



**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@royalorchidshotels.com

**Date: November 08, 2023**

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

**To,  
The Manager,  
Listing Compliance,  
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,

**Subject: Outcome of Board Meeting and Submission of Unaudited Standalone and Consolidated Financial Results along with Limited Review Report thereon, for the Second Quarter and Half Year ended September 30, 2023.**

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, in its Meeting held on November 08, 2023, have approved/noted the items as per Agenda, including the Un-audited Financial Results (Standalone & Consolidated) for the second quarter and Half Year ended September 30, 2023.

A copy of Un-audited Financial Results (Standalone & Consolidated) for the second quarter and Half Year ended September 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 01:25 PM and concluded at 01:40 PM.

This is for the information of Exchange and Members thereof.

Thanking you  
Yours sincerely,

For **ROYAL ORCHID HOTELS LIMITED**

**RANABIR SANYAL  
COMPANY SECRETARY & COMPLIANCE OFFICER**

**Encl: As Above**

# Walker Chandiok & Co LLP

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**Walker Chandiok & Co LLP**

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Tech Park, C V Raman Nagar,  
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## **Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date 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 September 2023 and the year to date results for the period 01 April 2023 to 30 September 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 3 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 had filed an appeal before the Securities Appellate Tribunal ('SAT') against the interim order which has been stayed by the SAT, and as directed by the order of the SAT on 17 August 2023, the Company has responded to the show cause notice issued by SEBI and the matter is currently scheduled for hearing with SEBI. 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: 23096537BGVEVW6791

Bengaluru

08 November 2023

# ROYAL ORCHID HOTELS LIMITED

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## STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2023

(₹ in lakhs except per share data)

| Sl. No. | Particulars   | Quarter ended     |                 |                   | Six months ended  |                   | Year ended       |
|---------|---|-------------------|-----------------|-------------------|-------------------|-------------------|------------------|
|         |   | 30 September 2023 | 30 June 2023    | 30 September 2022 | 30 September 2023 | 30 September 2022 | 31 March 2023    |
|         |   | (Unaudited)       | (Unaudited)     | (Unaudited)       | (Unaudited)       | (Unaudited)       | (Audited)        |
| 1       | <b>Income</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Revenue from operations   | 4,450.89          | 4,461.31        | 3,756.10          | 8,912.20          | 7,564.14          | 16,994.62        |
|         | (b) Other income  | 98.63             | 96.65           | 256.15            | 195.28            | 391.83            | 667.02           |
|         | <b>Total Income</b>   | <b>4,549.52</b>   | <b>4,557.96</b> | <b>4,012.25</b>   | <b>9,107.48</b>   | <b>7,955.97</b>   | <b>17,661.64</b> |
| 2       | <b>Expenses</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Food and beverages consumed   | 440.59            | 466.87          | 406.13            | 907.46            | 822.13            | 1,777.18         |
|         | (b) Employee benefits expense   | 925.65            | 875.62          | 688.87            | 1,801.27          | 1,311.55          | 2,855.58         |
|         | (c) Rent expense  | 271.72            | 291.69          | 278.12            | 563.41            | 530.42            | 1,244.78         |
|         | (d) Power and fuel expense  | 424.40            | 440.88          | 344.90            | 865.28            | 705.55            | 1,353.19         |
|         | (e) Other expenses  | 1,085.23          | 1,115.50        | 963.78            | 2,200.73          | 1,802.56          | 4,245.55         |
|         | <b>Expenses before depreciation and amortisation and finance costs</b>            | <b>3,147.59</b>   | <b>3,190.56</b> | <b>2,681.80</b>   | <b>6,338.15</b>   | <b>5,172.21</b>   | <b>11,476.28</b> |
| 3       | <b>Profit before depreciation and amortisation, finance costs and taxes (1-2)</b> | <b>1,401.93</b>   | <b>1,367.40</b> | <b>1,330.45</b>   | <b>2,769.33</b>   | <b>2,783.76</b>   | <b>6,185.36</b>  |
| 4       | Finance costs   | 357.21            | 379.47          | 268.17            | 736.68            | 537.72            | 1,205.80         |
| 5       | Depreciation and amortisation expense   | 381.78            | 371.26          | 259.42            | 753.04            | 520.99            | 1,132.71         |
| 6       | <b>Total expenses (2+4+5)</b>   | <b>3,886.58</b>   | <b>3,941.29</b> | <b>3,209.39</b>   | <b>7,827.87</b>   | <b>6,230.92</b>   | <b>13,814.79</b> |
| 7       | <b>Profit before exceptional items and tax (1-6)</b>                              | <b>662.94</b>     | <b>616.67</b>   | <b>802.86</b>     | <b>1,279.61</b>   | <b>1,725.05</b>   | <b>3,846.85</b>  |
| 8       | Exceptional items   | -                 | -               | -                 | -                 | -                 | -                |
| 9       | <b>Profit before tax (7+8)</b>  | <b>662.94</b>     | <b>616.67</b>   | <b>802.86</b>     | <b>1,279.61</b>   | <b>1,725.05</b>   | <b>3,846.85</b>  |
| 10      | <b>Tax expense</b>  |                   |                 |                   |                   |                   |                  |
|         | (a) Current tax   | 202.31            | 182.90          | 245.00            | 385.21            | 505.00            | 975.24           |
|         | (b) Deferred tax (credit) / charge  | (32.90)           | (32.83)         | (34.23)           | (65.73)           | (60.03)           | 54.01            |
|         | <b>Total tax expense</b>  | <b>169.41</b>     | <b>150.07</b>   | <b>210.77</b>     | <b>319.48</b>     | <b>444.97</b>     | <b>1,029.25</b>  |
| 11      | <b>Net Profit for the period / year (9-10)</b>                                    | <b>493.53</b>     | <b>466.60</b>   | <b>592.09</b>     | <b>960.13</b>     | <b>1,280.08</b>   | <b>2,817.60</b>  |
| 12      | <b>Other Comprehensive Income / (Loss)</b>  |                   |                 |                   |                   |                   |                  |
|         | Items that will not be reclassified to profit or loss                             | -                 | -               | -                 | -                 | -                 | 6.83             |
|         | Income tax relating to items that will not be reclassified to profit or loss      | -                 | -               | -                 | -                 | -                 | (1.90)           |
|         | <b>Total Other Comprehensive Income</b>   | <b>-</b>          | <b>-</b>        | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>4.93</b>      |
| 13      | <b>Total Comprehensive Income for the period / year (11+12)</b>                   | <b>493.53</b>     | <b>466.60</b>   | <b>592.09</b>     | <b>960.13</b>     | <b>1,280.08</b>   | <b>2,822.53</b>  |
| 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          | 2,742.52         |
| 15      | Other equity  | -                 | -               | -                 | -                 | -                 | 18,803.11        |
| 16      | <b>Earnings Per Share of ₹ 10 each: *</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Basic (₹)   | 1.80              | 1.70            | 2.16              | 3.50              | 4.67              | 10.27            |
|         | (b) Diluted (₹)   | 1.80              | 1.70            | 2.16              | 3.50              | 4.67              | 10.27            |

\* not annualised

See accompanying notes to the standalone financial results.

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## STANDALONE BALANCE SHEET AS AT 30 SEPTEMBER 2023

(₹ in lakhs)

| Sl. No.    | Particulars  | As at<br>30 September 2023 | As at<br>31 March 2023 |
|------------|--|----------------------------|------------------------|
|            |  | (Unaudited)                | (Audited)              |
|            | <b>Assets</b>  |                            |                        |
| <b>(1)</b> | <b>Non-current assets</b>  |                            |                        |
|            | (a) Property, plant and equipment  | 2,509.58                   | 2,390.71               |
|            | (b) Capital work-in-progress   | 39.29                      | 66.97                  |
|            | (c) Right-of-use assets  | 9,265.69                   | 6,386.19               |
|            | (d) Intangible assets  | 2.00                       | 1.25                   |
|            | (e) Financial assets   |                            |                        |
|            | (i) Investments  | 15,759.95                  | 15,759.94              |
|            | (ii) Loans   | 1,455.97                   | 1,455.31               |
|            | (iii) Other financial assets   | 4,150.51                   | 3,848.79               |
|            | (f) Deferred tax assets, net   | 605.13                     | 539.39                 |
|            | (g) Non-current tax assets, net  | 536.75                     | 536.75                 |
|            | (h) Other non-current assets   | 432.47                     | 160.23                 |
|            | <b>Total non-current assets</b>  | <b>34,757.34</b>           | <b>31,145.53</b>       |
| <b>(2)</b> | <b>Current assets</b>  |                            |                        |
|            | (a) Inventories  | 165.82                     | 143.94                 |
|            | (b) Financial assets   |                            |                        |
|            | (i) Loans  | 1,328.65                   | 1,305.73               |
|            | (ii) Trade receivables   | 2,253.68                   | 2,186.35               |
|            | (iii) Cash and cash equivalents  | 1,141.44                   | 1,491.19               |
|            | (iv) Bank balances other than (iii) above  | 1,211.86                   | 1,621.17               |
|            | (v) Other financial assets   | 374.46                     | 303.91                 |
|            | (c) Other current assets   | 375.17                     | 191.93                 |
|            | <b>Total current assets</b>  | <b>6,851.08</b>            | <b>7,244.22</b>        |
|            | Assets held-for-sale   | 342.77                     | 342.77                 |
|            |  | <b>7,193.85</b>            | <b>7,586.99</b>        |
|            | <b>Total assets</b>  | <b>41,951.19</b>           | <b>38,732.52</b>       |
| <b>(1)</b> | <b>Equity and Liabilities</b>  |                            |                        |
|            | <b>Equity</b>  |                            |                        |
|            | (a) Equity share capital   | 2,742.52                   | 2,742.52               |
|            | (b) Other equity   | 19,214.77                  | 18,803.11              |
|            | <b>Total equity</b>  | <b>21,957.29</b>           | <b>21,545.63</b>       |
| <b>(2)</b> | <b>Liabilities</b>   |                            |                        |
|            | <b>Non-current liabilities</b>   |                            |                        |
|            | (a) Financial liabilities  |                            |                        |
|            | (i) Borrowings   | 3,718.02                   | 5,006.39               |
|            | (ii) Lease liabilities   | 9,237.79                   | 6,289.68               |
|            | (iii) Other financial liabilities  | 142.50                     | 333.35                 |
|            | (b) Provisions   | 128.28                     | 128.25                 |
|            | (c) Other non-current liabilities  | 19.60                      | 24.32                  |
|            | <b>Total non-current liabilities</b>   | <b>13,246.19</b>           | <b>11,781.99</b>       |
| <b>(3)</b> | <b>Current liabilities</b>   |                            |                        |
|            | (a) Financial liabilities  |                            |                        |
|            | (i) Borrowings   | 1,553.43                   | 510.69                 |
|            | (ii) Lease liabilities   | 868.31                     | 661.33                 |
|            | (iii) Trade payables   |                            |                        |
|            | (A) total outstanding dues of micro enterprises and small enterprises                      | -                          | -                      |
|            | (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 2,401.71                   | 2,915.70               |
|            | (iv) Other financial liabilities   | 1,280.09                   | 613.15                 |
|            | (b) Provisions   | 136.38                     | 136.34                 |
|            | (c) Current tax liabilities, net   | 31.89                      | 64.40                  |
|            | (d) Other current liabilities  | 475.90                     | 503.29                 |
|            | <b>Total current liabilities</b>   | <b>6,747.71</b>            | <b>5,404.90</b>        |
|            | <b>Total equity and liabilities</b>  | <b>41,951.19</b>           | <b>38,732.52</b>       |

See accompanying notes to the standalone financial results.

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## STANDALONE CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

(₹ in lakhs)

| Particulars   | Six months ended  |                   |
|---|-------------------|-------------------|
|   | 30 September 2023 | 30 September 2022 |
|   | (Unaudited)       | (Unaudited)       |
| <b>A. Cash flow from operating activities</b>   |                   |                   |
| <b>Net profit before tax</b>  | <b>1,279.61</b>   | <b>1,725.05</b>   |
| <b>Adjustments for:</b>   |                   |                   |
| Depreciation and amortisation expense   | 753.04            | 520.99            |
| Interest expense  | 281.90            | 294.07            |
| Interest expense on lease liabilities   | 454.78            | 243.65            |
| Provision for doubtful trade receivables, advances and security deposits  | (20.24)           | 4.18              |
| Other receivables written off   | -                 | 1.70              |
| Gain from foreign currency transactions and translations, net   | (10.34)           | (84.43)           |
| Interest income   | (148.37)          | (157.72)          |
| Guarantee commission income   | (7.56)            | (10.87)           |
| <b>Operating profit before working capital changes</b>  | <b>2,582.82</b>   | <b>2,536.62</b>   |
| <b>Changes in working capital:</b>  |                   |                   |
| Increase in inventories   | (21.89)           | (3.00)            |
| Increase in trade receivables and unbilled revenue  | (47.09)           | (935.58)          |
| Increase in other non-current and current assets  | (883.51)          | (472.83)          |
| Increase in provisions  | 0.08              | 9.21              |
| (Decrease) / Increase in trade payables   | (513.99)          | 82.76             |
| Increase in other non-current and current liabilities   | 84.15             | 107.70            |
| <b>Cash generated from operations</b>   | <b>1,200.57</b>   | <b>1,324.88</b>   |
| Direct taxes paid (net)   | (417.71)          | (195.84)          |
| <b>Net cash generated from operating activities (A)</b>   | <b>782.86</b>     | <b>1,129.04</b>   |
| <b>B. Cash flow from investing activities</b>   |                   |                   |
| Purchase of Property, plant and equipment (including changes in capital work-in-progress, net of project creditors and retention money payable) | (244.30)          | (199.29)          |
| Interest received   | 94.71             | 51.50             |
| Loans given to subsidiaries   | (13.24)           | (3.75)            |
| Loan repayments received from others  | -                 | 146.18            |
| Change in other bank balances   | 409.31            | (531.38)          |
| <b>Net cash generated from / (used in) investing activities (B)</b>   | <b>246.48</b>     | <b>(536.74)</b>   |
| <b>C. Cash flow from financing activities</b>   |                   |                   |
| Interest paid   | (479.15)          | (336.55)          |
| Repayment of borrowings to related parties  | -                 | (20.00)           |
| Repayment of borrowings to banks  | (245.64)          | (261.19)          |
| Payment of lease liabilities (principal)  | (199.52)          | (144.90)          |
| Payment of lease liabilities (interest)   | (454.78)          | (132.89)          |
| <b>Net cash used in financing activities (C)</b>  | <b>(1,379.09)</b> | <b>(895.53)</b>   |
| <b>Net changes in cash and cash equivalents (A+B+C)</b>   | <b>(349.75)</b>   | <b>(303.23)</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>   | <b>1,491.19</b>   | <b>843.55</b>     |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>1,141.44</b>   | <b>540.32</b>     |
| <b>Cash and cash equivalents as per Standalone Balance Sheet</b>  | <b>1,141.44</b>   | <b>540.32</b>     |

**Notes:**

- 1 The standalone financial results ("the Statement") for the quarter and six months ended 30 September 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 08 November 2023. The Statutory Auditors of the Company have carried out a limited review of the above financial results and have issued an unmodified report. The standalone financial results for the quarter and six months ended 30 September 2023 can be viewed on the website of the Company, National Stock Exchange of India Limited (NSE) and BSE Ltd (BSE) at [www.royalorchidhotels.com](http://www.royalorchidhotels.com), [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively.
- 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 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 which was further extended till 17 August 2023. On 17 August 2023, the Company had requested an opportunity to be heard and respond to the show cause notice issued by SEBI which was granted by the SAT and the stay granted by SAT on 9 May 2023 continued to stay in effect. Consequently, the Company has responded to show cause notice issued by SEBI and the matter was heard by SEBI on 30 October 2023. The Company has been given time till 15 November 2023 to make its additional submissions before SEBI.

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, had been considered in the consolidated financial results of the Company for the period ended 30 September 2023. Accordingly, no adjustments have been considered necessary in respect of classification of the said investment and provision for penalties, if any, in these standalone financial results.

- 4 Subsequent to the reporting date, the Company, on 4 October 2023 entered into a share purchase agreement with the minority shareholders of one of its subsidiary - Icon Hospitality Private Limited to acquire the remaining shares of the subsidiary. Post the fulfillment of the conditions precedent in the Share Purchase Agreement, the subsidiary has become a wholly owned subsidiary of the Company with effect from 11 October 2023.

Place: Bengaluru  
Date: 08 November 2023

**For Royal Orchid Hotels Limited**

**C K Baljee**  
**Managing Director**  
**DIN: 00081844**

# Walker Chandiook & Co LLP

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**Walker Chandiook & Co LLP**

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## **Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date 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 September 2023 and the consolidated year to date results for the period 01 April 2023 to 30 September 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 4 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 had filed an appeal before the Securities Appellate Tribunal ('SAT') against the interim order which has been stayed by the SAT, and as directed by the order of the SAT on 17 August 2023, the Holding Company has responded to the show cause notice issued by SEBI and the matter is currently scheduled for hearing with SEBI. 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 assets of ₹ 8,222.80 lakhs as at 30 September 2023, total revenues of ₹ 749.74 lakhs and ₹ 1,559.53 lakhs, total net profit after tax of ₹ 35.11 lakhs and ₹ 144.18 lakhs, total comprehensive income of ₹ 35.11 lakhs and ₹ 144.18 lakhs, for the quarter and six month period ended on 30 September 2023, respectively, and cash flows (net) of ₹ (71.61) lakhs for the period ended 30 September 2023, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of ₹ 20.16 lakhs and ₹ 73.18 lakhs and total comprehensive income of ₹ 20.16 lakhs and ₹ 73.18 lakhs, for the quarter and six month period ended on 30 September 2023, respectively, 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: 23096537BGVEVX3831

Bengaluru

08 November 2023

# Walker Chandio & Co LLP

Annexure 1 to the Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results 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,<br>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            |

# ROYAL ORCHID HOTELS LIMITED

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CIN: L55101KA1986PLC007392

## STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2023

(₹ in lakhs except per share data)

| Sl. No. | Particulars   | Quarter ended     |                 |                   | Six months ended  |                   | Year ended       |
|---------|---|-------------------|-----------------|-------------------|-------------------|-------------------|------------------|
|         |   | 30 September 2023 | 30 June 2023    | 30 September 2022 | 30 September 2023 | 30 September 2022 | 31 March 2023    |
|         |   | (Unaudited)       | (Unaudited)     | (Unaudited)       | (Unaudited)       | (Unaudited)       | (Audited)        |
| 1       | <b>Income</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Revenue from operations   | 6,660.36          | 6,888.81        | 5,806.49          | 13,549.17         | 11,851.29         | 26,354.88        |
|         | (b) Other income  | 347.01            | 482.82          | 511.01            | 829.83            | 810.23            | 1,613.88         |
|         | <b>Total Income</b>   | <b>7,007.37</b>   | <b>7,371.63</b> | <b>6,317.50</b>   | <b>14,379.00</b>  | <b>12,661.52</b>  | <b>27,968.76</b> |
| 2       | <b>Expenses</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Food and beverages consumed   | 662.46            | 694.87          | 603.46            | 1,357.33          | 1,234.54          | 2,671.73         |
|         | (b) Employee benefits expense   | 1,786.15          | 1,708.00        | 1,335.21          | 3,494.15          | 2,550.81          | 5,597.41         |
|         | (c) Rent expense  | 286.70            | 303.54          | 288.21            | 590.24            | 550.77            | 1,291.19         |
|         | (d) Power and fuel expense  | 541.40            | 554.67          | 447.35            | 1,096.07          | 919.91            | 1,764.62         |
|         | (e) Other expenses  | 1,837.02          | 1,818.36        | 1,598.97          | 3,655.38          | 2,958.41          | 6,841.27         |
|         | <b>Expenses before depreciation and amortisation and finance costs</b>            | <b>5,113.73</b>   | <b>5,079.44</b> | <b>4,273.20</b>   | <b>10,193.17</b>  | <b>8,214.44</b>   | <b>18,166.22</b> |
| 3       | <b>Profit before depreciation and amortisation, finance costs and taxes (1-2)</b> | <b>1,893.64</b>   | <b>2,292.19</b> | <b>2,044.30</b>   | <b>4,185.83</b>   | <b>4,447.08</b>   | <b>9,802.54</b>  |
| 4       | Finance costs   | 452.33            | 462.15          | 359.97            | 914.48            | 760.99            | 1,605.02         |
| 5       | Depreciation and amortisation expense   | 488.62            | 475.80          | 434.76            | 964.42            | 869.31            | 1,837.18         |
| 6       | <b>Total expenses (2+4+5)</b>   | <b>6,054.68</b>   | <b>6,017.39</b> | <b>5,067.93</b>   | <b>12,072.07</b>  | <b>9,844.74</b>   | <b>21,608.42</b> |
| 7       | <b>Profit before exceptional items and tax (1-6)</b>                              | <b>952.69</b>     | <b>1,354.24</b> | <b>1,249.57</b>   | <b>2,306.93</b>   | <b>2,816.78</b>   | <b>6,360.34</b>  |
| 8       | Exceptional items   | -                 | -               | -                 | -                 | -                 | -                |
| 9       | <b>Profit before tax (7+8)</b>  | <b>952.69</b>     | <b>1,354.24</b> | <b>1,249.57</b>   | <b>2,306.93</b>   | <b>2,816.78</b>   | <b>6,360.34</b>  |
| 10      | <b>Tax expense</b>  |                   |                 |                   |                   |                   |                  |
|         | (a) Current tax charge  | 270.52            | 330.77          | 328.76            | 601.29            | 710.86            | 1,536.09         |
|         | (b) Prior year taxes (credit)   | (3.15)            | -               | -                 | (3.15)            | -                 | -                |
|         | (c) Deferred tax (credit) / charge  | (61.40)           | 3.51            | (6.97)            | (57.89)           | 14.93             | 130.44           |
|         | <b>Total tax expense</b>  | <b>205.97</b>     | <b>334.28</b>   | <b>321.79</b>     | <b>540.25</b>     | <b>725.79</b>     | <b>1,666.53</b>  |
| 11      | <b>Net Profit for the period / year (9-10)</b>                                    | <b>746.72</b>     | <b>1,019.96</b> | <b>927.78</b>     | <b>1,766.68</b>   | <b>2,090.99</b>   | <b>4,693.81</b>  |
| 12      | Share of profit / (loss) of associate   | 20.16             | 53.03           | 10.36             | 73.19             | 0.39              | 228.50           |
| 13      | <b>Net Profit for the period / year and share of profit of associate (11+12)</b>  | <b>766.88</b>     | <b>1,072.99</b> | <b>938.14</b>     | <b>1,839.87</b>   | <b>2,091.38</b>   | <b>4,922.31</b>  |
| 14      | <b>Other Comprehensive Income / (Loss)</b>  |                   |                 |                   |                   |                   |                  |
|         | Items that will be reclassified subsequently to profit or loss                    | (46.03)           | (3.09)          | 39.86             | (49.12)           | 77.02             | 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)           |
|         | Income tax relating to items that will not be reclassified to profit or loss      | -                 | -               | -                 | -                 | -                 | 1.72             |
|         | <b>Total Other Comprehensive Income</b>   | <b>(46.03)</b>    | <b>(3.09)</b>   | <b>39.86</b>      | <b>(49.12)</b>    | <b>77.02</b>      | <b>76.52</b>     |
| 15      | <b>Total Comprehensive Income for the period / year (13+14)</b>                   | <b>720.85</b>     | <b>1,069.90</b> | <b>978.00</b>     | <b>1,790.75</b>   | <b>2,168.40</b>   | <b>4,998.83</b>  |
| 16      | <b>Total Net Profit for the period / year attributable to:</b>                    |                   |                 |                   |                   |                   |                  |
|         | Owners of the Company   | 681.68            | 969.42          | 883.91            | 1,651.10          | 1,987.91          | 4,702.50         |
|         | Non-controlling interest  | 85.20             | 103.57          | 54.23             | 188.77            | 103.47            | 219.81           |
|         |   | <b>766.88</b>     | <b>1,072.99</b> | <b>938.14</b>     | <b>1,839.87</b>   | <b>2,091.38</b>   | <b>4,922.31</b>  |
| 17      | <b>Total Comprehensive Income for the period / year attributable to:</b>          |                   |                 |                   |                   |                   |                  |
|         | Owners of the Company   | 635.65            | 966.33          | 923.77            | 1,601.98          | 2,064.93          | 4,777.19         |
|         | Non-controlling interest  | 85.20             | 103.57          | 54.23             | 188.77            | 103.47            | 221.64           |
|         |   | <b>720.85</b>     | <b>1,069.90</b> | <b>978.00</b>     | <b>1,790.75</b>   | <b>2,168.40</b>   | <b>4,998.83</b>  |
| 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          | 2,742.52         |
| 19      | Other equity (including non-controlling interest)                                 |                   |                 |                   |                   |                   | 16,958.94        |
|         | <b>Earnings Per Share of ₹ 10 each: *</b>   |                   |                 |                   |                   |                   |                  |
|         | (a) Basic (₹)   | 2.49              | 3.53            | 3.22              | 6.02              | 7.25              | 17.15            |
|         | (b) Diluted (₹)   | 2.49              | 3.53            | 3.22              | 6.02              | 7.25              | 17.15            |

\* not annualised

See accompanying notes to the consolidated financial results

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## CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2023

(₹ in lakhs)

|            | Particulars  | As at<br>30 September 2023 | As at<br>31 March 2023 |
|------------|--|----------------------------|------------------------|
|            |  | (Unaudited)                | (Audited)              |
|            | <b>Assets</b>  |                            |                        |
| <b>(1)</b> | <b>Non-current assets</b>  |                            |                        |
|            | (a) Property, plant and equipment  | 11,491.12                  | 11,491.44              |
|            | (b) Capital work-in-progress   | 39.29                      | 75.27                  |
|            | (c) Right-of-use assets  | 10,151.39                  | 7,320.13               |
|            | (d) Goodwill   | 1,763.97                   | 1,763.97               |
|            | (e) Other intangible assets  | 5.88                       | 5.83                   |
|            | (f) Financial Assets   |                            |                        |
|            | (i) Investments  | 2,734.44                   | 2,661.25               |
|            | (ii) Loans   | 696.72                     | 697.40                 |
|            | (iii) Other financial assets   | 3,224.66                   | 3,103.42               |
|            | (g) Deferred tax assets (net)  | 769.02                     | 715.73                 |
|            | (h) Non-current tax assets (net)   | 1,037.15                   | 1,021.45               |
|            | (i) Other non-current assets   | 468.65                     | 216.93                 |
|            | <b>Total non-current assets</b>  | <b>32,382.29</b>           | <b>29,072.82</b>       |
| <b>(2)</b> | <b>Current assets</b>  |                            |                        |
|            | (a) Inventories  | 253.50                     | 225.43                 |
|            | (b) Financial Assets   |                            |                        |
|            | (i) Loans  | 58.40                      | 58.40                  |
|            | (ii) Trade receivables   | 3,162.18                   | 3,203.91               |
|            | (iii) Cash and cash equivalents  | 3,556.29                   | 4,034.66               |
|            | (iv) Bank balances other than (iii) above  | 3,118.10                   | 3,112.85               |
|            | (v) Other financial assets   | 1,247.72                   | 635.93                 |
|            | (c) Current tax assets (net)   | 5.66                       | 5.34                   |
|            | (d) Other current assets   | 670.71                     | 351.46                 |
|            | <b>Total current assets</b>  | <b>12,072.56</b>           | <b>11,627.98</b>       |
|            | Assets held-for-sale   | 1,579.77                   | 1,687.10               |
|            |  | <b>13,652.33</b>           | <b>13,315.08</b>       |
|            | <b>Total assets</b>  | <b>46,034.62</b>           | <b>42,387.90</b>       |
| <b>(1)</b> | <b>Equity and Liabilities</b>  |                            |                        |
|            | <b>Equity</b>  |                            |                        |
|            | (a) Equity share capital   | 2,742.52                   | 2,742.52               |
|            | (b) Other equity   | 15,607.61                  | 14,554.13              |
|            |  | <b>18,350.13</b>           | <b>17,296.65</b>       |
|            | Non-controlling interests  | 2,593.56                   | 2,404.81               |
|            | <b>Total equity</b>  | <b>20,943.69</b>           | <b>19,701.46</b>       |
| <b>(2)</b> | <b>Liabilities</b>   |                            |                        |
|            | <b>Non-current liabilities</b>   |                            |                        |
|            | (a) Financial liabilities  |                            |                        |
|            | (i) Borrowings   | 5,039.19                   | 6,546.51               |
|            | (ii) Lease liabilities   | 10,324.63                  | 7,520.65               |
|            | (iii) Other financial liabilities  | 142.50                     | 333.35                 |
|            | (b) Provisions   | 264.49                     | 252.47                 |
|            | (c) Deferred tax liabilities (net)   | 34.80                      | 39.40                  |
|            | <b>Total non-current liabilities</b>   | <b>15,805.61</b>           | <b>14,692.38</b>       |
| <b>(3)</b> | <b>Current liabilities</b>   |                            |                        |
|            | (a) Financial liabilities  |                            |                        |
|            | (i) Borrowings   | 2,031.19                   | 979.25                 |
|            | (ii) Lease liabilities   | 908.81                     | 720.75                 |
|            | (iii) Trade payables   |                            |                        |
|            | (A) total outstanding dues of micro enterprises and small enterprises                      | -                          | 21.92                  |
|            | (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 3,192.49                   | 3,686.21               |
|            | (iv) Other financial liabilities   | 1,653.19                   | 944.43                 |
|            | (b) Provisions   | 235.78                     | 229.79                 |
|            | (c) Current tax liabilities (net)  | 31.89                      | 66.72                  |
|            | (d) Other current liabilities  | 1,231.97                   | 1,344.99               |
|            | <b>Total current liabilities</b>   | <b>9,285.32</b>            | <b>7,994.06</b>        |
|            | <b>Total equity and liabilities</b>  | <b>46,034.62</b>           | <b>42,387.90</b>       |

See accompanying notes to the consolidated financial results.

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## CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

(₹ in lakhs)

| Particulars   | Six months ended  |                   |
|---|-------------------|-------------------|
|   | 30 September 2023 | 30 September 2022 |
|   | (Unaudited)       | (Unaudited)       |
| <b>A. Cash flow from operating activities</b>   |                   |                   |
| <b>Net profit before tax</b>  | <b>2,306.93</b>   | <b>2,816.78</b>   |
| <b>Adjustments for:</b>   |                   |                   |
| Depreciation and amortisation expense   | 964.42            | 869.31            |
| Provision for doubtful advances / advances written off  | -                 | 1.70              |
| Impairment allowance on trade receivables   | (6.74)            | 5.95              |
| Interest expense  | 402.77            | 450.74            |
| Interest expense on lease liabilities   | 511.71            | 310.25            |
| Gain on lease modification  | (121.30)          | -                 |
| Interest income   | (219.83)          | (167.79)          |
| Liability no longer required written back   | -                 | (0.24)            |
| Interest income on present value accounting of security deposits  | (19.25)           | (19.08)           |
| Gain from foreign currency transactions and translations (net)  | 57.57             | (84.43)           |
| Income on account of rent concessions   | -                 | (22.50)           |
| Guarantee commission income   | (0.64)            | (2.64)            |
| <b>Operating profit before working capital changes</b>  | <b>3,875.64</b>   | <b>4,158.05</b>   |
| <b>Changes in working capital:</b>  |                   |                   |
| Increase in inventories   | (28.06)           | (29.51)           |
| Decrease / (Increase) in trade receivables and unbilled revenue   | 48.48             | (755.64)          |
| Increase in other current and non-current assets  | (1,318.34)        | (1,184.59)        |
| Increase in provisions  | 18.01             | 12.26             |
| (Decrease) / Increase in trade payables   | (356.47)          | 245.48            |
| Decrease in other current and non-current liabilities   | (112.38)          | (49.74)           |
| <b>Cash generated from operations</b>   | <b>2,126.88</b>   | <b>2,396.31</b>   |
| Direct taxes paid (net)   | (648.98)          | (346.22)          |
| <b>Net cash generated from operating activities (A)</b>   | <b>1,477.90</b>   | <b>2,050.09</b>   |
| <b>B. Cash flow from investing activities</b>   |                   |                   |
| Purchase of property, plant and equipment (including changes in capital work-in-progress, net of project creditors and retention money payable) | (347.23)          | (265.40)          |
| Loan repayments received from associate / others  | -                 | 146.92            |
| Interest received   | 159.78            | 102.47            |
| Change in other bank balances   | (5.24)            | (1,107.10)        |
| <b>Net cash used in investing activities (B)</b>  | <b>(192.69)</b>   | <b>(1,123.11)</b> |
| <b>C. Cash flow from financing activities</b>   |                   |                   |
| Interest paid   | (602.49)          | (494.66)          |
| Proceeds from borrowings from financial institutions / banks  | -                 | 241.81            |
| Repayment of borrowings to related parties  | -                 | (20.00)           |
| Repayment of borrowings to financial institutions / banks   | (455.38)          | (352.10)          |
| Payment of lease liabilities (principal)  | (194.00)          | (199.50)          |
| Payment of lease liabilities (interest)   | (511.71)          | (162.87)          |
| <b>Net cash used in financing activities (C)</b>  | <b>(1,763.58)</b> | <b>(987.32)</b>   |
| <b>Net changes in cash and cash equivalents (A+B+C)</b>   | <b>(478.37)</b>   | <b>(60.34)</b>    |
| <b>Cash and cash equivalents at the beginning of the period</b>   | <b>4,034.66</b>   | <b>1,887.34</b>   |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>3,556.29</b>   | <b>1,827.00</b>   |
| <b>Cash and cash equivalents as per Consolidated Balance Sheet</b>  | <b>3,556.29</b>   | <b>1,827.00</b>   |

**Notes:**

- 1 The consolidated financial results ("the Statement") for the quarter and six months ended 30 September 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 08 November 2023. The Statutory Auditors of the Holding Company have carried out a limited review of the above financial results and have issued an unmodified report. The consolidated financial results for the quarter and six months ended 30 September 2023 can be viewed on the website of the Holding Company, National Stock Exchange of India Limited (NSE) and BSE Ltd (BSE) at [www.royalorchidhotels.com](http://www.royalorchidhotels.com), [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively.
- 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 In the previous quarter, the Group had 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 had been recorded under other income.
- 4 The Securities and Exchange Board of India (SEBI) on 31 March 2023 issued an Interim Order cum Show Cause Notice to the Holding 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 Holding 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 Holding 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 which was further extended till 17 August 2023. On 17 August 2023, the Holding Company had requested an opportunity to be heard and respond to the show cause notice issued by SEBI which was granted by the SAT and the stay granted by SAT on 9 May 2023 continued to stay in effect. Consequently, the Holding Company has responded to show cause notice issued by SEBI and the matter was heard by SEBI on 30 October 2023. The Holding Company has been given time till 15 November 2023 to make its additional submissions before SEBI.

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, had been considered in the consolidated financial results of the Holding Company for the period ended 30 September 2023.

- 5 Subsequent to the reporting date, the Holding Company, on 4 October 2023 entered into a share purchase agreement with the minority shareholders of one of its subsidiary - Icon Hospitality Private Limited to acquire the remaining shares of the subsidiary. Post the fulfillment of the conditions precedent in the Share Purchase Agreement, the subsidiary has become a wholly owned subsidiary of the Holding Company with effect from 11 October 2023.

Place: Bengaluru  
Date: 08 November 2023

**For Royal Orchid Hotels Limited**

**C K Baljee**  
**Managing Director**  
**DIN: 00081844**