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INDUSTRY AT A GLANCE

FINANCE

- Shenzhen invests CNY15bn for Green Tourism development, China
- Hindujas to invest Rs10,000m, India

OPERATIONS

- Tourism spending is rising in Rochester, USA
- Dive tourism threatens Red Sea reefs, UK
- Plan to spruce up Spain's coastal resorts
- Paris tourism on the rise despite economic woes, Italy
- Tourism 14% of Bulgarian GDP
- South Africa Tourism continues to collect more international awards
- Tourism industry to remain robust, Malaysia
- Tourist arrivals dip, Singapore
- First Ibis hotel opens in Gurgaon, India
- Pune to have 25-30 new hotels in next 3 years, India
- Lemon Tree eyeing global suite, India
- MRG Hospitality plans five-star hotels, India

CORPORATE

M&A

- Bill Gates buys Strategic Hotels & Resorts stake, USA
- Dubai-controlled KOP buys US\$250m Stein hotels stake
- M&M arm buys assets of AGS Hotels, India
- IHG signs 3 new hotels in Korea

GOVERNMENT REGULATIONS

- Back taxes worry inbound tourism industry, New Zealand
- Rs46,000m allocated for tourism growth, India
- India eyes bigger share of global MICE tourism market pie
- Global recession hits Goa tourism industry, India
- Uttarakhand govt to offer tax holiday to tourism sector, India

KEY DEVELOPMENTS

FINANCE

Asia Pacific

China: Shenzhen invests CNY15bn for Green Tourism development

Li Xiaogan, director of Shenzhen Municipal Tourism Bureau, said that Shenzhen will invest more than CNY15 billion to develop major tourism projects over next few years. These projects include the second phase of East OCT- the Happy Harbour of OCT, a leisure resort area, an international conference centre, and a yacht club. Shenzhen tourism industry will focus on the high-end and green tourism development sectors. At present, there are seven hotels built to five-star standards under construction or in the pipeline in Shenzhen, and the number of five-star hotels and those built to a five-star level is expected to reach 30 by 2010.

India: Hindujas to invest Rs10,000m

The Hinduja Group of Companies plans to invest over Rs10,000m on various projects in the areas of power generation, airports and medical tourism in Karnataka. The state has expressed its readiness to extend all help and support to the Hindujas, provided the industrial conglomerate is willing to invest in infrastructure projects like power, industrial corridors and tourism. A team of Hinduja Group officials are expected to visit Karnataka soon to hold discussions with state government officials.

OPERATIONS

Americas

USA: Tourism spending is rising in Rochester

Conventions, soccer games, jazz concerts and Sesame Street have played a part in the US\$1.2 billion tourism industry for the Rochester region. A report by the state's tourism division released shows that how much visitors from other areas spent in Monroe, Ontario, Livingston and Wayne counties last year. The amount represents a 7.5% increase in tourism spending from the year before. Most tourist dollars were spent in Monroe County. The president of the VisitRochester tourism office says the local tourism industry has benefited from the slowing national economy.

Europe

UK: Dive tourism threatens Red Sea reefs

Reefs on the northern part of the Red Sea are being threatened by intensive recreational scuba diving from the dive tourism trade. According to the results of a study by Hasler and Ott, which is due to be published shortly in the journal Marine Pollution Bulletin, sites with high levels of recreational diving had significantly lower levels of coral cover than un-dived areas. The study examined the reefs of Dahab, South Sinai, Egypt, which include some of the world's most heavily dived sites with over 30,000 dives per year, and compared them to sites with little or no diving. The findings showed that areas subject to intensive scuba diving showed significantly higher levels of broken and damaged corals, as well as reduced coral cover.

Spain: Plan to spruce up Spain's coastal resorts

Spain's coastal resorts have been popular with tourists for the last four decades, but as many have been transformed into concrete jungles, with aging infrastructures, visitors have started to turn their back on them in favour of other areas. The Balearic Islands and Andalucia, the first areas to experience mass tourism, are now beginning to show their age and are no longer as appealing as they once were. Spain relies on tourism heavily for its national economy as the industry accounts for 11% of Spanish GDP and one in every 10 jobs, yet public financing of projects in the sector amounts to just 1.5%.

Italy: Paris tourism on the rise despite economic woes

Paris tourism officials said they expect visits to the City of Light to hold up this year despite a huge drop in the number of US visitors - many pinched by an expensive euro, fuel-inflated prices for airline tickets and economic woes at home. The number of American tourists in the French capital, traditionally its

largest group of foreign visitors, tumbled 20% in the first six months of the year. The drop in visitors from the United States was offset by an increase in visitors from Britain, which overtook the US as Paris top foreign client in the first half. Paris also is attracting more visitors from the Middle East, India, South America and Eastern Europe.

Tourism 14% of Bulgarian GDP

The tourist industry in Bulgaria provides 14% of the GDP of the country. Tourist sector continues to have an important role in the development of the Bulgarian economy, creating new job positions and providing a constant flow of foreign tourists in the country. Only during the first eight months of last year tourism in Bulgaria has generated US\$1.83 billion turnover, which is an increase of 14.3% compared to the same period last year. Compared to neighboring countries the tourist field in Bulgaria is developing at a steady rate and a steady flow of investment is observed in the accommodation, resting and entertainment locations in the last several years, despite the old road infrastructure and over-construction in some zones.

Africa and Middle East**South Africa Tourism continues to collect more international awards**

South African Tourism India was awarded as the Best International Adventure Tourism Destination of 2008 by Today's Traveller magazine and the best National Tourism Organisation 2008 by Hospitality India magazine. Today's Traveller, the premier business and leisure travel magazine, on the occasion of its 11th anniversary celebrated the Second Annual Today's Traveller Diamond & Platinum Awards to recognise and honour outstanding performers in the travel and tourism sector. Hospitality India magazine, yet another key travel trade magazine celebrating 14 years of its publication, hosted the 4th Hospitality India & Explore the World Annual International Awards 2008.

Malaysia: Tourism industry to remain robust

The local tourism industry, which generates RM10 billion in receipts annually, is expected to remain relatively robust despite being beset by global and regional woes. According to Tourism Malaysia statistics, tourist arrivals to Malaysia rose 3.9% to 12,891,202 in the first seven months of the year against 12,404,377 in the previous corresponding period. The modest increase suggests that the rise in fuel and transport costs over the past several years, particularly the sharp spike in world oil prices, and second quarter growth contraction in Japan and European Union countries have not yet impacted Malaysia's tourism sector, according to RAM Holdings Bhd chief economist Dr Yeah Kim Leng.

Singapore: Tourist arrivals dip

The global economic slowdown, rising inflation and high oil prices have put the brakes on Singapore's tourism industry, causing the Tourism Board to express concern that it could fail to meet this year's target of 10.8m visitors. After 51 months of consecutive growth in tourist arrivals, Singapore saw its second year-on-year decline for July. Though the highest number to date this year, and better than June's 817,000, it was a drop of 3.8% from last July's 953,000 visitors.

India: First Ibis hotel opens in Gurgaon

InterGlobe Hotels, a joint venture between InterGlobe Enterprises and French hotel group Accor to develop a chain of hotels in India under the Ibis brand, has opened its first property in Gurgaon, which is fast emerging as IT and MNC hub on the national capital's outskirts. This is the first of a series of Ibis hotels the joint venture, launched in 2004, is developing in India. InterGlobe Hotels has an active development programme for Ibis hotels in India and it is expected that another six Ibis hotel sites will be added in 2008.

India: Pune to have 25-30 new hotels in next 3 years

In India, hospitality and tourism are the third largest net earners of foreign exchange and is expected to be numero uno by 2010. Hospitality is a US\$3.5 trillion service sector within the global economy. According to a survey by HVS, Federation of Hotel & Restaurant Association of India (FHRAI), 25-30 hotels are expected to be launched in Pune in next three years and these hotels will require 10,000 trained professionals by 2011. The domestic hospitality industry is undergoing rapid transformation, with several hotel groups investing in new properties across India and the globe. Additionally, real estate players are

entering the industry through management contracts with established hotel chains. This expansion in the hospitality business is taking place on account of the massive growth that India is likely to witness in the coming years.

India: Lemon Tree eyeing global suite

Lemon Tree, the upscale mid-market hotel, has invested about Rs5000m in the domestic market and around Rs2000m in New York in the last two months. While most of the domestic expansions are through greenfield projects, the chain has also acquired existing hotel properties to step up its presence across the country. In Gurgaon, the chain is investing close to Rs2500m in a 3.5 acre plot to build a Lemon Tree of 150 rooms, 200-room Red Fox (its budget brand) and a commercial complex to be completed by 2010. In Shimla, it has acquired a 6 acre plot to build a 72-room Lemon Tree at Rs380-420m.

India: MRG Hospitality plans five-star hotels

MRG Hospitality and Infrastructure, the Bangalore-based chain of boutique hotels, is planning to expand its footprint pan-India. The company, which presently operates two boutique hotels in Bangalore and Mangalore under the brand name 'Goldfinch' and 10 restaurants, is looking to set up 10 more business hotels and two five star hotels in Bangalore and Mumbai and a luxury boutique hotel in Goa. For the expansion of its business hotel network, the company is looking at cities like Pune, Chennai, Hyderabad, Nagpur, Indore, Kochi and Coimbatore in two phases. In the first phase, the company may set up a five-star hotel under the brand, Goldfinch, near Nagavara Lake in Bangalore for an investment of Rs400m

India: Global recession hits Goa tourism industry

Global recession has badly hit Goa's tourism industry forcing almost 20% downfall in tourist arrival to the coastal state. The global recession is taking its toll on Goa's tourism industry. There is a massive reduction in scheduled and chartered flights arriving from international and national destinations leading to 20% drop in tourist arrival according to Travel and Tourism Association of Goa's President Ralf D'Souza. Besides, due to fall in demand for air tickets, the number of flights at Goa's Dabolim Airport has plunged down from 42 flights per day to mere 25. Meanwhile, the hotel industry, which seems to be the worst affected is making all efforts to woo tourists slashing food rates and providing cheap accommodations.

CORPORATE**M&A****Americas****USA: Bill Gates buys Strategic Hotels & Resorts stake**

Microsoft founder Bill Gates has acquired more than 5% of Strategic Hotels & Resorts Inc, a hotel real estate investment trust. Cascade Investment LLC, Gates' private investment vehicle, reported holding roughly 3.9m shares of Strategic Hotels. The shares represent a 5.2% stake in the Chicago-based company. Strategic Hotels, which owns a portfolio of luxury hotels in North America and Europe, has suffered along with the rest of the hotel industry this year as consumers and businesses cut back on travel spending.

Africa and Middle East**Dubai-controlled KOP buys US\$250m Stein hotels stake**

Singapore-based KOP Capital, controlled by the emirate-owned Dubai Group, will buy a 50% stake in European hotel chain Stein Group for US\$250m, and spend about the same amount on new hotels in Asia. Stein Group founder David Stein, who remains as chairman and chief executive following the acquisition, said the company will look at buying smaller luxury hotels of up to 85 rooms in big Asian cities such as Singapore, Beijing, Tokyo and Hong Kong. The firm owns 15 small luxury hotels in European cities including in London, Monte Carlo as well as in Tuscany.

Asia Pacific

India: M&M arm buys assets of AGS Hotels

Mahindra Holidays and Resorts, part of the US\$4.5 billion Mahindra & Mahindra Group has expanded its footprints further, with the acquisition of assets of AGS Hotels in Tamil Nadu's most popular tourist destination - Ooty. Mahindra has signed the deal for around Rs300m for the 100 room resort, in the heart of Udthagamandalam (popularly called Ooty), overlooking the race course. AGS Hotels, a subsidiary of erstwhile SSI Ltd, purchased this property from the Dasaprakash Group.

IHG signs 3 new hotels in Korea

InterContinental Hotels Group (IHG) has signed an agreement with Gwangwondo Development Corporation (GDC) to manage two resorts and suites under the InterContinental Hotels & Resorts, Holiday Inn Hotels & Resorts and Holiday Inn Suites brands. This adds another close to 1,000 rooms to IHG's pipeline in Korea and doubles the number of IHG hotels in this market. The development will have three zones – the golf and villa zone, the resort village zone and the winter sports zone. The InterContinental Alpensia Pyeong Chang Resort will have about 236 rooms, the Holiday Inn Alpensia Pyeong Chang Resort about 182 rooms and the four-tower Holiday Inn Alpensia Pyeong Chang Suites around 551 rooms. All the properties are expected to be completed by the second quarter of 2009.

GOVERNMENT REGULATIONS**Asia Pacific****New Zealand: Back taxes worry inbound tourism industry**

Jobs would be lost among inbound tourism operators if Inland Revenue pursues back taxes relating to goods and service taxes (GST) payments. Inbound Tour Operators Council of New Zealand president Brian Henderson said that the IRD had reneged on a formal written agreement signed in 2001, about the GST tax treatment of the fees that operators charged to overseas wholesalers for arranging tours. The industry followed initial advice that the fees should be zero-rated, but the IRD had since changed its mind. IRD spokesman David Balham said that zero-rating was not an industry-wide practice, and many of the larger inbound tour operators paid GST.

India: Rs46,000m allocated for tourism growth

The West Bengal state tourism minister, Manabendra Mukherjee, announced that West Bengal Tourism Development Corporation has allocated Rs46,000m in the current financial year for development of tourism in the state. Re-affirming that there is a huge potential for tourism in the state, Mukherjee said various projects are in the pipeline in this financial year and will be completed on time to attract tourists. The state tourism department is keen on promoting eco-tourism and rural tourism in various parts of the states to mobilise self-help groups residing in that area. While the revenue earned in the last fiscal was Rs220m, the officials of the department are optimistic that they can increase their revenue this year.

India eyes bigger share of global MICE tourism market pie

India is eyeing a bigger share of the global MICE (meetings, incentives, conferences and exhibitions) tourism market pie. With enquiries increasing over 50% last year, India is making aggressive efforts to tap the immense potential of the market. The overall global market for MICE tourism is over US\$280 billion with the share of Asia-Pacific region being US\$60 billion. India's present share in the market is estimated at a mere US\$4.8 billion, less than 2% of the world market. Therefore the potential for growth is immense. India would benefit greatly from MICE tourism as it is estimated that each delegate to a conference approximately spends 2.5 to 4 times more than a regular tourist.

India: Uttarakhand govt to offer tax holiday to tourism sector

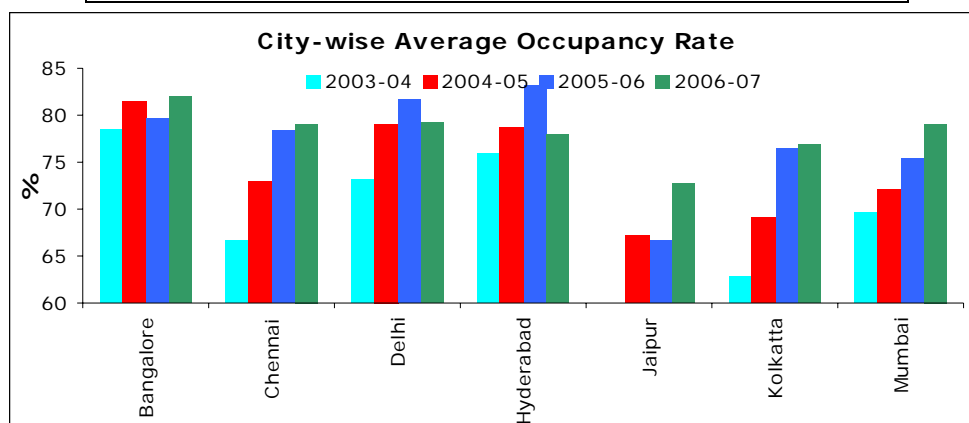
Uttarakhand government has decided to extend tax holiday and other benefits to tourism industry and hotels in the state that is home to attractions like Rishikesh and Haridwar. In the industrial policy announced by the state government up to 2010, tourism has been given the status of industry and as such tax holiday and other benefits will be extended to tourism industry. Tourism budget in the state, created seven years back, has increased to Rs920m from Rs820m in the previous year. The state government encourages private-public partnership to promote tourism in the state where tourists outnumbered population. Uttarakhand has a population of 8.4m while the number of tourists visiting the state in 2007-08 was 22.2m.

INDUSTRY STATISTICS

City-wise Average Occupancy Rate in Indian Hotels

	2003-04	2004-05	2005-06	2006-07
Bangalore	78.50	81.40	79.60	82.00
Chennai	66.60	72.90	78.30	79.00
Delhi	73.10	79.10	81.70	79.30
Hyderabad	75.90	78.70	83.10	78.00
Jaipur	58.80	67.20	66.70	72.80
Kolkatta	62.80	69.00	76.40	76.90
Mumbai	69.70	72.00	75.30	79.00

Source: HVS International, Cygnus Research

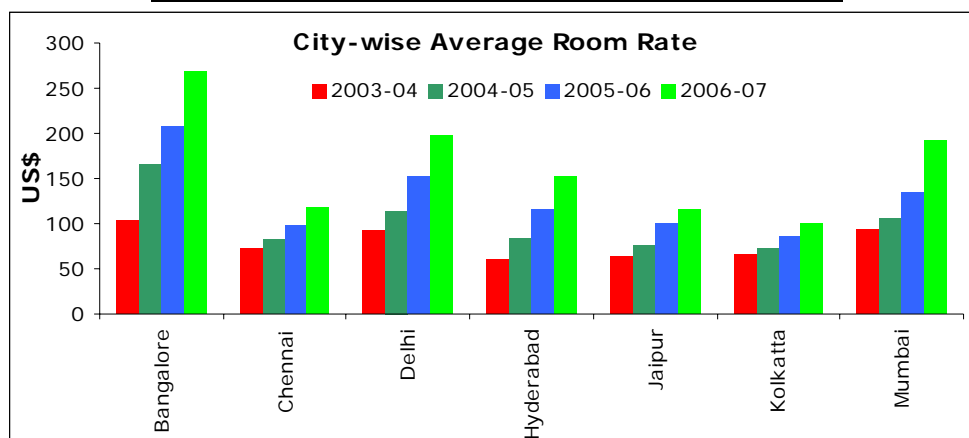


Source: HVS International, Cygnus Research

City-wise Average Room Rate

	2003-04	2004-05	2005-06	2006-07
Bangalore	105	166	208	268
Chennai	72	83	98	118
Delhi	93	114	152	199
Hyderabad	60	84	116	153
Jaipur	65	77	101	116
Kolkatta	66	72	87	100
Mumbai	95	107	135	192

Source: HVS International, Cygnus Research



Source: HVS International, Cygnus Research

SERVICE FOCUS

Ecotourism

Ecotourism, also known as ecological tourism, is a form of tourism that appeals to ecologically and socially conscious individuals. Generally speaking, ecotourism focuses on volunteering, personal growth, and learning new ways to live on the planet. It typically involves travel to destinations where flora, fauna, and cultural heritage are the primary attractions. Responsible ecotourism includes programmes that minimise the negative aspects of conventional tourism on the environment and enhance the cultural integrity of local people. Therefore, in addition to evaluating environmental and cultural factors, an integral part of ecotourism is the promotion of recycling, energy efficiency, water conservation, and creation of economic opportunities for the local communities.



Principles of Ecotourism

- Minimise negative impact on environment
- Build environmental and cultural awareness and respect
- Provide positive experiences for both visitors and hosts
- Provide direct financial benefits for conservation
- Provide financial benefits and empowerment for local people
- Raise sensitivity to host countries' political, environmental, and social climate

Major Players

- Eco India
- Mahindra Holidays and Resorts
- EIH
- Sterling Holiday Resorts
- Beach Holiday Resorts

Criteria

- Conservation of biological diversity and cultural diversity through ecosystem protection
- Promotion of sustainable use of biodiversity by providing jobs to local populations
- Sharing of socio-economic benefits with local communities and indigenous people by having their informed consent and participation in the management of ecotourism enterprises
- Tourism to unspoiled natural resources, with minimal impact on the environment being a primary concern.
- Minimisation of tourism's own environmental impact
- Local culture, flora and fauna being the main attractions

Ecotourism in India

Tourism spending within India in 2001 was US\$22 billion. India, the land of varied geographies, offers several tourist destinations that not just de-stress but also rejuvenate. Places like the Himalayan Region, Kerala, the Northeast India, Andaman & Nicobar Islands and the Lakshadweep Islands are some of the places where one can enjoy the treasured wealth of the Mother Nature. Thenmala in Kerala is the first planned ecotourism destination in India created to cater to the eco-tourists and nature lovers. India's topography boasts an abundant source of flora and fauna. India has numerous rare and endangered species. The declaration of several wildlife areas and national parks has encouraged the growth of the wildlife resources, which had declined due to the wildlife hunt by human beings in the past. Currently, there are about 80 national parks and 441 sanctuaries in India, which works for the protection and conservation of wildlife resource in India.

According to the latest Tourism Satellite Accounting research released by the World Travel and Tourism Council (WTTC) and its strategic partner Accenture, India's travel and tourism industry is expected to generate approximately US\$100 billion in 2008, growing at 7.3% and rising to US\$275.5 billion by 2018. The flow of foreign tourist arrivals has been recording phenomenal growth rates. The number of arrivals has increased from 3.9m in 2005 to 4.4m in 2006 and 4.95m in 2007, recording a growth rate of 13.5% in 2006 (over 2005) and 11.9% in 2007 (over 2006).

Brands in Ecotourism

- **Eco Parks:** These parks offer a thrilling encounter with wildlife in its natural state. Stay in jungle lodges and game drives are conducted on Elephant, Jeep/Canter. There are many parks which are meant for ecotourism in India.
- **Eco Activities:** Various activities undertaken under ecotourism are: fishing, ayurveda, biking, bird watching, camel safari, camping, canoeing, elephant safari, hiking trails, horse safari, jeep safari, Kerala back water, meditations, mountain expeditions, trekking, white water rafting and yoga.
- **Eco Wonders:** The immense and diverse geographical setting of the country nestles numerous of naturally affluent locations that can better be called as eco wonders of India such as beaches, caves, deserts, tribes of India, ghats, glaciers, forests, lakes, mountains, rivers, tea gardens, valleys, villages and waterfalls.
- **Eco Places:** The diverse geographical features of India are enriched with hundreds of tourist destinations. There are many places such as Coorg, Himalayas, Garhwal, Goa, Kerala, Kodaikanal, Ladakh, Manali, Munnar, Rishikesh, Sikkim, Shimla, Thenmala and Uttaranchal.
- **Eco Lodges and Jungle Resorts:** Eco Lodges and Jungle Resorts in India enable one to have a wholesomely satisfying natural view of all the places. Unlike the milieu, one gets at a luxury hotel, Eco Lodges and Jungle Resorts. Eco Lodges and Jungle Resorts give an exotic and natural view of several flora and fauna.
- **Eco Trips:** India, with its affluent cultural, historical and natural diversity and values, enables vacationer from all over to enjoy the eco vacation in its best way.

State	Park
Assam	Kaziranga National Park
Gujarat	Gir Wildlife Sanctuary
Haryana	Sultanpur Bird Sanctuary
Jammu & Kashmir	Dachigam National Park
Kerala	Eravikulam National Park
Karnataka	Bandipur National Park
Madhya Pradesh	Kancha National Park
Maharashtra	Mahim Nature Park
Orissa	Nandankannan Zoo
Rajasthan	Bharatpur Bird sanctuary
Tamil Nadu	Mudumalai Wild Life Sanctuary
Uttar Pradesh	Dudhwa National Park
Uttaranchal	Rajaji National Park
West Bengal	Sundarban National Park

Source: Eco India: Cygnus Research

Global Ecotourism

Global tourism is expected to be worth almost US\$8 trillion (€5.2tr) according to World Travel and Tourism Council. The global tourism is the largest business sector in the world economy. The travel and tourism industry is responsible for over 230m jobs and over 10% of the world's gross domestic product. In over 150 countries, tourism is one of the top five export earners. For many countries, ecotourism is not simply a marginal activity to finance protection of the environment but is a major industry of the national economy. For example, in Costa Rica, Ecuador, Nepal, Kenya, Madagascar, and Antarctica, ecotourism represents a significant portion of the gross domestic product and economic activity.

Outlook

Tourism is the principle foreign exchange earner for 83% of the developing countries and the leading export for one third of the poorest countries according to International Ecotourism Society. It is estimated that more than 5m ecotourists – the majority of the ecotourist population – come from the United States, and others from Western Europe, Canada, and Australia. Currently there are various efforts to create national and international ecotourism accreditation programmes worldwide. National ecotourism certification programmes have been put in place in Costa Rica, Australia, Kenya and Sweden. International tourism in developing countries is increasing by 9.5% a year compared with 4.6% world wide, according to International Ecotourism Society.

COMPANY SCAN

Royal Orchid Hotels Ltd

Royal Orchid Hotels Limited is engaged in the management of hotels/holiday resorts and related services. As of March 31, 2008, the Company operated 12 hotels: Royal Orchid Suites, Bangalore; Royal Orchid Resort Galaxy, Goa; Royal Orchid Brindavan Garden, Mysore; Royal Orchid Metropole, Mysore; Royal Orchid Central, Pune; Royal Orchid Golden Suites, Pune; Peppermint, Hyderabad; Royal Orchid Central, Jaipur; Royal Orchid Resort, Bangalore; Ramada, Bangalore; Royal Orchid Central, Bangalore, and Hotel Royal Orchid, Bangalore. During the fiscal year ended March 31, 2008 (fiscal 2008), the Company acquired a Tanzania-based company, Multi Hotels Limited, which owns 30 acres of beach front property in Dar-e-salaam. In April 2008, the Company acquired a 50% interest in Cosmos Premises Private Limited, the owners of the 69 rooms boutique beach hotel, called Galaxy Resorts, located at Utorda beach in south Goa. The beach resort was re-launched under the name Royal Orchid Galaxy Resorts.

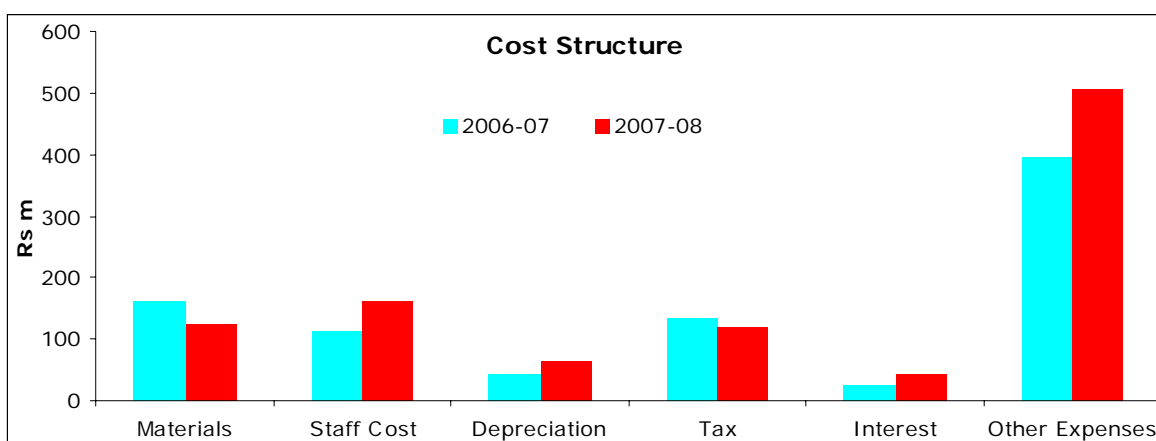


Name	Type
Hotel Royal Orchid	5 Star Business Hotels
Royal Orchid Central	4 Star Business Hotels
Royal Orchid Resort	4 Star Resorts
Royal Orchid Suites	All-Suite Extended Stay Hotels

Business Strategies

- Foreseeing a rapid growth in demand and plan to double the size of their brands.
- By innovating and introducing multiple formats the company has been able to grow fast and prove profitable for self and their partners.
- With multiple hotel brands the company has successfully captured the attention of the most discerning and demanding clientele in terms of luxury, comfort and value for money.
- The company strongly believes in exceeding expectations, with unparalleled levels of professionalism making certain they enjoy a memorable experience, always.

Cost Structure



Source: BSE India; Cygnus Research

The major increase can be seen only in the case of other expenses. The other expenses have shown an increase of 28% from Rs395.69m in 2006-07 to Rs507.08m in 2007-08. The material consumption has decreased by 21.9% from Rs160.66m in 2006-07 to Rs125.46m in 2007-08. The staff cost has also shown an increase of 42.57% from Rs113.89 in 2006-07 to Rs162.38m in 2007-08. The depreciation increased from Rs43.98m in 2006-07 to Rs62.88m in 2007-08, an increase of 42.97%. There is a decrease of 11.9% in the tax paid by the company from Rs133.9m in 2006-07 to Rs119.04m in 2007-08. Interest paid had increased from Rs25.29m to Rs43.71m.

Operational Performance

The net sales of the company have shown an increase of 9.97% to Rs263.66m in the quarter JFM08 compared to Rs239.74m in the quarter JFM07. There is a decline of 21.79% to Rs263.66m in the quarter JFM08 from Rs337.11m in the previous quarter. The net sales for AMJ07 increased by 15.03%, compared to that of JFM07. The sales in the next quarter JAS07 declined by 30.97% compared to the quarter AMJ07. In the quarter OND07 the net sales increased by 77.09% from Rs190.36m in JAS07 to Rs337.11m in the quarter OND07.

Company's Performance at a glance			
Item (Rs m)	2005-06	2006-07	2007-08
Net Sales	834.52	1137.02	1300.25
NPM (%)	27.61	31	26.69
Depreciation	30.22	43.98	62.88
Interest	16.08	25.29	43.71
PAT	230.48	352.56	347.04

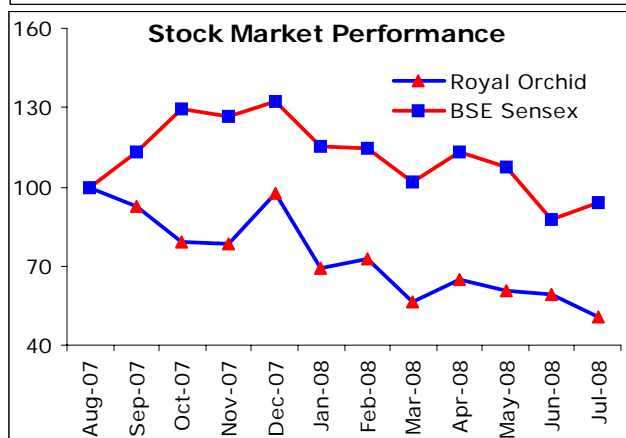
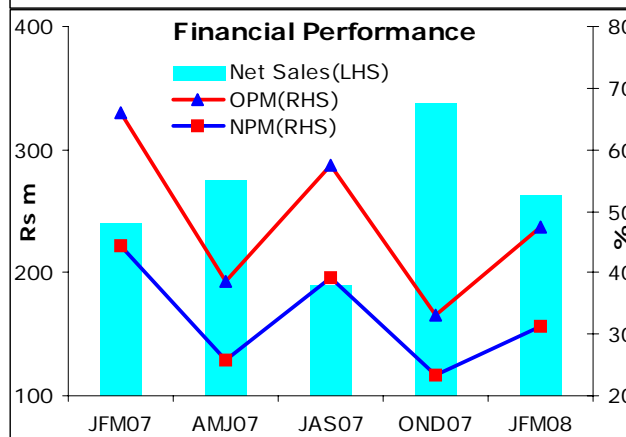
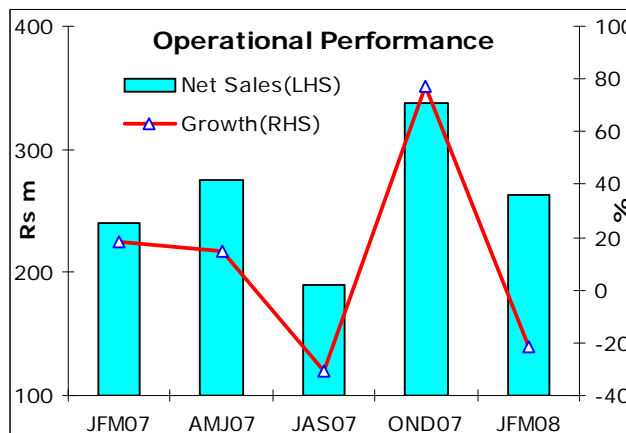
Source: BSE India; Cygnus Research

Financial Performance

The operating profit of the company in the quarter JFM08 was Rs124.65m whereas the operating profit in the same period last year JFM07 was Rs158.26m. There is a decline of 21.23% in the operating profit when the quarter JFM08 is compared to that of JFM07. The net profit of the company in the quarter JFM08 was Rs82.19m whereas the net profit in the same period last year JFM07 was Rs106.19m. There is a decline of 22.6% in the net profit of JFM08 when compared to that of JFM07. The operating profits in AMJ07, JAS07 and OND07 were Rs106.03m, Rs109.11m and Rs111.89m respectively. The net profits of the company in the quarters AMJ07, JAS07 and OND07 were Rs71.41m, Rs74.35m and Rs78.88m respectively.

Stock Market Performance

The share price of the company in January 2008 was Rs112.55 where as in July 2008 it was Rs82.2, a decrease of 26.96%. In 2008, the share prices of the company have declined a lot particularly in the months of May, June and July. In Feb 2008, the share prices of the company were Rs118.6 where as in January 2008 the share prices were Rs112.5, an increase of 5.37%. After February 2008 the share prices of the company started declining. The share price of the company in March 2008 was Rs91.19. In April 2008, the share price of the company has shown an increase of 14.96% at Rs105.65 from Rs91.1 in previous month. The share prices of the company in May, June and July were Rs98.2, Rs95.9 and Rs82.2 respectively.



Source: BSE India; Cygnus Research

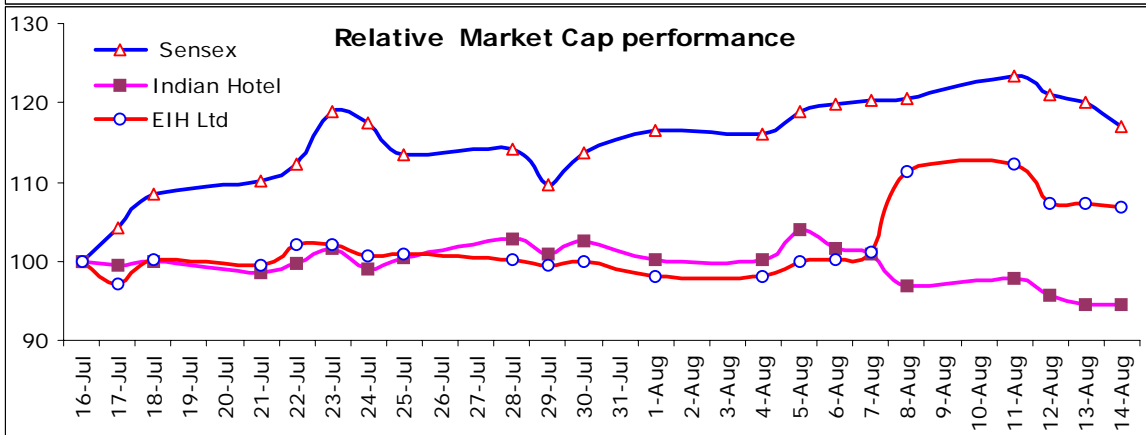
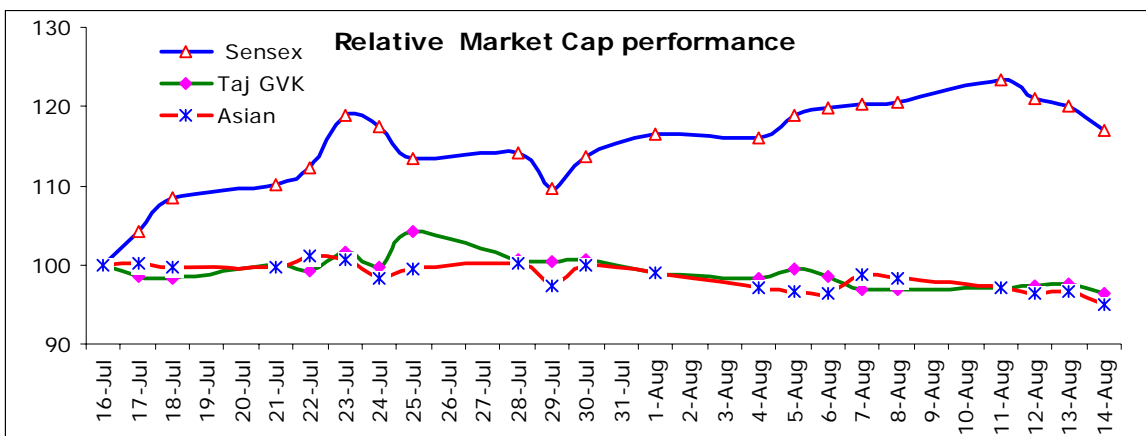
Recent Strategies

The group has a presence in most major tier I & tier II cities with strategic plans to expand into the international markets in the immediate future. They have started international foray in Tanzania this year.

Outlook

The company has designed its brands for three segments: business hotels, resorts and extended stay hotels. This division ensures capturing market in terms of customers who have various purposes to take a hotel or resort. The stock market performance of the company is not doing well. The share prices began to fall particularly in the months of May, June and July, 2008. It is expected that the company's stock market performance will also improve through the expansion plans. The company also made two acquisitions this year: 50% stake in Cosmos Premises Pvt Ltd and 30 acre property in Dar Es Salaam in Tanzania. Royal Orchid Hotels (ROHL) reported a consolidated net of Rs67.6m, a rise of 8.6%, for the first quarter ended June 30, 2008, compared with the corresponding quarter last year. The total income for the quarter shot up by 35% to Rs392.1m as compared with the same period last year. It is expected that the total income for the company will continue to increase in the second and third quarters also.

STOCK SCAN



Source: BSE India; Cygnus Research

	16 Jul – 26 Jul	27 Jul – 2 Aug	3 Aug – 9 Aug	10 Aug – 15 Aug
SENSEX	The Sensex was able to gain around 12.61% or 598.75 points during the period under consideration, as the government's trust vote win eased political uncertainty.	The Sensex registered a gain of 2.67% to reach 14656.69 points for this period under consideration as crude oil prices fell during the period.	Helped by moderating oil prices and hopes of reforms gaining momentum, the Sensex registered a gain of 3.49% to reach 15167.82 points.	The Sensex fell by 2.92% during this period as India's inflation shot up and hit a 16-year high of 12.44%.
Taj GVK	The share prices of the company have shown an increase of 4.15% during this week.	The share prices have shown a decline of 1.55% during this week. Company announced the financial results and showed profit of 0.06% in AMJ08.	The share prices of the company further declined by 1.47% during this week.	The share prices of the company were almost constant during this week. At the end of the week, the share prices declined by 0.72%.

Asian Hotels	The share prices of the company declined by 0.59% during this week.	The share prices further declined by 1.29% in this week. The company announced financial results and showed 15% increase in Q1 net profit.	The share prices of the company increased by 1.06% during this week.	The share prices of the company declined by 2.21% during this week.
Indian Hotels	The share prices of the company were almost constant during this week. At the end of week, there is a decline of 0.41% in share price.	The share prices further declined by 2.52% during this week. The AMJ08 results of the company showed an increase of 11.81% in net profits.	The share prices of the company further declined by 3.48% during this week.	There is a decline of 3.26% in the share prices of the company during this week.
EIH Ltd	The share prices of the company have shown an increase of 0.82% during this week.	The share prices of the company further declined by 2.145% during this week.	The share prices of the company have shown an increase of 13.42% during this week.	The share prices of the company declined by 4.8% during this week.

UPCOMING EVENTS

1.	Event	International Travel Expo (ITCE HCMC 2008)
	Date	Sep 12-14, 2008.
	Venue	Phu Tho Exhibition Centre, Ho Chi Minh City, Ho Chi Minh, Vietnam.
	Highlights	International Travel Expo will assist all the participating provincial tourism administrations and tourism enterprises in introducing various kinds of promotion events. This is the landmark exhibition for the hospitality industry and has been designed to optimise the tourist potential.
	Contact Details	Binet Exhibitions Pte Limited; 545 Orchard Road, #09-05, Singapore. Tel: +(65)-(65)-68285332; Fax: +(65)-(65)-63336638;
2.	Event	Project PIR
	Date	Oct 02-05, 2008.
	Venue	Crocus Expo, Moscow, Moskva, Russia
	Highlights	Project PIR is an international exhibition of the hospitality industry. You can raise your profile in the industry and add value to brands, locate new agents and distributors for products, launch a new product and generate media interest.
	Contact Details	A & C Group; P. O. Box 48, The 3rd Yamskogo Polya, Str, Moscow, Russia Tel: +(7)-(095)-2573806; Fax: +(7)-(095)-2570470;
3.	Event	International Tourism & Travel Show
	Date	Oct 25-27, 2008
	Venue	Place Bonaventure, Montreal, Canada
	Highlights	International Tourism & Travel Show is a dream opportunity to introduce your new products and services to thousands of targeted consumers. This three day event offers will help to generate valuable contacts, make immediate sales, increase visibility and make solid connections that will translate into year round sales.
	Contact Details	D. M. G. World Media Queensway House, 2, Queensway, Redhill, United Kingdom Tel: +(44)-(1737)-768611; Fax: +(44)-(1737)-855474;
4.	Event	India International Travel Exhibition (IITE-Pune)
	Date	Nov 01-03, 2008.
	Venue	TBA, Pune, Maharashtra, India.
	Highlights	India International Travel Exhibition (IITE), an exhibition series on Tourism exchange, is a platform where the upward moving, high earning Mid level city consumers will interact with Tourism Board, Travel Partners and Affiliated service providers, thus promoting the beauty and the benefits of the destination. IITE, an annual, travel and tourism exhibition show will be held for the fast growing net-worth consumers of the mid level Indian cities with respect to their travel and leisure needs.
	Contact Details	Global Trade Fairs & Conventions (GTFC) 348, Amar Jyoti Layout, Bangalore, India Tel: +(91)-(80)-41483066; Fax: +(91)-(80)-41483066;
5.	Event	International Food Drink & Hospitality Exhibition
	Date	Dec 02-04, 2008
	Venue	Pragati Maidan, New Delhi, India.
	Highlights	India's long-term strategy is to fully reflect the changing face of the food & drink industry, through continued improvement and innovation. International Food Drink & Hospitality Exhibition provides exhibitors with an excellent arena to display a wide range of quality products in the food, drink and hospitality sector to potential buyers.
	Contact Details	IITE India Private Limited; I-83, Lajpat Nagar-II, New Delhi, India. Tel: +(91)-(11)-29819411; Fax: +(91)-(11)-29819416

6.	Event	International Luxury Travel Market (ILTM 2008)
	Date	Dec 08-11, 2008
	Venue	Palais des Festivals, Cannes, Provence-Alpes-Cote D'Azur, France
	Highlights	International Luxury Travel Market (ILTM 2008) is the only global trade event dedicated to enabling specialist luxury travel trade buyers from the world's top 52 outbound countries to meet exclusively with worldwide luxury travel suppliers, in a hosted buyer appointment driven forum.
	Contact Details	Reed Travel Exhibitions Gateway House, 28 The Quadrant Richmond, Surrey, United Kingdom Tel: +(44)-(20)-89107910; Fax: +(44)-(20)-8404801;
7.	Event	International Adventure Tourism Show
	Date	Jan 30-Feb 01, 2009
	Venue	Palace Grounds, Bangalore, Karnataka, India.
	Highlights	The International Adventure Tourism Show is the best place to showcase adventure tourism products and services. It will serve as a tremendous business opportunity and will bring awareness to the people on adventure tourism in the region.
	Contact Details	Amazing Global Journeys; No. 52/25, 71st Cross, 17th a Main, 5th Block, Rajajinagar, Bangalore, India. Tel: +(91)-(80)-23142988;
8.	Event	Tourism Development Projects & Investment Market (TDIM)
	Date	Feb 08-10, 2009
	Venue	Dubai International Convention & Exhibition Centre, Dubai, United Arab Emirates
	Highlights	Tourism Development Projects & Investment Market (TDIM) provides the opportunity for asset providers, master developers for Tourism Projects, property developers and investment companies, global destination brands, tourism operators, brokers, urban planners and consultants to network, discuss, gain insight, understanding and build critical relationships to help actualise the potential that exists in the Middle East & North Africa's Tourism Development & Investment market.
	Contact Details	Reed Exhibitions, 383 Main Avenue, Norwalk, USA. Tel: +(1)-(203)-8404800; Fax: +(1)-(203)-8404801
9.	Event	Las Vegas International Hotel & Restaurant Show
	Date	Mar 02-04, 2009
	Venue	Las Vegas Convention Center, Las Vegas, United States Of America
	Highlights	Hotel & Restaurant Show-Las Vegas is the first specialised exhibition in USA targeting professionals of the industry of hospitality and dining out. A total experience for the Food Service and the Hospitality professional. If its used in a hotel or restaurant, Hotel & Restaurant Show-Las Vegas has every industry segment covered.
	Contact Details	Oxford Publishing Inc., 307 W. Jackson Avenue, Oxford, USA. Tel: +(1)-(800)-2473881; Fax: +(1)-(662)-2365541
10.	Event	Hospitality Industry
	Date	Mar 22-25, 2009
	Venue	Crocus Expo, Moscow, Russia
	Highlights	Hospitality Industry becomes the center of business activity for hotel business and hospitality industry which gives potential and current market players of hotels construction and hotel arrangements branch an opportunity to familiarise with a complex of offers on establishment of hotels with a turn-key solution.
	Contact Details	Crocus Expo, 143400, Moscow Area, Krasnogorsk, 65-66 km MKAR, Trade Exhibition Complex, Crocus City, Russia. Tel: +(7)-(95)-7272626