



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: August 05, 2022

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

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

Dear Sir/Madam,

Sub: Outcome of the Board Meeting and Submission of Unaudited Standalone & Consolidated Financial Results for Quarter ended 30.06.2022

Pursuant to Para A of Part A of Schedule III, read with, Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board, in its Meeting held today, i.e. August 05, 2022, approved the Un-audited Financial Results (Standalone & Consolidated) for the First Quarter (Q1) ended on June 30, 2022.

A copy of Un-audited Financial Results (Standalone & Consolidated) for the quarter ended June 30, 2022, 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.

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

To the Board of Directors of Royal Orchid Hotels Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Royal Orchid Hotels Limited ('the Company') for the quarter ended 30 June 2022, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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 Chandiook & Co LLP

Emphasis of Matter – Impact of Covid-19

5. We draw attention to Note 7 to the accompanying standalone financial results, which describes the effects of uncertainties relating to the effects of COVID-19 pandemic and management's evaluation of its impact on the business operations of the Company and accompanying financial results as at reporting date, the extent of which is significantly dependent on future developments, as they evolve. Our conclusion is not modified in respect of this matter.

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

Aasheesh Arjun Singh
Partner
Membership No. 210122
UDIN: 22210122AOIAJZ7831

Bengaluru
05 August 2022

ROYAL ORCHID HOTELS LIMITED

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CIN: L55101KA1986PLC007392

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

(₹ in lakhs except per share data)

| Sl. No. | Particulars | Quarter ended | | Year ended | |
|---------|--|-----------------------------|--|-----------------------------|----------------------------|
| | | 30 June 2022 (Unaudited) | 31 March 2022 (Audited) (Refer note 3) | 30 June 2021 (Unaudited) | 31 March 2022 (Audited) |
| 1 | Income | | | | |
| | (a) Income from operations | 3,808.04 | 2,317.05 | 935.97 | 7,973.90 |
| | (b) Other income | 135.68 | 339.81 | 172.21 | 851.27 |
| | Total Income | 3,943.72 | 2,656.86 | 1,108.18 | 8,825.17 |
| 2 | Expenses | | | | |
| | (a) Cost of materials consumed | 416.00 | 284.06 | 248.72 | 1,110.31 |
| | (b) Employee benefits expense | 622.68 | 490.95 | 262.24 | 1,622.96 |
| | (c) Rent expense | 252.30 | 181.71 | 87.20 | 670.40 |
| | (d) Power and fuel expense | 360.65 | 238.35 | 155.34 | 900.96 |
| | (e) Other expenses | 838.78 | 610.92 | 335.53 | 2,166.86 |
| | Expenses before depreciation and amortisation and finance costs | 2,490.41 | 1,805.99 | 1,089.03 | 6,471.49 |
| 3 | Earnings before depreciation and amortisation, finance costs and taxes (1-2) (EBITDA) | 1,453.31 | 850.87 | 19.15 | 2,353.68 |
| 4 | Finance costs | 269.55 | 231.96 | 257.85 | 885.76 |
| 5 | Depreciation and amortisation expense | 261.57 | 221.58 | 211.57 | 854.87 |
| 6 | Total expenses (2+4+5) | 3,021.53 | 2,259.53 | 1,558.45 | 8,212.12 |
| 7 | Profit/(Loss) before exceptional items and tax (1-6) | 922.19 | 397.33 | (450.27) | 613.05 |
| 8 | Exceptional items (refer note 4) | - | - | (331.66) | (501.66) |
| 9 | Profit/(loss) before tax (7+8) | 922.19 | 397.33 | (781.93) | 111.39 |
| 10 | Tax expense | | | | |
| | (a) Current tax | 260.00 | - | - | - |
| | (b) Deferred tax (credit)/charge | (25.80) | 119.17 | 15.96 | 184.03 |
| | Total tax expense | 234.20 | 119.17 | 15.96 | 184.03 |
| 11 | Net Profit/(Loss) for the period (9-10) | 687.99 | 278.16 | (797.89) | (72.64) |
| 12 | Other Comprehensive Loss | | | | |
| | Items that will not be reclassified to profit or loss | - | (17.16) | - | (17.16) |
| | Income tax relating to items that will not be reclassified to profit or loss | - | 4.77 | - | 4.77 |
| | Total Other Comprehensive Loss | - | (12.39) | - | (12.39) |
| 13 | Total Comprehensive Income/(loss) for the period (11+12) | 687.99 | 265.77 | (797.89) | (85.03) |
| 14 | Paid-up equity share capital (Face Value ₹ 10/- each) | 2,742.52 | 2,742.52 | 2,742.52 | 2,742.52 |
| 15 | Other equity | | | | 15,980.58 |
| 16 | Earnings/(loss) Per Share of ₹ 10 each: * | | | | |
| | (a) Basic (₹) | 2.51 | 1.01 | (2.91) | (0.26) |
| | (b) Diluted (₹) | 2.51 | 1.01 | (2.91) | (0.26) |

* not annualised

See accompanying notes to the standalone financial results.

Notes:

- 1 The standalone financial results ("the Statement") for the quarter ended 30 June 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 05 August 2022.
- 2 The Company has evaluated its operating segments in accordance with Ind AS 108 and has concluded that it is engaged in a single operating segment viz. hospitality business.
- 3 The figures for the quarter ended 31 March 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 only reviewed and not subjected to audit.
- 4 Exceptional items comprise of the following:

| Particulars | Quarter ended | | | Year ended |
|---|---------------|-----------------------------|---------------|---------------|
| | 30 June 2022 | 31 March 2022 | 30 June 2021 | 31 March 2022 |
| | (Unaudited) | (Audited) (Refer note 3) | (Unaudited) | (Audited) |
| Provision for settlement of liabilities (refer note 6 below) | - | - | - | 170.00 |
| Provision for impairment of investment in subsidiaries (refer note 5 below) | - | - | 331.66 | 331.66 |
| Total | - | - | 331.66 | 501.66 |

- 5 During the quarter ended 30 June 2021, 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.
- 6 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.
- 7 The COVID-19 pandemic has impacted and continues to impact hospitality industry. Whilst there has been a third wave of the COVID-19 pandemic where the Company operates, there has also been increased vaccination drive by the Government and with the unlocking of restrictions, the Company witnessed a recovery in its demand especially in its leisure destinations and business is expected to gradually improve. The Company has also assessed the possible impact of COVID-19 in preparation of the standalone financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. In evaluating the impact of the COVID-19 pandemic on its ability to continue as a going concern and the possible impact on its financial position, management has used the principles of prudence and exercised judgements in estimating occupancy rates and average room rate per hotel while developing cash-flow forecasts. The Company believes that it would be able to recover its assets and meet all its obligations in the normal course of business. Accordingly, the management believes that the Company will continue as a going concern. Management has used internal and external sources of information upto the date of approval of these standalone financial results in determining the recoverability of property, plant and equipment, investments and other financial assets, and trade receivables as at 30 June 2022. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results given the uncertainties associated with its nature and duration. 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 financial results as and when these material changes to economic conditions arise.
- 8 During the previous year, the Company had issued a termination letter in respect of one of its leased hotels and the matter is pending for arbitration. The Company is of the view that it will be able to obtain rent concessions through arbitration and hence no adjustments with respect to lease liabilities and Right-of-use assets have been made as on 30 June 2022.
- 9 Prior period figures have been regrouped/ reclassified, wherever necessary, to conform to the current periods' presentation.

Place: Utorda, Goa
Date: 05 August 2022

For Royal Orchid Hotels Limited

C K Baljee
Managing Director
DIN: 00081844

Walker Chandiook & Co LLP

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

To the Board of Directors of Royal Orchid Hotels Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Royal Orchid Hotels Limited ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate (refer Annexure 1 for the list of subsidiaries and associate included in the Statement) for the quarter ended 30 June 2022, 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), including relevant circulars issued by the SEBI from time to time.
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), 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 7 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

Emphasis of Matter: Impact of Covid-19

5. We draw attention to Note 8 to the accompanying Statement, which describes the effects of uncertainties relating to the effects of COVID-19 pandemic and management's evaluation of its impact on the business operations of the Group and accompanying financial results as at reporting date, the extent of which is significantly dependent on future developments as they evolve. Our conclusion is not modified in respect of this matter.

Emphasis of Matter: Material uncertainty on associate ability to continue as a going concern

6. We draw attention to Note 10 of the accompanying Statement, which describes that in case of Ksheer Sagar Developers Private Limited, there are events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the associate company's ability to continue as a going concern and accordingly, the auditor of such associate company has reported an emphasis of matter paragraph indicating material uncertainty relating to going concern, in their review report on its financial results for the quarter ended 30 June 2022. Our conclusion is not modified in respect of this matter.
7. We did not review the interim financial information of twelve subsidiaries included in the Statement whose financial information reflects total revenues of ₹702.10 lakhs, total net profit after tax of ₹167.97 lakhs, total comprehensive income of ₹167.97 lakhs, for the quarter ended on 30 June 2022, respectively, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of ₹9.97 lakhs and total comprehensive loss of ₹9.97 lakhs, for the quarter ended on 30 June 2022, respectively, as considered in the Statement, in respect of an associate, whose interim financial information have not been reviewed by us. These interim financial statements 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

Aasheesh Arjun Singh
Partner
Membership No. 210122
UDIN: 22210122AOIALX6204

Bengaluru
05 August 2022

Walker Chandiook & Co LLP

Annexure 1

List of entities included in the Statement

Subsidiary Companies:

- 1) Icon Hospitality Private Limited
- 2) Maruti Comforts & Inn Private Limited
- 3) Cosmos Premises Private Limited
- 4) Multi Hotels Limited
- 5) AB Holdings Private Limited
- 6) Royal Orchid Maharashtra Private Limited
- 7) Royal Orchid South Private Limited
- 8) Royal Orchid Shimla Private Limited
- 9) Royal Orchid Jaipur Private Limited
- 10) Royal Orchid Goa Private Limited
- 11) Royal Orchid Mumbai Private Limited
- 12) Royal Orchid Hyderabad Private Limited
- 13) Royal Orchid Associated Hotels Private Limited, Subsidiary of AB Holdings Private limited
- 14) Raj Kamal Buildcon Private Limited
- 15) J.H.Builders Private Limited
- 16) Ksheer Sagar Buildcon Private Limited

Associate Company

- 17) Ksheer Sagar Developers Private Limited

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CIN: L55101KA1986PLC007392

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

(₹ in lakhs except per share data)

| Sl. No. | Particulars | Quarter ended | | Year ended | |
|---------|---|-----------------|-----------------------------|-------------------|------------------|
| | | 30 June 2022 | 31 March 2022 | 30 June 2021 | 31 March 2022 |
| | | (Unaudited) | (Audited) (Refer note 3) | (Unaudited) | (Audited) |
| 1 | Income | | | | |
| | (a) Income from operations | 6,044.80 | 3,953.03 | 1,435.97 | 13,852.39 |
| | (b) Other income | 299.22 | 741.79 | 332.67 | 1,740.74 |
| | Total Income | 6,344.02 | 4,694.82 | 1,768.64 | 15,593.13 |
| 2 | Expenses | | | | |
| | (a) Cost of materials consumed | 631.08 | 458.57 | 297.27 | 1,727.99 |
| | (b) Employee benefits expense | 1,215.60 | 1,017.16 | 574.50 | 3,468.31 |
| | (c) Rent expense | 262.56 | 191.58 | 54.93 | 686.35 |
| | (d) Power and fuel expense | 472.56 | 328.54 | 229.78 | 1,345.76 |
| | (e) Other expenses | 1,359.44 | 1,274.62 | 783.10 | 4,328.83 |
| | Expenses before depreciation and amortisation and finance costs | 3,941.24 | 3,270.47 | 1,939.58 | 11,557.24 |
| 3 | Earnings/(Loss) before depreciation and amortisation, finance costs and taxes (1-2) (EBITDA) | 2,402.78 | 1,424.35 | (170.94) | 4,035.89 |
| 4 | Finance costs | 401.02 | 388.31 | 453.90 | 1,609.71 |
| 5 | Depreciation and amortisation expense | 434.55 | 457.48 | 476.40 | 1,944.33 |
| 6 | Total expenses (2+4+5) | 4,776.81 | 4,116.26 | 2,869.88 | 15,111.28 |
| 7 | Profit/(Loss) before exceptional items and tax (1-6) | 1,567.21 | 578.56 | (1,101.24) | 481.85 |
| 8 | Exceptional items (refer note 4) | - | 2,675.34 | - | 2,505.34 |
| 9 | Profit/(Loss) before tax (7+8) | 1,567.21 | 3,253.90 | (1,101.24) | 2,987.19 |
| 10 | Tax expense | | | | |
| | (a) Current tax charge/(credit) | 382.10 | (16.80) | 1.42 | 82.62 |
| | (b) Prior year taxes (credit) | - | (0.72) | - | (0.72) |
| | (c) Deferred tax charge | 21.90 | 104.33 | 14.48 | 226.83 |
| | Total tax expense | 404.00 | 86.81 | 15.90 | 308.73 |
| 11 | Net Profit/(Loss) for the period (9-10) | 1,163.21 | 3,167.09 | (1,117.14) | 2,678.46 |
| | Share of loss of associate | (9.97) | - | - | - |
| 12 | Net Profit/(Loss) for the period and share of loss of associate | 1,153.24 | 3,167.09 | (1,117.14) | 2,678.46 |
| 13 | Other Comprehensive Income | | | | |
| | Items that will be reclassified subsequently to profit or loss | 37.16 | 33.48 | 10.85 | 44.33 |
| | Income tax relating to items that will be reclassified to profit or loss | - | - | - | - |
| | Items that will not be reclassified to profit or loss | - | (27.74) | - | (27.74) |
| | Income tax relating to items that will not be reclassified to profit or loss | - | 3.51 | - | 3.51 |
| | | 37.16 | 9.25 | 10.85 | 20.10 |
| 14 | Total Comprehensive Income/(loss) for the period (12+13) | 1,190.40 | 3,176.34 | (1,106.29) | 2,698.56 |
| 15 | Total Net Profit/(Loss) for the period attributable to: | | | | |
| | Owners of the Company | 1,104.00 | 3,179.26 | (852.04) | 2,936.47 |
| | Non-controlling interest | 49.24 | (12.17) | (265.10) | (258.01) |
| | | 1,153.24 | 3,167.09 | (1,117.14) | 2,678.46 |
| 16 | Total Comprehensive Income/(Loss) for the period attributable to: | | | | |
| | Owners of the Company | 1,141.16 | 3,194.68 | (841.19) | 2,962.74 |
| | Non-controlling interest | 49.24 | (18.34) | (265.10) | (264.18) |
| | | 1,190.40 | 3,176.34 | (1,106.29) | 2,698.56 |
| 17 | Paid-up equity share capital (Face Value ₹ 10/- each) | 2,742.52 | 2,742.52 | 2,742.52 | 2,742.52 |
| 18 | Other equity (including non-controlling interest) | | | | 11,960.11 |
| | Earnings/(loss) Per Share of ₹ 10 each: * | | | | |
| | (a) Basic (₹) | 4.03 | 11.59 | (3.11) | 10.71 |
| | (b) Diluted (₹) | 4.03 | 11.59 | (3.11) | 10.71 |

* not annualised

See accompanying notes to the consolidated financial results

Notes:

- The consolidated financial results ("the Statement") for the quarter ended 30 June 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 05 August 2022.
- 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 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 only reviewed and not subjected to audit.
- Exceptional items comprise of the following:

(₹ in lakhs)

| Particulars | Quarter ended | | | Year ended |
|--|---------------|-----------------------------|--------------|-----------------|
| | 30 June 2022 | 31 March 2022 | 30 June 2021 | 31 March 2022 |
| | (Unaudited) | (Audited) (Refer note 3) | (Unaudited) | (Audited) |
| 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 | - | 2,675.34 |
| | - | 2,675.34 | - | 2,505.34 |

- During the previous year, the Holding Company had 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 are 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 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 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 has been 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 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.
- The COVID-19 pandemic has impacted and continues to impact hospitality industry. Whilst there has been a third wave of the COVID-19 pandemic where the Group operates, there has also been increased vaccination drive by the Government and with the unlocking of restrictions, the Group witnessed a recovery in its demand especially in its leisure destinations and business is expected to gradually improve. The Group has also assessed the possible impact of COVID-19 in preparation of the consolidated financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. In evaluating the impact of the COVID-19 pandemic on its ability to continue as a going concern and the possible impact on its financial position, management has used the principles of prudence and exercised judgements in estimating occupancy rates and average room rate per hotel while developing cash-flow forecasts. The Group believes that it would be able to recover its assets and meet all its obligations in the normal course of business. Accordingly, the management believes that the Group will continue as a going concern. Management has used internal and external sources of information upto the date of approval of these consolidated financial results in determining the recoverability of property, plant and equipment, investments and other financial assets, and trade receivables as at 30 June 2022. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results given the uncertainties associated with its nature and duration. 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 financial results as and when these material changes to economic conditions arise.
- During the current quarter, consequential to COVID-19 pandemic, the Group has requested and received rent waiver from certain landlords and accordingly recognized an amount of ₹11.25 lakhs for the current period ended 30 June 2022 in the accompanying Statement as "Other income", by applying practical expedient given in Para 46A and Para 46B of Ind AS 116 (as amended).
- Ksheer Sagar Developers Private Limited ("Associate") incurred a loss of ₹19.94 lakhs during the current quarter and has an accumulated deficit of ₹6,099.06 lakhs as at 30 June 2022. The associate company's current liabilities exceed its current assets by ₹3,211.08 lakhs as on 30 June 2022. While these factors would normally indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, the Company is taking steps towards improving operating cash flows through term loan restructuring plan for improving operating cash flows through cost synergies, exploring avenues of enhancing revenues, operational and financial support from its shareholders. The Company is confident of improving and maintaining sustainable operating cash flows and accordingly the financial results of the associate company is prepared and presented on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.
- During the previous year, the Holding Company had issued a termination letter in respect of one of its leased hotels and the matter is pending for arbitration. The Holding Company is of the view that it will be able to obtain rent concessions through arbitration and hence no adjustments with respect to lease liabilities and Right-of-use assets have been made as on 30 June 2022.
- Prior period figures have been regrouped/ reclassified, wherever necessary, to conform to the current periods' presentation.

Place: Utorda, Goa
Date: 05 August 2022

For Royal Orchid Hotels Limited

C K Baljee
Managing Director
DIN: 00081844