



ROYAL ORCHID HOTELS LTD.,

Regd. Office :
1, Golf Avenue, Adjoining KGA Golf Course,
HAL Airport Road, Kodihalli, Bangalore - 560 008, India
T +91 80 41783000, F : +91 80 252 03366
www.royalorchidhotels.com
CIN : L55101KA1986PLC007392
Email : investors@royalorchidhotels.com

Date: May 30, 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 Audited Standalone & Consolidated Financial Results for FY 2022-23 and recommendation of Dividend.

Pursuant to Para A of Part A of Schedule III, read with, Regulation 30 & 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board at its meeting held today, i.e. May 30, 2023 *inter alia*, approved the Audited Financial Results (Standalone and Consolidated) for the year ended March 31, 2023.

- a) The Board of Directors has approved the Audited Standalone & Consolidated Financial Results for the quarter and year ended on 31st March, 2023. Pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, we are enclosing herewith the Audited Standalone and Consolidated Financial Results of the Company along with the Unmodified Independent Audit Reports of the Statutory Auditors on the Standalone and Consolidated Financial Results of the company for the fourth quarter and year ended on 31st March, 2023 which is enclosed herewith.
- b) We hereby declare that Statutory Auditors of the Company M/s. Walker Chandiook & Co LLP, the Statutory Auditors of the Company have expressed their Unmodified Opinions in respect of Audited Standalone and Consolidated Financial Statement for the year



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ended on 31st March, 2023, however there is an emphasis of matter given in the Auditors Report.

- c) The next Annual General Meeting of the Company for the financial year 2023-24 will be held on Monday, 25th September, 2023.
- d) Cut-off date of book closure for the purpose of payment of final Dividend for the year 2022-23, if approved is 18th September, 2023. Hence dividend if approved will be paid to those members whose name appear in the register of members / beneficial owners as on 18th September, 2023.
- e) Final Dividend of Rs 2/- per share if approved at the ensuing AGM, will be paid to shareholders on or after 26th September, 2023.

The aforesaid documents are also being made available on the website of the Company at <http://www.royalorchidhotels.com/investors>.

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 Report on Standalone Annual 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

Opinion

1. We have audited the accompanying standalone annual financial results ('the Statement') of Royal Orchid Hotels Limited ('the Company') for the year ended 31 March 2023, attached herewith, 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. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) presents standalone annual financial results in accordance with the requirements of Regulation 33 of the Listing Regulations; and
 - (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act'), read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India, of the standalone net profit after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2023.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement* 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 ('the ICAI') together with the ethical requirements that are relevant to our audit of the standalone annual financial results under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion.

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

4. We draw attention to Note 10 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 opinion is not modified in respect of this matter.

Walker Chandniok & Co LLP

Responsibilities of Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the standalone annual financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under Section 143(10) of the Act, 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 this Statement.
9. As part of an audit in accordance with the Standards on Auditing, specified under Section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place an adequate internal financial control with reference to financial statements 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 the Board of Directors;
 - Conclude on the appropriateness of the Board of Directors' 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

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11. 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.

Other Matter

12. The Statement includes the standalone financial results for the quarter ended 31 March 2023, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

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

Hemant Maheshwari
Partner
Membership No. 096537
UDIN: 23096537BGVERO4434

Bengaluru
30 May 2023

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STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023

(₹ in lakhs except per share data)

Sl. No.	Particulars	Quarter ended			Year ended	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		(Audited) (Refer note 3)	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations	4,751.96	4,678.52	2,317.05	16,994.62	7,973.90
	(b) Other income	115.00	160.19	339.81	667.02	851.27
	Total Income	4,866.96	4,838.71	2,656.86	17,661.64	8,825.17
2	Expenses					
	(a) Food and beverages consumed	461.20	493.85	284.06	1,777.18	1,110.31
	(b) Employee benefits expense	782.21	761.82	490.95	2,855.58	1,622.96
	(c) Rent expense	342.14	372.22	181.71	1,244.78	670.40
	(d) Power and fuel expense	324.26	323.38	238.35	1,353.19	900.96
	(e) Other expenses	1,291.20	1,151.79	610.92	4,245.55	2,166.86
	Expenses before depreciation and amortisation and finance costs	3,201.01	3,103.06	1,805.99	11,476.28	6,471.49
3	Profit before depreciation and amortisation, finance costs and taxes (1-2)	1,665.95	1,735.65	850.87	6,185.36	2,353.68
4	Finance costs	392.44	275.64	231.96	1,205.80	885.76
5	Depreciation and amortisation expense	306.13	305.59	221.58	1,132.71	854.87
6	Total expenses (2+4+5)	3,899.58	3,684.29	2,259.53	13,814.79	8,212.12
7	Profit before exceptional items and tax (1-6)	967.38	1,154.42	397.33	3,846.85	613.05
8	Exceptional items (refer note 4)	-	-	-	-	(501.66)
9	Profit before tax (7+8)	967.38	1,154.42	397.33	3,846.85	111.39
10	Tax expense					
	(a) Current tax	214.24	256.00	-	975.24	-
	(b) Deferred tax charge	35.40	78.64	119.17	54.01	184.03
	Total tax expense	249.64	334.64	119.17	1,029.25	184.03
11	Net Profit/(Loss) for the period/year (9-10)	717.74	819.78	278.16	2,817.60	(72.64)
12	Other Comprehensive Income/(Loss)					
	Items that will not be reclassified to profit or loss	6.83	-	(17.16)	6.83	(17.16)
	Income tax relating to items that will not be reclassified to profit or loss	(1.90)	-	4.77	(1.90)	4.77
	Total Other Comprehensive Income/(Loss)	4.93	-	(12.39)	4.93	(12.39)
13	Total Comprehensive Income/(loss) for the period (11+12)	722.67	819.78	265.77	2,822.53	(85.03)
14	Paid-up equity share capital (Face Value ₹ 10/- each)	2,742.52	2,742.52	2,742.52	2,742.52	2,742.52
15	Other equity				18,803.11	15,980.58
16	Earnings/(loss) Per Share of ₹ 10 each: *					
	(a) Basic (₹)	2.62	2.99	1.01	10.27	(0.26)
	(b) Diluted (₹)	2.62	2.99	1.01	10.27	(0.26)

* not annualised

See accompanying notes to the standalone financial results.

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STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

(₹ in lakhs)

Sl. No.	Particulars	As at 31 March 2023	As at 31 March 2022
		(Audited)	(Audited)
	Assets		
(1)	Non-current assets		
	(a) Property, plant and equipment	2,390.71	2,399.84
	(b) Capital work-in-progress	66.97	20.95
	(c) Right-of-use assets	6,386.19	5,016.72
	(d) Intangible assets	1.25	4.78
	(e) Financial assets		
	(i) Investments	15,759.94	15,733.82
	(ii) Loans	1,455.31	1,454.14
	(iii) Other financial assets	2,898.71	2,232.35
	(f) Deferred tax assets, net	539.39	595.30
	(g) Non-current tax assets, net	536.75	536.75
	(h) Other non-current assets	1,110.31	130.10
	Total non-current assets	31,145.53	28,124.75
(2)	Current assets		
	(a) Inventories	143.94	135.67
	(b) Financial assets		
	(i) Loans	1,305.73	1,358.32
	(ii) Trade receivables	2,186.35	1,183.89
	(iii) Cash and cash equivalents	1,491.19	843.55
	(iv) Bank balances other than (iii) above	1,621.17	2,255.02
	(v) Other financial assets	303.91	210.57
	(c) Other current assets	191.93	360.67
	Total current assets	7,244.22	6,347.69
	Assets held-for-sale	342.77	342.77
		7,586.99	6,690.46
	Total assets	38,732.52	34,815.21
(1)	Equity and Liabilities		
	Equity		
	(a) Equity share capital	2,742.52	2,742.52
	(b) Other equity	18,803.11	15,980.58
	Total equity	21,545.63	18,723.10
(2)	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	5,006.39	5,517.58
	(ii) Lease liabilities	6,289.68	4,858.66
	(iii) Other financial liabilities	333.35	244.98
	(b) Provisions	128.25	124.38
	(c) Other non-current liabilities	24.32	19.89
	Total non-current liabilities	11,781.99	10,765.49
(3)	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	510.69	534.29
	(ii) Lease liabilities	661.33	674.74
	(iii) Trade payables		
	(A) total outstanding dues of micro enterprises and small enterprises	-	10.00
	(B) total outstanding dues of creditors other than micro enterprises and small	2,915.70	3,212.29
	(iv) Other financial liabilities	613.15	467.91
	(b) Provisions	136.34	121.41
	(c) Current tax liabilities, net	64.40	-
	(d) Other current liabilities	503.29	305.98
	Total current liabilities	5,404.90	5,326.62
	Total equity and liabilities	38,732.52	34,815.21

See accompanying notes to the standalone financial results.

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STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(₹ in lakhs)

Particulars	Year ended	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
A. Cash flow from operating activities		
Net profit before tax	3,846.85	111.39
Adjustments for:		
Depreciation and amortisation	1,132.71	854.87
Loss on sale of property, plant and equipment/written off	0.07	3.94
Interest expense	642.68	527.52
Interest expense on lease liabilities	563.12	358.24
Provision for doubtful trade receivables, advances and security deposits	56.28	(4.48)
Other receivables written off	-	37.42
Unrealised exchange gain	(96.08)	(33.74)
Interest income	(322.04)	(254.26)
Provisions/Liabilities no longer required, written back	-	(519.59)
Guarantee commission income	(20.51)	(22.20)
Provision for impairment of investment in a subsidiary	-	331.66
Operating profit before working capital changes	5,803.08	1,390.77
Changes in working capital:		
Increase in inventories	(8.27)	(21.08)
Increase in trade receivables and unbilled revenue	(1,015.32)	(295.52)
(Increase)/Decrease in other non-current and current assets	(1,572.01)	221.26
Increase in provisions	25.63	4.60
(Decrease)/Increase in trade payables	(445.80)	473.92
Increase/(Decrease) in other non-current and current liabilities	339.90	(194.55)
Cash generated from operations	3,127.21	1,579.40
Direct taxes paid (net)	910.84	163.07
Net cash generated from operating activities (A)	2,216.37	1,416.33
B. Cash flows from investing activities		
Purchase of Property, plant and equipment (including changes in capital work-in-progress, net of project creditors and retention money payable)	(388.46)	(126.73)
Proceeds from sale of fixed assets	1.35	-
Interest received	200.69	810.45
Loans given to subsidiaries	(24.93)	(22.15)
Loan repayments received from others	172.43	295.73
Investment in a subsidiary	-	(5,250.00)
Sale of investment in a subsidiary	-	2,900.00
Change in other bank balances	633.85	(62.40)
Net cash generated from/(used in) investing activities (B)	594.93	(1,455.10)
C. Cash flows from financing activities		
Interest paid	(554.07)	(371.92)
Proceeds from short term borrowings from related parties	-	1,416.33
Repayment of borrowings to related parties	(37.00)	(23.00)
Repayment of borrowings to banks	(497.79)	(214.93)
Payment of lease liabilities (principal)	(511.68)	(211.39)
Payment of lease liabilities (interest)	(563.12)	(141.63)
Net cash generated from/(used in) financing activities (C)	(2,163.66)	453.46
Net increase in cash and cash equivalents (A+B+C)	647.64	414.69
Cash and cash equivalents at the beginning of the year	843.55	428.86
Cash and cash equivalents at the end of the year	1,491.19	843.55
Cash and cash equivalents as per Standalone Balance Sheet	1,491.19	843.55

Notes:

- The standalone financial results ("the Statement") for the quarter and year ended 31 March 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30 May 2023.
- 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.
- The figures for the quarter ended 31 March 2023 and 31 March 2022 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.
- Exceptional items comprise of the following:

Particulars	Quarter ended			Year ended	
	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
	(Audited) (Refer note 3)	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
Provision for settlement of liabilities (refer note 5 below)	-	-	-	-	(170.00)
Provision for impairment of investment in subsidiaries (refer note 6 below)	-	-	-	-	(331.66)
Total	-	-	-	-	(501.66)

- During the previous year, the Company had entered into a Share Purchase Agreement to sell a subsidiary. In accordance with the Share Purchase Agreement, the Company had identified certain amounts that were payable to settle these obligations and accordingly had made a provision of ₹170 lakhs.
- During the previous year, the Company had recorded an additional impairment provision of ₹331.66 lakhs for investment made in one subsidiary on the basis of a Memorandum of Understanding entered into by the company to sell the non-current assets by the subsidiary.
- The Company's performance in the previous periods/year was impacted by the COVID-19 pandemic. However, with the increased vaccination drive by the Government, the easing of restrictions and increase in demand resulted in a recovery in the Company's performance where the Company has been able reach pre COVID-19 levels in terms of occupancy and average room rates. During the current year, the Company has witnessed a strong rebound in its business aided by leisure travel and increase in business travel. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognised in the standalone financial results as and when these material changes to economic conditions arise.
- In Q3 of the current year, the Company carried out an evaluation and elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the impact of the change amounting to ₹20.61 lakhs (reduction in tax rate) was recognised in Q3 of the current year.
- During the previous year, 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 31 March 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.
- 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 has stayed the effect and operation of the order cum show cause notice issued by SEBI till 30 June 2023.

In the previous year, 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.

- 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: 30 May 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 Report on Consolidated Annual 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

Opinion

1. We have audited the accompanying consolidated annual 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, for the year ended 31 March 2023, attached herewith, 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. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial statements of the subsidiaries and an associate, as referred to in paragraph 13 below, the Statement:
 - (i) includes the annual financial results of the entities listed in Annexure 1;
 - (ii) presents consolidated annual financial results in accordance with the requirements of Regulation 33 of the Listing Regulations; and
 - (iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group and its associate, for the year ended 31 March 2023.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Statement* section of our report. We are independent of the Group and its associate, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 13 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

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

4. We draw attention to Note 12 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 opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

5. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit and other comprehensive income, and other financial information of the Group including its associate in accordance with the Ind AS prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective Board of Directors/ management of the companies included in the Group and its associate, covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and its associate, 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 financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
6. In preparing the Statement, the respective Board of Directors/ management of the companies included in the Group and of its associate, are responsible for assessing the ability of the Group and of its associate, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors/ management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors/ management of the companies included in the Group and of its associate, are responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Act 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 this Statement.
9. As part of an audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
 - Conclude on the appropriateness of Board of Directors'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 ability of the Group and its associate, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities within the Group, and its associate, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, 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.
 11. 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.
 12. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matters

13. We did not audit the annual financial statements of thirteen subsidiaries included in the Statement, whose financial information reflects total assets of ₹ 10,112.76 lakhs as at 31 March 2023, total revenues of ₹ 2,904.77 lakhs, total net profit after tax of ₹ 533.61 lakhs, total comprehensive income of ₹ 602.16 lakhs, and cash flows (net) of ₹ 1,513.14 lakhs for the year ended on that date, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 228.50 lakhs and total comprehensive income of ₹ 228.50 lakhs for the year ended 31 March 2023, in respect of one associate, whose annual financial statements have not been audited by us. These annual financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries/associate is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 12 above.

Further, of these subsidiaries, one subsidiary is located outside India, whose annual financial statements have been prepared in accordance with accounting principles generally accepted in their respective country, and which has been audited by other auditor under generally accepted auditing standard applicable in their respective country. The Holding Company's management has converted the financial statements of such subsidiary from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based on the audit report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion 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.

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14. The Statement includes the consolidated financial results for the quarter ended 31 March 2023, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

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

Hemant Maheshwari
Partner
Membership No. 096537
UDIN: 23096537BGVERP4039

Bengaluru
30 May 2023

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Annexure 1 to the Independent Auditor's Report on Consolidated Annual 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 AND YEAR ENDED 31 MARCH 2023

(₹ in lakhs except per share data)

Sl. No.	Particulars	Quarter ended			Year ended	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		(Audited) (Refer note 3)	(Unaudited)	(Audited) (Refer note 3)	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations	7,254.58	7,249.01	3,953.03	26,354.88	13,852.39
	(b) Other income	399.23	404.42	741.79	1,613.88	1,740.74
	Total Income	7,653.81	7,653.43	4,694.82	27,968.76	15,593.13
2	Expenses					
	(a) Food and beverages consumed	690.77	746.42	458.57	2,671.73	1,727.99
	(b) Employee benefits expense	1,568.85	1,477.75	1,017.16	5,597.41	3,468.31
	(c) Rent expense	341.80	398.62	191.58	1,291.19	686.35
	(d) Power and fuel expense	417.62	427.09	328.54	1,764.62	1,345.76
	(e) Other expenses	2,054.24	1,828.62	1,274.62	6,841.27	4,328.83
	Expenses before depreciation and amortisation and finance costs	5,073.28	4,878.50	3,270.47	18,166.22	11,557.24
3	Profit before depreciation and amortisation, finance costs and taxes (1-2)	2,580.53	2,774.93	1,424.35	9,802.54	4,035.89
4	Finance costs	476.51	367.52	388.31	1,605.02	1,609.71
5	Depreciation and amortisation expense	483.28	484.59	457.48	1,837.18	1,944.33
6	Total expenses (2+4+5)	6,033.07	5,730.61	4,116.26	21,608.42	15,111.28
7	Profit before exceptional items and tax (1-6)	1,620.74	1,922.82	578.56	6,360.34	481.85
8	Exceptional items (refer note 4)	-	-	2,675.34	-	2,505.34
9	Profit before tax (7+8)	1,620.74	1,922.82	3,253.90	6,360.34	2,987.19
10	Tax expense/(credit)					
	(a) Current tax (credit) / charge	385.39	439.84	(17.52)	1,536.09	81.90
	(b) Deferred tax charge	32.04	83.47	104.33	130.44	226.83
	Total tax expense	417.43	523.31	86.81	1,666.53	308.73
					1,796.97	
11	Net Profit for the period / year (9-10)	1,203.31	1,399.51	3,167.09	4,693.81	2,678.46
12	Share of profit of associate	109.15	118.96	-	228.50	-
13	Net Profit for the period / year and share of profit of associate (11+12)	1,312.46	1,518.47	3,167.09	4,922.31	2,678.46
14	Other Comprehensive Income / (Loss)					
	Items that will be reclassified subsequently to profit or loss	(13.43)	13.56	33.48	77.15	33.48
	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)	-	(27.74)	(2.35)	(27.74)
	Income tax relating to items that will not be reclassified to profit or loss	1.72	-	3.51	1.72	3.51
		(14.06)	13.56	9.25	76.52	9.25
15	Total Comprehensive Income for the period / year (13+14)	1,298.40	1,532.03	3,176.34	4,998.83	2,687.71
16	Total Net Profit/(Loss) for the period / year attributable to:					
	Owners of the Company	1,268.37	1,446.22	3,179.26	4,702.50	2,936.47
	Non-controlling interest	44.09	72.25	(12.17)	219.81	(258.01)
		1,312.46	1,518.47	3,167.09	4,922.31	2,678.46
17	Total Comprehensive Income/(Loss) for the period / year attributable to:					
	Owners of the Company	1,252.48	1,459.78	3,194.68	4,777.19	2,951.89
	Non-controlling interest	45.92	72.25	(18.34)	221.64	(264.18)
		1,298.40	1,532.03	3,176.34	4,998.83	2,687.71
18	Paid-up equity share capital (Face Value ₹ 10/- each)	2,742.52	2,742.52	2,742.52	2,742.52	2,742.52
19	Other equity (including non-controlling interest)				16,958.94	11,960.11
	Earnings Per Share of ₹ 10 each: *					
	(a) Basic (₹)	4.62	5.27	11.59	17.15	10.71
	(b) Diluted (₹)	4.62	5.27	11.59	17.15	10.71

* not annualised

See accompanying notes to the consolidated financial results

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CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

		(₹ in lakhs)	
	Particulars	As at 31 March 2023	As at 31 March 2022
		(Audited)	(Audited)
	Assets		
(1)	Non-current assets		
	(a) Property, plant and equipment	11,491.44	11,448.34
	(b) Capital work-in-progress	75.27	38.65
	(c) Right-of-use assets	7,320.13	6,049.12
	(d) Goodwill	1,763.97	1,763.97
	(e) Other intangible assets	5.83	11.93
	(f) Financial Assets		
	(i) Investments (refer note 12)	2,661.25	2,432.75
	(ii) Loans	697.40	696.84
	(iii) Other financial assets	3,103.42	2,187.51
	(g) Deferred tax assets (net)	715.73	850.82
	(h) Non-current tax assets (net)	1,021.45	1,042.26
	(i) Other non-current assets	216.93	60.37
	Total non-current assets	29,072.82	26,582.56
(2)	Current assets		
	(a) Inventories	225.43	192.35
	(b) Financial Assets		
	(i) Loans	58.40	232.00
	(ii) Trade receivables	3,203.91	2,082.95
	(iii) Cash and cash equivalents	4,034.66	1,887.34
	(iv) Bank balances other than (iii) above	3,112.85	2,816.75
	(v) Other financial assets	635.93	488.60
	(c) Current tax assets (net)	5.34	5.96
	(d) Other current assets	351.46	508.33
	Total current assets	11,627.98	8,214.28
	Assets held-for-sale	1,687.10	1,482.34
		13,315.08	9,696.62
	Total assets	42,387.90	36,279.18
(1)	Equity and Liabilities		
	Equity		
	(a) Equity share capital	2,742.52	2,742.52
	(b) Other equity	14,554.13	9,776.94
		17,296.65	12,519.46
	Non-controlling interests	2,404.81	2,183.17
	Total equity	19,701.46	14,702.63
(2)	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	6,546.51	7,211.31
	(ii) Lease liabilities	7,520.65	6,098.25
	(iii) Other financial liabilities	333.35	244.98
	(b) Provisions	252.47	244.27
	(c) Deferred tax liabilities (net)	39.40	45.76
	Total non-current liabilities	14,692.38	13,844.57
(3)	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	979.25	818.36
	(ii) Lease liabilities	720.75	723.24
	(iii) Trade payables		
	(A) total outstanding dues of micro enterprises and small enterprises	21.92	52.90
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises	3,686.21	3,767.94
	(iv) Other financial liabilities	944.43	801.19
	(b) Provisions	229.79	187.55
	(c) Current tax liabilities (net)	66.72	14.40
	(d) Other current liabilities	1,344.99	1,366.40
	Total current liabilities	7,994.06	7,731.98
	Total equity and liabilities	42,387.90	36,279.18

See accompanying notes to the consolidated financial results.

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(₹ in lakhs)

Particulars	Year ended	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
A. Cash flow from operating activities		
Net profit before tax	6,360.34	2,987.19
Adjustments for:		
Depreciation and amortisation expense	1,837.18	1,944.33
Loss on sale of property, plant and equipment / written off	0.07	3.94
Provision for doubtful advances / advances written off	75.45	2.87
Impairment allowance on trade receivables	30.90	(3.61)
Interest expense	910.19	1,115.86
Interest expense on lease liabilities	694.83	493.84
Interest income	(395.48)	(192.24)
Liability no longer required written back	(1.85)	(543.04)
Interest income on present value accounting of security deposits	(31.57)	(31.98)
Gain from foreign currency transactions and translations, net	(96.08)	(33.74)
Income on account of rent concessions	(13.13)	(45.00)
Profit on sale of subsidiary and remeasurement gain on loss of control of in a subsidiary	-	(2,675.34)
Guarantee commission income	(4.21)	-
Operating profit before working capital changes	9,366.64	3,023.08
Changes in working capital:		
Increase in inventories	(33.08)	(42.74)
Increase in trade receivables and unbilled revenue	(1,151.87)	(923.63)
Increase in other current and non-current assets	(1,092.71)	(1,243.70)
Increase in provisions	48.10	43.77
(Decrease)/Increase in trade payables	(105.82)	811.97
(Decrease)/Increase in other current and non-current liabilities	(17.06)	457.85
Cash generated from operations	7,014.20	2,126.60
Direct taxes paid/(refund) (net)	1,462.33	(55.67)
Net cash generated from operating activities (A)	5,551.87	2,182.27
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including changes in capital work-in-progress, net of project creditors and retention money payable)	(1,076.57)	(139.69)
Proceeds from sale of property, plant and equipment	1.33	-
Investment in subsidiary	-	(191.59)
Loan repayments received from associate/others	173.60	-
Interest received	310.83	187.89
Derecognition of cash and cash equivalents on sale and loss of control in subsidiary	-	(367.41)
Change in other bank balances	(296.10)	221.18
Net cash used in investing activities (B)	(886.91)	(289.62)
C. Cash flows from financing activities		
Interest paid	(822.63)	(606.71)
Proceeds from borrowings from financial institution	-	1,416.33
Repayment of borrowings to related parties	(37.00)	(23.00)
Proceeds from borrowings from banks	2,210.81	-
Repayment of borrowings to banks	(2,677.73)	(1,598.27)
Payment of lease liabilities (principal)	(511.69)	(310.79)
Payment of lease liabilities (interest)	(679.40)	(211.39)
Net cash used in financing activities (C)	(2,517.64)	(1,333.83)
Net increase in cash and cash equivalents (A+B+C)	2,147.32	558.82
Cash and cash equivalents at the beginning of the period	1,887.34	1,328.52
Cash and cash equivalents at the end of the period	4,034.66	1,887.34
Cash and cash equivalents as per Consolidated Balance Sheet	4,034.66	1,887.34

Notes:

- The consolidated financial results ("the Statement") for the quarter and year ended 31 March 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30 May 2023. Also refer note 12.
- 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.
- The figures for the quarter ended 31 March 2023 and 31 March 2022 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.
- Exceptional items comprise of the following:

(₹ in lakhs)

Particulars	Quarter ended			Year ended	
	31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	(Refer note 3)		(Refer note 3)		
Provision for Contingent liability for Subsidiary (refer note 5)	-	-	-	-	(170.00)
Profit on sale of Subsidiary and remeasurement gain on loss of control of in a subsidiary (refer note 6 & 7)	-	-	-	-	2,675.34
	-	-	-	-	2,505.34

- During the previous year, the Holding Company entered into a Share Purchase Agreement to sell a subsidiary. In accordance with the Share Purchase Agreement, the Holding Company had identified certain amounts that were payable to settle these obligations and accordingly had made a provision of ₹170 lakhs.
- During the previous years, the Group had classified non-current assets of two subsidiaries amounting to ₹6,412.21 lakhs as assets held for sale in accordance with the management's plan to dispose these assets of the subsidiaries. During the previous year, the Holding Company entered into an agreement to dispose off one of its subsidiary and in exchange the Company acquired the balance 50% interest in another subsidiary. Necessary filings with respect to the said sale and purchase was made with the stock exchange. Accordingly, the Holding Company had recognised a gain of ₹359.63 lakhs on the disposal of the interest in the subsidiary given up and further ₹5,250 lakhs representing the increased ownership interest in the subsidiary, without change in control was accounted for as an equity transaction.
- During the previous year, the Holding Company lost control in one of its subsidiaries, due to which the said subsidiary became an associate. The Holding Company had derecognised all assets and liabilities of the subsidiary from the date of loss of control and has followed equity method of accounting thereafter. In accordance with Ind AS - 28, the Holding Company had recorded a remeasurement gain on the loss of control of the subsidiary amounting to ₹2,315.71 lakhs as an exceptional item in the previous year.
- During the current period consequential to COVID-19 pandemic, the Group has requested and received rent waiver from certain landlords and accordingly recognized an amount of ₹13.13 lakhs for the current period ended 31 March 2023 in the accompanying Statement as "Other income", by applying practical expedient given in Para 46A and Para 46B of Ind AS 116 (as amended).
- The Group's performance in the previous periods/year was impacted by the COVID-19 pandemic. However, with the increased vaccination drive by the Government, the easing of restrictions and increase in demand resulted in a recovery in the Group's performance where the Group has been able reach pre COVID-19 levels in terms of occupancy and average room rates. During the current year, the Group has witnessed a strong rebound in its business aided by leisure travel and increase in business travel. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognised in the consolidated financial results as and when these material changes to economic conditions arise.
- In Q3 of the current year, the Holding Company carried out an evaluation and elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the impact of the change amounting to ₹20.61 lakhs (reduction in tax rate) was recognised in Q3 of the current year.
- During the previous year, 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 31 March 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.
- 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 has stayed the effect and operation of the order cum show cause notice issued by SEBI till 30 June 2023.

In the previous year, 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.

- 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: 30 May 2023

For Royal Orchid Hotels Limited

C K Baljee
Managing Director
DIN: 00081844