount (net of TDS) has been paid to the lessor in two installments i.e., on 31 March 2023 and 06 April 2023.
- 5 The Securities and Exchange Board of India (SEBI) on 31 March 2023 issued an Interim Order cum Show Cause Notice to the Company, its Managing Director, a Director and its Chief Financial officer (collectively called 'Noticees') for not considering Ksheer Sagar Developers Private Limited ('KSDPL') as a subsidiary of Royal Orchid Hotels Limited and treating it as an associate and thereby overstating the consolidated net profit of the Royal Orchid Group and misrepresenting the consolidated financial statements for the financial year ended 31 March 2022. The interim order has directed the Company to restate its consolidated financial statements for the year ended 31 March 2022 and prepare its consolidated financial statements for the year ended 31 March 2023 after considering KSDPL as a subsidiary.

The order also contains show cause notices to show cause as to why suitable directions/prohibitions under Sections 11 (1), 11 (4) and 11B (1) of SEBI Act should not be issued against the Noticees. The order also contains show cause notices to show cause as to why inquiry should not be held in terms of Rule 4 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed on them under Sections 11 (4A) and 11 B (2) read with Section 15HA and/or 15HB of the SEBI Act, 1992 for the above alleged violations of provisions of the SEBI Act, LODR Regulations and PFUTP Regulations.

The Company, its Board and its Audit Committee had carried out a detailed evaluation of the above order cum show cause notice and on the advice from its legal counsel had filed an appeal with the Securities Appellate Tribunal ('SAT') against the order cum show cause notice issued by SEBI. The SAT on 9 May 2023 had stayed the effect and operation of the order cum show cause notice issued by SEBI till 30 June 2023. This has been further extended till 17 August 2023.

In the year ended 31 March 2022, the management had assessed that due to change in the composition of the Board of Directors of the aforesaid investee company, the Holding Company lost control of the investee company and had accounted for such 'loss of control' in accordance with the 'control assessment' principles enunciated under Ind AS 110, Consolidated Financial Statements and accordingly the management is of the view that SEBI's contention, as included in the aforesaid interim order is not tenable.

Based on the Managements evaluation of loss of control and that the above mentioned Interim Order cum Show Cause Notice has been stayed by the SAT, no adjustments, as directed by the said order, have been considered in the consolidated financial statements/results of the Company for the year ended 31 March 2023. Accordingly, no adjustments are considered necessary in respect of classification of the said investment and provision for penalties, if any, in these standalone financial results.

- 6 The Board of Directors of the Company, in its meeting held on 30 May 2023, proposed a final dividend of 20% (₹ 2 per equity share). The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹ 548.50 lakhs.

Place: Bengaluru
Date: 07 August 2023

For Royal Orchid Hotels Limited

C K Baljee
Managing Director
DIN: 00081844

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Royal Orchid Hotels Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Royal Orchid Hotels Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate (refer Annexure 1 for the list of subsidiaries and associate included in the Statement) for the quarter ended 30 June 2023, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

Walker Chandiook & Co LLP

5. Emphasis of Matter – Interim order cum show cause notice issued by SEBI

We draw attention to Note 6 to the accompanying Statement, which describes that an 'interim order cum show cause notice' dated 31 March 2023 was issued by the Securities and Exchange Board of India ('SEBI') to the Holding Company, its Managing Director, Director and Chief Financial Officer regarding alleged incorrect accounting of 'loss of control' with respect to an erstwhile subsidiary of the Holding Company, Ksheer Sagar Developers Private Limited ('KSDPL'), in the previous year ended 31 March 2022. The Holding Company has filed an appeal before the Securities Appellate Tribunal ('SAT') against the interim order which has been stayed by the SAT and the matter is yet to be adjudicated upon. As further described in aforementioned note, the management is of the view that evaluation of 'loss of control' and classification of KSDPL as an associate during the year ended 31 March 2022 is appropriate in accordance with the 'control assessment' principles enunciated under Ind AS 110, Consolidated Annual Financial Statements and accordingly, no adjustments are required to be made in respect of this matter in the accompanying Statement. Our conclusion is not modified in respect of this matter.

6. We did not review the interim financial results of twelve subsidiaries included in the Statement, whose financial information reflects total revenues of ₹809.79 lakhs, total net profit after tax of ₹109.07 lakhs, total comprehensive income of ₹109.07 lakhs, for the quarter ended on 30 June 2023, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 53.03 lakhs and total comprehensive income of ₹ 53.03 lakhs, for the quarter ended on 30 June 2023, as considered in the Statement, in respect of one associate, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Hemant Maheshwari
Partner
Membership No. 096537
UDIN: 23096537BGVNESS2136

Bengaluru
07 August 2023

Walker Chandiook & Co LLP

Annexure 1 to the Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

List of entities included in the Statement

Sr. No	Name of the Company	Country of Incorporation	Subsidiary/Associate
1	Icon Hospitality Private Limited	India	Subsidiary
2	Maruti Comforts & Inn Private Limited	India	Subsidiary
3	Cosmos Premises Private Limited	India	Subsidiary
4	Multi Hotels Limited	Tanzania	Subsidiary
5	AB Holdings Private Limited	India	Subsidiary
6	Royal Orchid Maharashtra Private Limited	India	Subsidiary
7	Royal Orchid South Private Limited	India	Subsidiary
8	Royal Orchid Shimla Private Limited	India	Subsidiary
9	Royal Orchid Jaipur Private Limited	India	Subsidiary
10	Royal Orchid Goa Private Limited	India	Subsidiary
11	Royal Orchid Mumbai Private Limited	India	Subsidiary
12	Royal Orchid Hyderabad Private Limited	India	Subsidiary
13	Royal Orchid Associated Hotels Private Limited, Subsidiary of AB Holdings Private limited	India	Subsidiary
14	Raj Kamal Buildcon Private Limited	India	Subsidiary
15	J.H.Builders Private Limited	India	Subsidiary
16	Ksheer Sagar Buildcon Private Limited	India	Subsidiary
17	Ksheer Sagar Developers Private Limited	India	Associate

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STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(₹ in lakhs except per share data)

Sl. No.	Particulars	Quarter ended		Year ended	
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		(Unaudited)	(Audited) (Refer note 3)	(Unaudited)	(Audited)
1	Income				
	(a) Revenue from operations	6,888.81	7,254.58	6,044.80	26,354.88
	(b) Other income	482.82	399.23	299.22	1,613.88
	Total Income	7,371.63	7,653.81	6,344.02	27,968.76
2	Expenses				
	(a) Food and beverages consumed	694.87	690.77	631.08	2,671.73
	(b) Employee benefits expense	1,708.00	1,568.85	1,215.60	5,597.41
	(c) Rent expense	303.54	341.80	262.56	1,291.19
	(d) Power and fuel expense	554.67	417.62	472.56	1,764.62
	(e) Other expenses	1,818.36	2,054.24	1,359.44	6,841.27
	Expenses before depreciation and amortisation and finance costs	5,079.44	5,073.28	3,941.24	18,166.22
3	Profit before depreciation and amortisation, finance costs and taxes (1-2)	2,292.19	2,580.53	2,402.78	9,802.54
4	Finance costs	462.15	476.51	401.02	1,605.02
5	Depreciation and amortisation expense	475.80	483.28	434.55	1,837.18
6	Total expenses (2+4+5)	6,017.39	6,033.07	4,776.81	21,608.42
7	Profit before exceptional items and tax (1-6)	1,354.24	1,620.74	1,567.21	6,360.34
8	Exceptional items	-	-	-	-
9	Profit before tax (7+8)	1,354.24	1,620.74	1,567.21	6,360.34
10	Tax expense				
	(a) Current tax charge	330.77	385.39	382.10	1,536.09
	(b) Deferred tax charge	3.51	32.04	21.90	130.44
	Total tax expense	334.28	417.43	404.00	1,666.53
11	Net Profit for the period / year (9-10)	1,019.96	1,203.31	1,163.21	4,693.81
12	Share of profit / (loss) of associate	53.03	109.15	(9.97)	228.50
13	Net Profit for the period / year and share of profit of associate (11+12)	1,072.99	1,312.46	1,153.24	4,922.31
14	Other Comprehensive Income / (Loss)				
	Items that will be reclassified subsequently to profit or loss	(3.09)	(13.43)	37.16	77.15
	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Items that will not be reclassified to profit or loss	-	(2.35)	-	(2.35)
	Income tax relating to items that will not be reclassified to profit or loss	-	1.72	-	1.72
		(3.09)	(14.06)	37.16	76.52
15	Total Comprehensive Income for the period / year (13+14)	1,069.90	1,298.40	1,190.40	4,998.83
16	Total Net Profit for the period / year attributable to:				
	Owners of the Company	969.42	1,268.37	1,104.00	4,702.50
	Non-controlling interest	103.57	44.09	49.24	219.81
		1,072.99	1,312.46	1,153.24	4,922.31
17	Total Comprehensive Income for the period / year attributable to:				
	Owners of the Company	966.33	1,252.48	1,141.16	4,777.19
	Non-controlling interest	103.57	45.92	49.24	221.64
		1,069.90	1,298.40	1,190.40	4,998.83
18	Paid-up equity share capital (Face Value ₹ 10/- each)	2,742.52	2,742.52	2,742.52	2,742.52
19	Other equity (including non-controlling interest)				16,958.94
	Earnings Per Share of ₹ 10 each: *				
	(a) Basic (₹)	3.53	4.62	4.03	17.15
	(b) Diluted (₹)	3.53	4.62	4.03	17.15

* not annualised

See accompanying notes to the consolidated financial results

Notes:

- 1 The consolidated financial results ("the Statement") for the quarter ended 30 June 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 07 August 2023.
- 2 The Group has evaluated its Operating segments in accordance with Ind AS 108 and has concluded that it is engaged in a single operating segment viz. hospitality business.
- 3 The figures for the quarter ended 31 March 2023 are the balancing figures between the audited figures in respect of the full financial years and published unaudited year to date figures upto third quarter of the respective financial years. Also the figures upto the end of third quarter were subjected to limited review and were not subjected to audit.
- 4 During the year ended 31 March 2022, the Holding Company entered into arbitration in respect of one of its leased hotels with the lessor. The Holding Company is of the view that it will be able to continue regular operations at the said premise. Accordingly, no adjustments with respect to lease liabilities and Right-of-use assets have been made as on 30 June 2023. The Holding Company has been accruing for the unpaid rent from the date of dispute out of which the Holding Company has been directed to make a payment of ₹1,350 lakhs basis an interim order dated 14 October 2022 issued by the arbitrator. The said amount (net of TDS) has been paid to the lessor in two installments i.e., on 31 March 2023 and 06 April 2023.
- 5 In the current quarter, the Group has accounted for lease modification in accordance with Ind AS 116 due to change in certain lease terms for one of its leased premise. The gain on such modification amounting to ₹ 121.30 lakhs has been recorded under other income.
- 6 The Securities and Exchange Board of India (SEBI) on 31 March 2023 issued an Interim Order cum Show Cause Notice to the Company, its Managing Director, a Director and its Chief Financial officer (collectively called 'Noticees') for not considering Ksheer Sagar Developers Private Limited ('KSDPL') as a subsidiary of Royal Orchid Hotels Limited and treating it as an associate and thereby overstating the consolidated net profit of the Royal Orchid Group and misrepresenting the consolidated financial statements for the financial year ended 31 March 2022. The interim order has directed the Company to restate its consolidated financial statements for the year ended 31 March 2022 and prepare its consolidated financial statements for the year ended 31 March 2023 after considering KSDPL as a subsidiary.

The order also contains show cause notices to show cause as to why suitable directions/prohibitions under Sections 11(1), 11 (4) and 11B (1) of SEBI Act should not be issued against the Noticees. The order also contains show cause notices to show cause as to why inquiry should not be held in terms of Rule 4 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed on them under Sections 11 (4A) and 11 B (2) read with Section 15HA and/or 15HB of the SEBI Act, 1992 for the above alleged violations of provisions of the SEBI Act, LODR Regulations and PFUTP Regulations.

The Company, its Board and its Audit Committee had carried out a detailed evaluation of the above order cum show cause notice and on the advice from its legal counsel had filed an appeal with the Securities Appellate Tribunal ('SAT') against the order cum show cause notice issued by SEBI. The SAT on 9 May 2023 had stayed the effect and operation of the order cum show cause notice issued by SEBI till 30 June 2023. This has been further extended till 17 August 2023.

In the year ended 31 March 2022, the management had assessed that due to change in the composition of the Board of Directors of the aforesaid investee company, the Holding Company lost control of the investee company and had accounted for such 'loss of control' in accordance with the 'control assessment' principles enunciated under Ind AS 110, Consolidated Financial Statements and accordingly the management is of the view that SEBI's contention, as included in the aforesaid interim order is not tenable.

Based on the Managements evaluation of loss of control and that the above mentioned Interim Order cum Show Cause Notice has been stayed by the SAT, no adjustments, as directed by the said order, have been considered in the consolidated financial statements of the Company for the year ended 31 March 2023.
- 7 The Board of Directors of the Holding Company, in its meeting held on 30 May 2023, proposed a final dividend of 20% (₹ 2 per equity share). The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹ 548.50 lakhs.

Place: Bengaluru
Date: 07 August 2023

For Royal Orchid Hotels Limited

C K Baljee
Managing Director
DIN: 00081844