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Sterling Holiday plans to double capacity

Move will help triple revenue, says MD

Sterling Holiday Resorts, a leading hospitality company, is planning to double its capacity in 4-5 years by opening resorts in new locations. This will help the company to triple its revenues, said Ramesh Ramanathan, managing director of the company.

At present, the company has 33 properties in 30 locations and wants to take the number of properties to 50-55 in the next 4-5 years. The total revenue of the company in 2016-17 was ₹265 crore. To support the new expansion plan, the company has entirely transformed its brand identity and unveiled a new brand on Thursday. The company has charted a roadmap to become the leading holiday brand in India.

Sterling, which was having a 'time share' business model, wherein it served only its members, had broadened its customer segment by opening up to regular travellers three years ago, Mr. Ramanathan said.

"Time share is a good business model which will grow at a certain pace. Worldwide also, it has grown at a certain pace. I thought India needs to grow faster. The market needs to grow faster because 65% of the people are below 35. That is why we opened up and made our model more broader so that it addresses a wider customer segment. However, we give preference to our members," he said. Now members and non-member contribute in equal proportion to its revenue.

Sterling has seen a sharp rise in the occupancy rate this year and expects to finish the year with 70% occupancy in all of its resorts as compared to 56% last fiscal.

"Our average room rates will grow by 15-18% this year. In the first quarter for example, our average room rates grew by 36% —from ₹3300 it became ₹4,400," Mr. Ramanathan said.

Business, however, was hit due to last year's demonetisation exercise and rollout of the Goods and Service Tax earlier this year.

"Business was impacted due to demonetisation. One of our component is business people — that has got hit to some extent," he added.