





STERLING HOLIDAY RESORTS (INDIA) LIMITED

CIN: L92490TN1986PLC013044

BOARD OF DIRECTORS

Pradipta K. Mohapatra	Chairman
S. Sidharth Shankar	Vice Chairman
Ramesh Ramanathan	Managing Director
Mahendra Kumar Sharma	Director
Madhavan Karunakaran Menon	Director
Harsha Raghavan	Director
Amit Jatia	Director
Anil Kumar Madhok	Director
Darshanbhai Naranbhai Patel	Director

COMPANY SECRETARY

M. Balasubramaniyan

BANKERS

Kotak Mahindra Bank
HDFC Bank Limited
State Bank of India
Axis Bank Limited
Syndicate Bank

AUDITORS

R. Subramanian and Company
Chartered Accountants
Chennai - 600 004

V. Sankar Aiyar & Co.
Chartered Accountants
Chennai - 600 024

REGISTERED OFFICE

Citi Tower, No. 7, 3rd Cross Street
Kasturba Nagar, Adyar
Chennai - 600 020

REGISTRAR & SHARE TRANSFER AGENT

Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road
Chennai - 600 002



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Chairman's Message



Dear Shareholders,


This chair has been held by great visionaries in the past. I am therefore humbled to have been appointed as your new Chairman since April and having the privilege of communicating with you, in this role, for the first time. I am aware of the glorious tradition; that your company pioneered the concept of Vacation Ownership and Leisure Hospitality in India. It is true that the life of companies often reflects the lives of human beings. It is never a one way street to the top. We always go through ups and downs. I am doubly privileged to be speaking to you at a time where both the near term and long term future of the company look very robust.

These are exciting times for the tourism industry in India. For the first time, in the history of the nation, tourism was featured as one of the central talking points in the national manifesto of a party, which has now formed the Central Government. Since tourism has been identified as a key sector to drive future growth and socio-economic progress, the industry is expecting major impetus to much needed infrastructure development that will help boost inbound and domestic tourism in India.

Favourable policies to accelerate the pace of investments in tourism infrastructure will further the growth of an already vibrant industry which currently contributes 6.2% to the country's GDP. The total contribution of Travel & Tourism to GDP was INR 6,631.6 billion (6.2% of GDP) in 2013, and is forecast to rise by 7.3% in 2014, and by 7.0% per annum thereafter to reach INR 13,983 billion (6.8% of GDP) in 2024. With an increasingly large middle class population beginning to look outward and fulfill aspirations to travel both within and beyond India's borders, the tourism industry is poised to realize the inherent tourism potential in India; a country with an incredibly rich and diverse cultural, geographical and natural canvas.

The promising macro environment today augurs well for your Company. A pioneer in Vacation Ownership and Leisure Hospitality, your Company is a well-recognised national brand with a network of resorts in India's scenic holiday locales. Over the last few years, your Company has been focusing on upgrading the quality of its product and service to contemporary, global standards. The investments made in renovation and refurbishment of resorts, along with investments in Human Capital and Information Technology, have resulted in the delivery of a considerably enhanced holiday experience to all customers.

Your Company's progress is reflected in its improved financial performance. For the financial year ended March 31, 2014, your Company declared Positive EBITDA of INR 627 lakhs on Total Operating Income of INR 13,606 lakhs, as compared to a negative EBITDA of INR 1,358 lakhs in the previous year. Total Operating Income grew by 25%



over the previous year from INR 10,868 lakhs to INR 13,606 lakhs. Notably, net losses have reduced in FY14 to INR 974 lakhs (before exceptional items), as compared to INR 2,243 lakhs in the previous year.

The last few years have seen the resurgence of your Company in the Leisure Holidays and Vacation Ownership industry. The proposed merger with Thomas Cook and the resultant fresh injection of capital into your Company has made the future look even more promising with a significant opportunity to expand into new holiday locales and offerings. The merger will also strengthen your Company's market position as there are multiple natural synergies between the two companies.

The proposed merger with Thomas Cook and the resultant fresh injection of capital into your Company has made the future look even more promising with a significant opportunity to expand into new holiday locales and offerings.

I am reminded of a book, *Mega Trends*, written a few years ago. The author of the book was a great visionary, entrepreneur and social scientist from Hong Kong by the name of Sir Gordon Wu. Sir Gordon said that societies display similar behaviour once they become affluent; never mind from which part of the world they come from. He observes that once a society grows into the status of middle income, people begin to travel and look for leisure holidays. Fortunately for us, India is now blessed with some 3000 lakh middle class people (India was declared by the UN as a middle income country last year) who are packing their bags and are waiting for their next vacation! Therein lies the core future prosperity of your Company.

On behalf of the entire Sterling family, I would like to thank you, our valued shareholder, for your belief in our potential. With your continued support, I have no doubt that Sterling will continue to grow from strength to strength and become a clear leader in the overall Leisure Hospitality and Vacation Ownership market.

Sincerely,



Pradipta K. Mohapatra

NOTICE TO SHAREHOLDERS

The 27th Annual General Meeting of the Members of **Sterling Holiday Resorts (India) Limited** will be held on **Wednesday July 30, 2014** at **02.30 P.M.** at **THE MUSIC ACADEMY, MINI HALL, NEW NO.168 (OLD NO.306), T.T.K.ROAD, ROYAPETTAH, CHENNAI - 600 014**, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited and Consolidated Financial Statements of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of **Mr. Sidharth Shankar (DIN: 00608099)**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s. Price Waterhouse & Co., Chartered Accountants, Bangalore (Firm Registration Number 007567S), be and is hereby appointed as Statutory Auditors of the Company in place of the retiring auditors, R.Subramanian and Company, Chartered Accountants (Firm Registration Number 004137S) and V.Sankar Aiyar & Co., Chartered Accountants, (Firm Registration Number 109208W) from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting of the Company at a remuneration to be determined by the Board in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS

4. Appointment of Mr. Madhavan Karunakaran Menon as a Non-Independent Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. MADHAVAN KARUNAKARAN MENON (DIN : 00008542) who was appointed as an Additional Director (Non-Independent Director) of the company on March 14, 2014 by the Board of Directors holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member of the Company under section 160(1) of Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non-Independent Director) of the Company liable to retire by rotation."

5. Appointment of Mr. Harsha Raghavan as a Non-Independent Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. HARSHA RAGHAVAN (DIN : 01761512) who was appointed as an Additional Director (Non-Independent Director) of the Company on March 14, 2014 by the Board of Directors holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member of the Company under section 160(1) of Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non-Independent Director) of the Company liable to retire by rotation."

6. Appointment of Mr. Mahendra Kumar Sharma as an Independent Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

"RESOLVED THAT Mr. MAHENDRA KUMAR SHARMA (DIN : 00327684) who was appointed as an additional Director (Independent Director) of the company on March 14, 2014 by the Board of Directors holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member of the Company under section 160(1) Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director (Independent Director) of the Company, for a period of 5 (five) years."

- 7 Appointment of Mr. Anil Kumar Madhok as an Independent Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. ANIL KUMAR MADHOK (DIN : 00033956) who was appointed as an additional Director (Independent Director) of the company on April 25, 2014 by the Board of Directors holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member of the Company under section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director (Independent Director) of the Company, for a period of 5 (five) years."

8. Appointment of Mr. Pradipta Kumar Mohapatra as an Independent Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. PRADIPTA KUMAR MOHAPATRA (DIN : 00066239) who was appointed as an additional Director (Independent Director) of the company on April 25, 2014 by the Board of Directors holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member of the Company under section 160(1) of Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director (Independent Director) of the Company, for a period of 5 (five) years."

9. Approval for payment of revised remuneration to Mr. Ramesh Ramanathan, Managing Director of the Company

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Sections 196, 197 and 198 of the Companies Act 2013, read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions, modifications as may be prescribed or imposed by the authorities concerned while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded for payment of revised Remuneration and perquisites to Mr. Ramesh Ramanathan, Managing Director for the period with effective from April 1, 2014 to June 30, 2016 as given below.

SALARY:

A consolidated remuneration of INR 1,75,00,000 (Rupees One Crore Seventy Five lakhs only) per annum inclusive of basic pay, house rent allowance, special allowance, food & beverages and leave travel allowance. [Scale of Pay: INR 7,50,000 (INR 7,00,000 to INR 15,00,000)].

PERQUISITES:

In addition to the salary, the appointee shall also be entitled to the perquisites which would include two Cars with drivers, fuel and maintenance, driver's salary, contribution to provident fund, gratuity, contribution to superannuation fund as per company policy, Earned Leave (EL) encashment as per company policy, telephone facility for residence telephone, mobile and other communication facility, medical /personal accident insurance policy for INR 40,00,000 premium, reimbursement of medical expenses for INR 1,80,000 per annum, club fee and credit card fees (on official expenses) on actuals.

ABSENCE OR INADEQUACY OF PROFITS

In the event of absence or inadequacy of profits in any financial year, the above remuneration by way of salary, allowances, perquisites amenities, facilities and retirement benefits to Mr. Ramesh Ramanathan, Managing Director shall be paid as a minimum remuneration subject to the approval of the Central Government.

GENERAL

i) Remuneration shall be valued in terms of the actual expenditure incurred by the Company in providing benefit to the Employee. However, in cases, where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax

Rules.

ii) Mr. Ramesh Ramanathan would be subject to all other service conditions as applicable to the Managing Director as per the Company Policy.

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any Financial Year during the tenure of the Managing Director, the Company shall pay to the Managing Director the remuneration by way of salary, allowances, perquisites amenities, facilities and retirement benefits as stated above, as minimum remuneration for the period effective from April 1, 2014 to June 30, 2016 subject to the required approvals, if any, from the Central Government.

"RESOLVED FURTHER THAT the Board of Directors of the Company, (herein after referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee or any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) be and are hereby authorised, for the purpose of giving effect to this resolution, to do all such acts, deeds, things and matters as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be deemed necessary, proper, desirable and expedient."

By Order of the Board
For **Sterling Holiday Resorts (India) Limited**

M. BALASUBRAMANIYAN
Company Secretary

Place: **Chennai**

Date: **April 26, 2014**

NOTES :

1. **A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member. (Proxy form is annexed herewith)**
2. **The proxy form duly completed and in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the commencement of the meeting.**
3. **A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percentage of the total share capital of the company carrying voting rights. A member holding more than ten percentage of the total share capital of the company holding voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.**
4. The Company's Registrar and Share Transfer Agent for its Share Registry work (Physical and Demat) are Cameo Corporate Services Limited, having their office premises at 'Subramanian Building', No.1, Club House Road, Chennai - 600 002.
5. **The Register of Members and Share Transfer Books of Equity Shares of the Company will remain closed from Wednesday, the July 23, 2014 to Wednesday, the July 30, 2014 (both days inclusive).**
6. Members can avail of the facility of nomination in respect of shares held by them in physical form. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 (Form attached) duly filled in to the Company's Registrar and Share Transfer Agent: Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Members holding shares in demat form may contact their respective Depository Participants for availing this facility.
7. Members are requested to intimate immediately any change of address to their respective Depository Participants (DPs) in respect of holding in demat form and to the Company's Registrar and Share Transfer Agent Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, in respect of physical share folios.
8. Members who are desirous of seeking any further information or clarification, if any, particularly with regard to the accounts are requested to write to the Company at least seven days in advance of the meeting so that the information can be made available at the meeting.
9. Members are requested to note that the Company's Equity Shares are under Compulsory Demat trading with effect from August 28, 2000 for all investors. Members are therefore requested to demat their shareholdings to avoid inconvenience in future.
10. Appointment / re-appointment of Directors as per Clause 49(IV)(G) of the Listing Agreement entered into by the Company with the Stock Exchanges, the brief resume, functional expertise of the Directors proposed for appointment / re-appointment are furnished in the Corporate Governance section forming part of the Annual Report.
11. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
12. Members are requested to bring their Attendance Slip (annexed) along with their copy of the Annual Report to the Meeting.
13. **As part of "Green Initiative" in Corporate Governance, Ministry of Corporate Affairs (MCA) vide circular No.18/2011 dated 29.04.2011, has permitted paperless compliances by recognising communication through electronic mode to shareholders under the Companies Act, 1956. Accordingly, it has been decided to send**

all future communication from the Company including Notices, Annual Reports, Attendance slip, proxy form etc., to the shareholders in electronic form to their registered email address.

Investors are requested to update their e-mail IDs with Depository Participants (DP) for shares held in demat form or with the Registrar and Share Transfer Agent Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 (RTA) (or) the Company in case the shares are held in physical form.

The members may also note that the Notice of Annual General Meeting and the Annual Report will also be available on the Company's website www.sterlingholidays.com for download.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar and Share Transfer Agent.

15. E-Voting:

In terms of provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the items of Business given in the Notice of Annual General Meeting may be transacted through electronic voting system and the Company is providing e-voting facility to the members who are members as on June 30, 2014 (End of Day) being the "Record Date" fixed for the purpose, to exercise their right to vote at the Annual General Meeting by electronic means through the e-voting platform provided by Central Depository Services Limited (CDSL).

E-voting period starts from Thursday, July 24, 2014 at 9.00 A.M. and ends on Saturday, July 26, 2014 at 5.00 P.M. The e-voting module will be disabled after 5.00 P.M. on Saturday, July 26, 2014 for voting by shareholders.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

THE INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

IN CASE OF MEMBERS RECEIVING AN E-MAIL:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "**Sterling Holiday Resorts (India) Limited**" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification Code as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below.

Now, fill up the following details in the appropriate boxes:



	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB [#]	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details [#]	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. [#] Please enter the DOB or Dividend Bank Details in order to login. Incase both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. Incase the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. **Sequence number has been provided as Serial number in the address label.** Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **"Sterling Holiday Resorts (India) Limited"** on which you choose to vote.
- (xii) On the voting page, you will see Resolution Description and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Institutional Shareholders

Institutional shareholders (i.e., other than Individuals, UF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutiniser to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Thursday, July 24, 2014 at 9.00 A.M. and ends on Saturday, July 26, 2014 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date June 30, 2014 may cast their vote electronically.

The e-voting module shall be disabled by CDSL for voting thereafter.

- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

16. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.

17. The following records shall be available for inspection at the Annual General Meeting of the Company:-

1. Register of proxies received
2. Register of members
3. Register of contracts or arrangements in which the directors and Key Managerial Personnel are interested.
4. Register of Directors and Key Managerial Personnel and their share holding.
5. Auditor's Report

EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

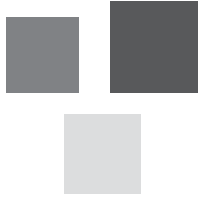
ITEM NO. 4

Mr. Madhavan Karunakaran Menon was appointed as an Additional Director (Non-Independent Director) of the Company by the Board of Directors at the Meeting held on March 14, 2014. He will hold office up to the ensuing Annual General Meeting.

A notice under Section 160(1) of the Companies Act, 2013 along with a cheque for INR 1,00,000 has been received from a member of the Company proposing the name of Mr. Madhavan Karunakaran Menon for appointment as a Director of the Company, liable to retire by rotation. Mr. Madhavan Karunakaran Menon has confirmed that he is not disqualified from being appointed as a Director of the Company under Section 164(2) of the Companies Act, 2013 and has given his consent to act as a Director.

Mr. Madhavan Karunakaran Menon does not hold any equity shares in the Company.

A brief resume of Mr. Madhavan Karunakaran Menon, nature of his expertise in specific functional areas and name of the Companies in which he holds directorship and memberships / chairmanships of Board Committees, shareholding in the Companies as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of the Annual Report.



Except Mr. Madhavan Karunakaran Menon none of the other Directors / Key Managerial Personnel of the Company / their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 4.

A copy of the existing Memorandum and Articles of Association of the Company and the notice under Section 160(1) of the Companies Act, 2013 received from a member are kept open for inspection of the shareholders at the Registered Office of the Company on any working day between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting.

The Board recommends this Ordinary Resolution as set out in Item No. 4 of the Notice.

ITEM NO. 5

Mr. Harsha Raghavan was appointed as an Additional Director (Non-Independent Director) of the Company by the Board of Directors at the Meeting held on March 14, 2014. He will hold office up to the ensuing Annual General Meeting.

A notice under Section 160(1) of the Companies Act, 2013 along with a cheque for INR 1,00,000 has been received from a member of the Company proposing the name of Mr. Harsha Raghavan for appointment as a Director of the Company, liable to retire by rotation. Mr. Harsha Raghavan has confirmed that he is not disqualified from being appointed as a Director of the Company under Section 164(2) of the Companies Act, 2013 and has given his consent to act as Director.

Mr. Harsha Raghavan does not hold any Equity Shares in the Company.

A brief resume of Mr. Harsha Raghavan, nature of his expertise in specific functional areas and name of the Companies in which he holds directorship and memberships / chairmanships of Board Committees, shareholding in the Companies as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of the Annual Report.

Except Mr. Harsha Raghavan none of the other Directors / Key Managerial Personnel of the Company

/ their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 5.

A Copy of the existing Memorandum and Articles of Association of the Company and the notice under Section 160(1) of the Companies Act, 2013 received from a member are kept open for inspection of the shareholders at the Registered Office of the Company on any working day between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting.

The Board recommends this Ordinary Resolution as set out in Item No. 5 of the Notice.

ITEM NO.6

Mr. Mahendra Kumar Sharma was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors at the Meeting held on March 14, 2014. He will hold office up to the ensuing Annual General Meeting.


A notice under Section 160(1) of the Companies Act, 2013 along with a cheque for INR 1,00,000 has been received from a member of the Company proposing the name of Mr. Mahendra Kumar Sharma for appointment as a Director of the Company, not liable to retire by rotation. Mr. Mahendra Kumar Sharma has confirmed that he is not disqualified from being appointed as a Director of the Company under Section 164(2) of the Companies Act, 2013 and his consent to act as a Director.

The Company has received a declaration from Mr. Mahendra Kumar Sharma that he meets with the criteria of Independence as prescribed both under of Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Mahendra Kumar Sharma fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Mahendra Kumar Sharma is independent of the management.

Mr. Mahendra Kumar Sharma does not hold any equity shares in the Company.

A brief resume of Mr. Mahendra Kumar Sharma, nature



of his expertise in specific functional areas and name of the Companies in which he holds directorship and memberships / chairmanships of Board Committees, shareholding in the Companies as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of the Annual Report.

Except Mr. Mahendra Kumar Sharma none of the other Directors / Key Managerial Personnel of the Company / their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 6.

A Copy of the existing Memorandum and Articles of Association of the Company and the notice under Section 160(1) of the Companies Act, 2013 received from a Member are kept open for inspection of the shareholders at the Registered Office of the Company on any working day between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting.

The Board recommends this Ordinary Resolution as set out in Item no. 6 of the Notice.

ITEM NO. 7

Mr. Anil Kumar Madhok was appointed as an Additional Director (Independent Director), of the Company by the Board of Directors on April 25, 2014. He will hold office up to the ensuing Annual General Meeting.

A notice under Section 160(1) of the Companies Act, 2013 along with a cheque for INR 1,00,000 has been received from a Member of the Company proposing the name of Mr. Anil Kumar Madhok for appointment as a Director of the Company, not liable to retire by rotation. Mr. Anil Kumar Madhok as confirmed that he is not disqualified from being appointed as a Director of the Company under Section 164(2) of the Companies Act, 2013 and his consent to act as a Director.

The Company has received a declaration from Mr. Anil Kumar Madhok that he meets with the criteria of Independence as prescribed both under of Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Anil Kumar Madhok

fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Anil Kumar Madhok is independent of the management.

Mr. Anil Kumar Madhok does not hold any Equity Shares in the Company.

A brief resume of Mr. Anil Kumar Madhok, nature of his expertise in specific functional areas and name of the Companies in which he holds directorship and memberships / chairmanships of Board Committees, shareholding in the Companies as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of the Annual Report.

Except Mr. Anil Kumar Madhok none of the other Directors / Key Managerial Personnel of the Company / their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 7.

A Copy of the existing Memorandum and Articles of Association of the Company and the notice under Section 160(1) of the Companies Act, 2013 received from a Member are kept open for inspection of the shareholders at the Registered Office of the Company on any working day between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting.

The Board recommends this Ordinary Resolution as set out in Item No. 7 of the Notice.

ITEM NO. 8

Mr. Pradipta K. Mohapatra was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors on April 25, 2014. He will hold office up to the ensuing Annual General Meeting.

A notice under Section 160(1) of the Companies Act, 2013 along with a cheque for INR 1,00,000 has been received from a member of the Company proposing the name of Mr. Pradipta K. Mohapatra for appointment as a Director of the Company, not liable to retire by rotation. Mr. Pradipta K. Mohapatra has confirmed that he is not disqualified from being appointed as a Director of the Company under Section 164(2) of the Companies Act,

2013 and his consent to act as a Director.

The Company has received a declaration from Mr. Pradipta K. Mohapatra that he meets with the criteria of Independence as prescribed both under of Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Pradipta K. Mohapatra fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Pradipta K. Mohapatra is independent of the management.

Mr. Pradipta K. Mohapatra does not hold any Equity Shares in the Company.

A brief resume of Mr. Pradipta K. Mohapatra, nature of his expertise in specific functional areas and name of the Companies in which he holds directorship and memberships / chairmanships of Board Committees, shareholding in the Companies as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of the Annual Report.

Except Mr. Pradipta K. Mohapatra none of the other Directors / Key Managerial Personnel of the Company /their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 8.

A Copy of the existing Memorandum and Articles of Association of the Company and the notice under Section 160(1) of the Companies Act, 2013 received from a member are kept open for inspection of the shareholders at the Registered Office of the Company on any working day between 10.00 a.m. to 1.00 p.m. till the date of the Annual General Meeting.

The Board recommends this Ordinary Resolution as set out in Item No. 8 of the Notice.

ITEM NO. 9

The Shareholders of the Company at their Extra-ordinary General Meeting held on August 13, 2011 had approved the appointment of Mr. Ramesh Ramanathan as Managing Director for a period of 5 years with effect from July 1,

2011 to June 30, 2016 and payment of Remuneration for a period of 3 years with effect from July 1, 2011 and the Ministry of Corporate Affairs, Government of India, New Delhi had approved the same.

In view of the growth in the business activities and increased volume of work, the Remuneration Committee and subsequently the Board of Directors considered it just, fair and reasonable to revise the remuneration payable to Mr. Ramesh Ramanathan, Managing Director.

The Remuneration Committee and the Board of Directors at their meeting held on March 14, 2014 have approved the payment of revised remuneration to Mr. Ramesh Ramanathan, Managing Director of the Company for a period effective from April 1, 2014 to June 30, 2016.

The terms of remuneration and perquisites payable to Mr. Ramesh Ramanathan are set out under Item No.9 of the Notice.

Pursuant to the provisions of Sections 196, 197 & 198 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Companies Act, 1956, the Special Resolution mentioned under Item No. 9 of the Notice of Annual General Meeting pertaining to payment of revised remuneration to Mr. Ramesh Ramanathan, Managing Director is placed before the members for approval.

The Board recommends this Special Resolution as set out in Item No. 9 for approval of the Members.

Except Mr. Ramesh Ramanathan and his spouse to the extent of their Shareholding in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution set out in Item no. 9.

In this regard as required under Clause B of Section II of Part II of Schedule V of the Companies Act, 2013, the following additional information is furnished.

I. GENERAL INFORMATION

1. Nature of Industry

The Company is engaged in the main business of Hospitality, Vacation Ownership Sales

and Resorts and Hotel Sales.

2. Date or expected date of commencement of commercial production

The Company was incorporated on May 22, 1986.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

4. Financial performance based on given indicators (INR in lakhs)

Financial Parameters	2011-12	2012-13	2013-14
Turnover (Including Other Income)	7009.39	10868.26	13606.39
Net Profit/(Loss) as per Statement of Profit and Loss	(4044.08)	(2088.71)	(1635.93)
Rate of Dividend	Nil	Nil	Nil

5. Foreign Investments of Collaborators, if any:
NIL

II. INFORMATION ABOUT THE APPOINTEE

1. Background Details

Mr. Ramesh Ramanathan (aged 59 years) is an Economics graduate and a rank holder from Madras University, with a Management Degree from the Indian Institute of Management, Kolkata. He has over 36 years of work experience over a range of industries, starting with the intensely competitive Paint Industry. A successful stint of over 10 years in that industry was followed by other consumer durable industries, hospitality, internet, tyres and organised retail.

Mr. Ramesh Ramanathan has been one of the pioneers in the Holiday Industry in India and was successful in establishing the concept.

Prior to joining this Company he was the Managing Director of Mahindra Holidays & Resorts India Limited, a Company setup and successfully

managed for a period of 11½ years. He was a Group Executive Board Member of the Mahindra Group.

Mr. Ramesh Ramanathan is the founder member of the All India Resort Developers Association (AIRDA).

2. Past Remuneration

Consolidated remuneration of INR 75 lakhs with Perquisites as approved by Shareholders at their Extra-Ordinary General Meeting held on August 13, 2011 and subsequently approved by Ministry of Corporate Affairs, Government of India.

3. Recognition and Awards

Given in the Background Details.

4. Job Profile and his suitability

Mr. Ramesh Ramanathan, Managing Director, is responsible for the day-to-day management of the affairs of the Company subject to the superintendence, control and direction of the Board of Directors.

5. Remuneration proposed

A consolidated remuneration of INR 1,75,00,000 (Rupees One Crore Seventy Five lakhs only) per annum plus perquisites.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t., the country of his origin)

Taking into consideration the size of the Company, the responsibilities to be shouldered by him and the track record and profile of Mr. Ramesh Ramanathan, the proposed revised remuneration is commensurate with the remuneration packages paid to the equal level of senior managerial personnel in other Corporates.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

Mr. Ramesh Ramanathan, has no pecuniary relationship, directly or indirectly with the Company

(except to the extent of the remuneration payable to him by the Company and his holding in the Equity Share capital of the Company).

III OTHER INFORMATION

1. Reasons for loss or inadequate profits

Increase in fixed overhead, recent inflation which affected the Tourism and Hotel Industry, Lower occupancy in the Resorts of the Company, resulting in lower turnover which affected the overall profitability of the Company.

2. Steps taken or proposed to be taken for improvement

The Company has already settled the loans and

other liabilities. Also the Company has started the process of refurbishing and developing the resorts and completing the pending projects. The Company has recruited a strong team of experts and professionals to lead the Company in the right direction.

3. Expected increase in productivity and profits in measurable terms

In view of the all-out efforts taken by the Company to refurbish the resorts, to complete the pending projects and steps to stimulate and to increase the marketing and sales activities, it is expected that the performance of the Company will improve in the near future.

IV DISCLOSURES

1.	The shareholders of the Company have been informed in respect of the remuneration package of Mr. Ramesh Ramanathan, Managing Director in the Notice of the Annual General Meeting to be held on July 30, 2014.	
2.	The disclosure to be specified in the Board of Directors' Report under the heading Corporate Governance has been duly disclosed.	
	i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors;	As specified in the Corporate Governance Report under the Board's Report.
	ii) Details of fixed component and performance linked incentives along with the performance criteria;	N.A
	iii) Service contracts, notice period, severance fees;	N.A
	iv). Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	During the year ended March 31, 2014, following shares were issued to Mr. Ramesh Ramanathan, Managing Director under Employees Stock Purchase Scheme 2011. 1) 487171 Equity shares of INR 10 each at INR 47.38 per share with a discount of INR 28.72 per share. 2) 20651 Equity shares of INR 10 each at INR 45.55 per share with a discount of INR 14.40 per share.

By Order of the Board
For **Sterling Holiday Resorts (India) Limited**

Place: **Chennai**

Date: **April 26, 2014**

M. BALASUBRAMANIYAN
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty-seventh Report together with audited financial statements of your Company for the year ended March 31, 2014.

FINANCIAL HIGHLIGHTS

(INR in lakhs)		
	2013-14	2012-13
Sales	11931	9897
Profit before Interest Depreciation & Tax	(177.83)	(1333.90)
Less: Interest	581.10	122.29
Profit / (Loss) before Depreciation & Tax	(758.93)	(1456.19)
Less: Depreciation	877.00	632.51
Profit / (Loss) before Tax	(1635.93)	(2088.71)
Less Provision for Tax	---	---
Profit / (Loss) for the year	(1635.93)	(2088.71)

OPERATIONS AND FINANCIAL OVERVIEW

For the financial year ended March 31, 2014, your Company declared Positive EBIDTA of INR 627 lakhs on Total Operating Income of INR 13,606 lakhs, as compared to a negative EBITDA of INR 1,358 lakhs in the previous year. Total Operating Income grew by 25% over the previous year from INR 10,868 lakhs to INR 13,606 lakhs. Income from Sales of Vacation Ownership Plans rose to INR 5,993 lakhs, an increase of 13%, while Total Income from Resort Operations rose to INR 4,673 lakhs, up by 27%. The Total Income from Resort Operations includes Income from non-members booking holidays and MICE. Notably, your Company's performance has improved with net losses reducing in FY14 to INR 974 lakhs (before exceptional items), as compared to INR 2,243 lakhs in the previous year.

It is also notable that your Company reported Total Operating Income of INR 3,883 lakhs in the last quarter of FY14, an increase of 35% over the same period of the previous fiscal. Income from Sales of Vacation Ownership Plans grew by 72%, indicating an accelerated momentum in the Company's growth. Your Company

declared a Profit after Tax (before exceptional items) of INR 131 lakhs for the quarter.

The significant improvement in your Company's performance in the year is an indicator of the strong resurgence of Brand Sterling, a result of the strategic turnaround initiatives over the last couple of years. The substantial investments your Company made in enhancing the overall customer holiday experience through refurbishment of its resorts and an expanded menu of recreational and culinary experiences have resulted in a healthy rise in the number of Vacation Ownership members and non-members holidaying at the Company's resorts, leading to an increase in resort occupancy to 49% from 41% in the previous year.

Over the course of the year, your Company added a new resort in Yelagiri, taking the total room inventory to 1512 across 19 resorts. With the inventory on hand, and an active member base of over 70,000 Vacation Ownership members, your Company continues to have a healthy customer to room ratio. In FY14, your Company added 3,650 new Vacation Ownership members as compared to 3,409 in the previous year, reflecting a 7% growth. Your Company's member acquisition program during the year was challenged by dampened consumer sentiment caused by an uncertain economic environment and high interest rates negatively affecting discretionary spending power. In the light of this, your Company's performance can be said to be commendable especially since Vacation Ownership Membership prices increased by 7.5% during the year; a move that was taken to communicate the significantly enhanced holiday experience being delivered post investing in an expanded destination network, resort renovation and higher service standards.

During the year, your Company continued to invest in upgrading its existing resorts to global, best-in-class standards. Major refurbishment in your Company's Yercaud property was commenced during the year while renovation of accommodation was undertaken in

other resorts across the network. To improve efficiency, your Company began work on Information Technology platforms in the areas of Enterprise Resource Planning, Property Management and Lead Management systems in FY14. In the area of soft skills, your Company continued to invest in Human Resources and Training.

Your Company's performance has been improving consistently over the last couple of years, indicating that it is well on track to achieving the stated goal of becoming the market leader in the Leisure Hospitality and Vacation Ownership industry in India. Already, all the strategic turnaround initiatives taken during the last couple of years have begun to yield positive results with your Company turning EBITDA positive for FY14.

The proposed merger with Thomas Cook and the resultant fresh injection of capital will further strengthen your Company's market position. The investments made will allow your Company to accelerate the pace of expansion into new holiday destinations. The merger will also benefit your Company as there are multiple natural synergies.

CAPITAL EXPENDITURE

In FY14, your Company added INR 2462 lakhs to its gross block, comprising investment in new resorts, renovation of existing resorts and Information Technology. The Capital work in progress as on March 31, 2014 stood at INR 5297 lakhs; an amount representing project expenditure on resorts under renovation.

MATERIAL CHANGES

(1) Merger and De-merger with Thomas Cook Group:

Your Company entered into a composite scheme of arrangement and amalgamation with Thomas Cook Insurance Services (India) Limited ("TCISIL"), having its registered office at Thomas Cook Building, Dr. D. N. Road Fort, Mumbai, Maharashtra - 400001, India and Thomas Cook (India) Limited ("TCIL"), having its registered office at Thomas Cook Building, Dr. D. N. Road Fort, Mumbai, Maharashtra - 400001, India pursuant to which the following shall be undertaken:

- (i) the resort and timeshare business carried out by your Company shall be transferred by way of de-merger from your Company to TCISIL, in lieu whereof such number of Equity Shares of TCIL as set out in the Scheme will be issued to the shareholders of your Company; and
- (ii) the entire residual business remaining in your Company following the said de-merger shall be amalgamated into TCIL in lieu whereof such number of Equity Shares of TCIL as set out in the Scheme will be issued to the shareholders of your Company.

(2) Open Offer:

Thomas Cook Insurance Services (India) Limited ("Acquirer") with Thomas Cook (India) Limited and Travel Corporation (India) Limited ("Persons Acting in Concert / PAC") have made an Open Offer for Acquisition of up to 23486264 fully paid Equity Shares of the face value of INR 10 each of Sterling Holiday Resorts (India) Limited representing 26% of the Voting Capital, at a price of INR 98 per Equity Share from all the Equity Shareholders of your Company.

SHARE CAPITAL

During the year under review, your Company has raised its Equity Share capital through the following issues as described hereunder:

- INR 230.82 lakhs through issue of 487171 Equity Shares of INR 10 each at a premium of INR 37.38 Under ESPS 2011.
- INR 9.4 lakhs through issue of 20651 Equity Shares of INR 10 each at a premium of INR 35.55 Under ESPS 2011.
- INR 18,686.18 lakhs through issue of 20650000 Equity Shares of INR 10 each at a premium of INR 80.49 under preferential allotment.

Further during the current year, your Company has raised INR 697.86 lakhs through issue of 1023258 Equity Shares of INR 10 each at a premium of INR 58.20 under ESPS 2011.

PROCEEDS OF ISSUES

The details of utilisation of proceeds arising out of various issues made during the year ended March 31, 2014 are set out in Annexure A.

CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance Code as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. A separate Section on Corporate Governance, along with a certificate from the Statutory Auditors of the Company confirming the compliance is annexed.

Salary and perquisite paid to Mr. Ramesh Ramanathan during the year FY14 is given below:

Particulars	Amount in INR
Salary	64,15,200
Provident Fund – Employers Contribution	5,04,000
Medical Reimbursement	2,31,620
Insurance	41,250
Gratuity Liability	2,02,020
TOTAL	73,94,090

During the year ended March 31, 2014, following shares were issued to Mr. Ramesh Ramanathan, Managing Director under the Employees Stock Purchase Scheme 2011:

- 1) 487171 Equity Shares of INR 10 each at INR 47.38 per share with a discount of INR 28.72 per share.
- 2) 20651 Equity Shares of INR 10 each at INR 45.55 per share with a discount of INR 14.40 per share.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company's operational and financial performance and initiatives taken by your Company in key functional areas is separately discussed under the Management Discussion and Analysis section, as per Clause 49 of the Listing Agreement of the Stock Exchanges.

STOCK OPTIONS

EMPLOYEE STOCK OPTION SCHEME / EMPLOYEE STOCK PURCHASE SCHEME

Under the Employees Stock Purchase Scheme 2010, 657019 Equity Shares were allotted. The balance 1442981 Shares are yet to be allotted.

Under the Employees Stock Purchase Scheme 2011, 1931569 Equity Shares were allotted. The balance 1568431 Equity Shares are yet to be allotted.

Under the Employees Stock Option Scheme 2012, 750000 Options were granted. Balance of 250000 Options are available for future grants.

The details of Equity Shares issued under ESPS 2010 and ESPS 2011 and Stock Options granted under ESOS 2012 are given in Annexure B in accordance with SEBI (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999.

DIRECTORS

Mr. Sidharth Shankar, Vice Chairman shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Madhavan Karunakaran Menon, Mr. Harsha Raghavan, Mr. Mahendra Kumar Sharma were appointed as Additional Directors on the board of your Company with effect from March 14, 2014. Your Company has received notices under section 160(1) of the Companies Act, 2013 from the members signifying their intention to propose Mr. Madhavan Karunakaran Menon, Mr. Harsha Raghavan, Mr. Mahendra Kumar Sharma as candidates for the office of Directors.

Mr. Pradipta K. Mohapatra and Mr. Anil Kumar Madhok were appointed as Additional Directors on the board of your Company with effect from April 25, 2014. Your Company has received notices under section 160(1) of the Companies Act, 2013 from the members signifying their intention to propose Mr. Pradipta K. Mohapatra and Mr. Anil Kumar Madhok as candidates for the office of Director.

As stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, brief resume of the above Directors is provided in the report on Corporate Governance, which forms part of this Annual Report.

Mr. Siddharth Mehta, Chairman, Mr. K. Chandrasekaran, Mr. M. N. Rangamani, Mr. Utpal Sheth, Directors resigned from the Board of your Company with effect from March 14, 2014 and Mr. Shahzaad Siraj Dalal, Director resigned on April 25, 2014. The Board of Directors recorded their sincere appreciation for their valuable services rendered to your Company.

Mr. Amit Jatia, Director shall retire by rotation at the ensuing Annual general meeting and has expressed that he is not seeking re-appointment. Mr. Darshanbhai Naranbhai Patel, Director was appointed as Additional director on the board of your Company with effect from October 26, 2013 who ceases to hold the office of Director at the ensuing Annual General Meeting. The Board of Directors recorded their sincere appreciation for their valuable services rendered by them to your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

1. In the preparation of the Profit and Loss Account for the financial year ended March 31, 2014, and the Balance Sheet as at that date ("Annual Accounts"), the applicable accounting standards have been followed.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the Profit and Loss of your Company for that year.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets

of your Company and for preventing and detecting fraud and other irregularities.

4. That the Directors had prepared the Annual Accounts for the financial year ended March 31, 2014 on 'Going Concern' basis.

SUBSIDIARY COMPANIES

As on March 31, 2014, your Company had two Subsidiary Companies as below:

1. Sterling Holidays (Ooty) Limited
2. Sterling Holiday Resorts (Kodaikanal) Limited

There has been no material change in the nature of business of the subsidiaries.

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of you Company and all its subsidiaries is attached. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of your Company and its subsidiaries.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of companies. A statement containing brief financial details of your Company's subsidiaries for the financial year ended March 31, 2014 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of your Company / its subsidiaries seeking such information at any point of time and are also available for inspection by any member of your Company / its subsidiaries at the registered office of your Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices / registered offices of the respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any shareholder on demand.

MANCHANDA RESORTS PRIVATE LIMITED

As reported earlier, your Company had filed the petition with the Hon'ble High Court, Madras for sanctioning the Scheme of Amalgamation of Manchanda Resorts Private Limited (Subsidiary Company) with your Company. The Honble High Court of Madras has approved the scheme of Amalgamation vide order dated August 26, 2013.

AUDITORS

The Statutory Auditors of the Company, R. Subramanian and Company, Chartered Accountants (ICAI Registration Number 004137S) and V. Sankar Aiyar & Co., Chartered Accountants, (ICAI Registration Number 109208W) shall be retiring at the ensuing Annual General Meeting of your Company. Your Company has received notices from the Statutory Auditors of their intention of not seeking re-appointment at the ensuing Annual General Meeting of your Company.

Your Company has received a special notice from a member of your Company, in terms of the applicable provisions of the Companies Act, 2013 signifying his intention to propose the appointment of M/s. Price Waterhouse & Co., Chartered Accountants, Bangalore (Firm Registration Number 007567S) as the statutory auditors of your Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. Price Waterhouse & Co, Chartered Accountants, Bangalore (Firm Registration Number 007567S) expressed their willingness to act as statutory auditors of your Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of the Companies Act, 2013 read with the rules made thereunder.

With reference to the Auditors Remarks in their report dated April 26, 2014, your Directors reply is as under:-

1. Reply to Para 9(a) of the Auditors Report:

The outstanding amount of INR 73.12 lakhs relate to Fringe Benefit Tax to be adjusted against the refund receivable from the Income Tax department on completion of assessment.

2. Reply to Para 10 of the Auditors Report:

Your Company has been continuously infusing additional funds into operation by way of Equity. There has been significant improvement in the overall performance and your Company expects to sustain the growth in the turnover and improve profitability in the ensuing years. The Board of Directors are confident that because of such positive signs, your Company will improve its performance.

PUBLIC DEPOSITS, LOANS AND ADVANCES

Your Company has not accepted any Deposits from the public or its employees during the year under review.

The details of outstanding Loans and Advances are dealt with in the Accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the Companies (Disclosure Of Particulars In The Report Of The Board Of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure C which forms part of the Directors' Report.

AUDIT, INVESTOR GRIEVANCES, REMUNERATION AND COMPENSATION COMMITTEES

In terms of Clause 49 of the Listing Agreement entered with the Stock Exchanges and pursuant to the provisions of the Companies Act, 2013 the details pertaining to Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Share Transfer Committee are furnished in the Report on Corporate Governance which is annexed herewith.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER

Your Company had employees who were in receipt of remuneration of not less than INR 60,00,000 during the

year ended March 31, 2014 or not less than INR 5,00,000 per month during any part of the said year.

However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining the copy of the statement may write to the Company.

DEMATERIALISATION OF EQUITY SHARES

As mentioned in our earlier Annual Reports, the Company's Equity Shares are in the compulsory Demat mode with effect from August 28, 2000, as per Circular No.SMDRP / Policy / CIR-23 / 2000 dated May 29, 2000 issued by Securities and Exchange Board of India (SEBI). This has been facilitated through arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). A large number of our shareholders have taken advantage of Dematerialisation facility. The Cameo Corporate Services Limited, Chennai, has been appointed as the Registrar and Share Transfer Agents.

Place: **Chennai**

Date: **April 26, 2014**

CEO / CFO CERTIFICATION

The Managing Director (CEO) and the Senior Vice President - Finance (CFO) have submitted a certificate to the Board regarding the financial statements and other matters as required under clause 49(V) of the Listing Agreement.

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to express their sincere thanks to the Central and State Governments, Financial Institutions and Bankers and other Creditors for their valuable support and assistance during this period. The Directors also wish to thank the Shareholders and Timeshare Customers who have supported the Company in this hour of need. Our Directors look forward to receiving continued support from them.

The Directors also wish to thank the employees of the Company for their dedicated performance and place on record their wholehearted commitment to your Company and combined efforts to turnaround your Company's performance.

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
CHAIRMAN

ANNEXURE - A TO THE DIRECTORS' REPORT

Details of Utilisation of Proceeds arising out of various Issues made during the year ended March 31, 2014

Particulars	As on March 31, 2014 (INR in lakhs)
Details of Funds raised out of Issue of Equity Shares during the FY14	
Allotment of 507822 Equity Shares under Employee Stock Purchase Scheme - 2011	240.22
Allotment of 20650000 Equity Shares under Preferential Allotment	18,686.18
TOTAL	18,926.40
Details of Funds utilised	
Investment in Mutual Funds and amounts lying in Bank balances	12,455.16
Utilised for the ongoing expansion programme, completion of projects, general corporate purpose and refurbishment of resorts	6,471.24

ANNEXURE - B TO THE DIRECTORS' REPORT

Information to be disclosed under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for the financial year ended March 31, 2014.

EMPLOYEE STOCK OPTION SCHEME (ESOS-2012):

The Company had instituted the Employee Stock Option Scheme 2012 (the "Scheme") for employees of the Company by granting options thereunder. Accordingly, the Scheme was formulated in accordance with the SEBI (ESOS & ESPS) Guidelines, 1999.

Disclosures in compliance with Clause 12 of the SEBI (ESOS & ESPS) Guidelines, 1999, as amended, are set below:

S.No.	Particulars	Details
	Total number of Options under the Scheme	10,00,000
	Total number of Options granted	7,50,000
1	Options granted during the year (No.)	Nil
2	The pricing formula	The Exercise price shall not be less than the par value of Equity shares and shall not be more than the price prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or the market price which ever is more.
3	Options vested (as of March 31, 2014) (No.)	1,69,620
4	Options exercised during the year (No.)	Nil

5	Total number of shares arising as a result of exercise of Options during the year (No.)	Nil
6	a) Options lapsed / forfeited during the year (No.)	3,25,950
	b) Options surrendered	Nil
7	Variation of terms of Options	No variation in terms of Options during the year
8	Money realised by exercise of Options during the year	Nil
9	Total number of Options in force (as of March 31, 2014) (No.)	4,24,050 (out of the Options granted)
10	Employee wise details of Options granted to:	
	(a) Senior Management Personnel	During the year under review no Options were granted to the senior management personnel of the Company.
	(b) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Options granted during that year.	No employee is in receipt of the grant in any one year of Options amounting to 5% or more of Options granted during the year.
	(c) Identified employees who were granted Options, during one year, equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	There is no employee who has been granted during one year, equal to or exceeding 1% of the Issued Capital.
11	Diluted Earning Per Share (EPS) pursuant to Issue of Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	INR (2.31)
12	Where the Company has calculated the Employee Compensation cost using the intrinsic value of Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of Options. The impact of this difference on profits and on EPS of the Company.	Not Applicable
13	Weighted average exercise prices and weighted average fair value of Options for options whose exercise price either equals or exceeds or is less than the market price of the stock.	INR 96 per Equity Share
14	Description of the method and significant assumptions used during the year to estimate the fair value of Options, including the following weighted average information: i) Risk-free interest rate (%) ii) Expected life iii) Expected volatility (%) iv) Expected Dividends v) The price of the underlying share in market at the time of Options grant	Market price at the time of grant of Options

EMPLOYEE STOCK PURCHASE SCHEME (ESPS-2010 AND ESPS-2011)

The Company had instituted the Employee Stock Purchase Scheme 2010 and Employee Stock Purchase Scheme 2011 (the "Scheme") for employees of the Company by issuing shares thereunder. Accordingly, the Scheme was formulated in accordance with the SEBI (ESOS & ESPS) Guidelines, 1999.

Disclosures in compliance with Clause 19 of the SEBI (ESOS & ESPS) Guidelines, 1999, as amended, are set below:

S. No.	Description	ESPS-2010			ESPS-2011																		
Total number of shares under the Scheme		2100000			3500000																		
1	The details of the number of shares issued in ESPS Scheme	657019			1931569																		
2	The price at which such Shares are issued	Price as determined by the Compensation Committee / Board of Directors			Price as determined by the Compensation Committee / Board of Directors																		
3	Employee wise details of the Shares issued to; a) Senior Managerial Personnel	During the year under review nil Equity Shares were issued / allotted to the senior management personnel of the Company.			During the year 507822 Equity Shares were issued/allotted to Mr. Ramesh Ramanathan, Managing Director of the Company.																		
	b) Any other employee who is issued / allotted Shares in any one year amounting to 5% or more issued / allotted during that year.	<table><tr><th>Director / Employee(s) Name</th><th>Equity Shares issued during the year</th><th>Number of Equity Shares issued</th></tr><tr><td>Mr. Ramesh Ramanathan, Managing Director</td><td>2011-12</td><td>485000</td></tr></table>			Director / Employee(s) Name	Equity Shares issued during the year	Number of Equity Shares issued	Mr. Ramesh Ramanathan, Managing Director	2011-12	485000	<table><tr><th>Director / Name Employee(s)</th><th>Equity Shares issued during the year</th><th>Number of Equity Shares issued</th></tr><tr><td rowspan="3">Mr. Ramesh Ramanathan, Managing Director</td><td>2013 - 14</td><td>507822</td></tr><tr><td>2012 - 13</td><td>475233</td></tr><tr><td>2011 - 12</td><td>948514</td></tr></table>			Director / Name Employee(s)	Equity Shares issued during the year	Number of Equity Shares issued	Mr. Ramesh Ramanathan, Managing Director	2013 - 14	507822	2012 - 13	475233	2011 - 12	948514
	Director / Employee(s) Name	Equity Shares issued during the year	Number of Equity Shares issued																				
	Mr. Ramesh Ramanathan, Managing Director	2011-12	485000																				
Director / Name Employee(s)	Equity Shares issued during the year	Number of Equity Shares issued																					
Mr. Ramesh Ramanathan, Managing Director	2013 - 14	507822																					
	2012 - 13	475233																					
	2011 - 12	948514																					
c) Identified employees who were issued Shares during any one year equal to or exceeding 1% of the Issued Capital of the Company at the time of issuance.	There are no employees who have been issued equity shares during one year equal to or exceeding 1% of the Issued Capital of the Company at the time of issuance.			Mr. Ramesh Ramanathan, Managing Director was issued 948514 shares exceeding 1% of the Issued Capital of the Company during the year 2011-2012.																			
	d) Diluted Earning Per Share (EPS) pursuant to issuance of shares under ESPS	INR (2.31)			INR (2.31)																		
	e) Consideration received against the issuance of Shares during the year	Nil			INR 2,40,22,815																		

ANNEXURE - C TO THE DIRECTORS' REPORT

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. Conservation Energy	:	Not Applicable
B. Technology Absorption	:	Not Applicable
C. Foreign Exchange Earnings and Outgo		
(i) Activities relating to export incentives taken to increase exports development of new export and markets for products and services and export plans	:	Nil
(ii) Total Foreign Exchange earned	:	Nil
(iii) Total Foreign Exchange used	:	INR 4.93 lakhs



MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1986, Sterling Holiday Resorts (India) Limited ['Sterling' or the 'Company'] is a leading Leisure Hospitality and Vacation Ownership Company in India. When Sterling entered the Vacation Ownership (earlier known as Timeshare) market in 1986, the concept was very new to India. Sterling was also one of the first to attempt the building of a pan India, branded chain of full-service leisure resorts catering to 3 segments - Vacation Ownership, One-time Leisure Holidayers and Meetings, Incentives, Conferences and Exhibitions (MICE). To develop the Vacation Ownership and organised Leisure Hospitality industry, Sterling had to make significant investments in educating the market about the joy of taking regular holidays to explore and discover new places, and the economic and emotional benefits of owning a Vacation Ownership membership. In its early years, Sterling had to also simultaneously invest in infrastructure and human resource skills to deliver memorable holidays to customers. Sterling succeeded in these efforts leading to the Company being widely acknowledged as a reputed Leisure Holidays brand and the pioneer in the Vacation Ownership industry.

Today, the Company has an active member base of over 70,000 Vacation Ownership members who have access to holidays in a network of 19 full-service resorts across the country, with an inventory of 1,512 apartments. The Company maintains a healthy member to room ratio, providing members with more opportunities to holiday in locales and seasons of their choice.

With over 28 years of expertise in Vacation Ownership and Resort Operations, a national network of resorts, and a growing base of holidaying customers, Sterling is one of the clear leaders in the Vacation Ownership and Leisure Hospitality industry in India.

SUMMARY OF HIGHLIGHTS


Sterling has a great competitive edge in so much that the Company's resorts are large, well located and command stunning views of some of India's most scenic leisure destinations. The Company has, over the last couple of years, been investing in strengthening

its competitive edge by renovating and refurbishing its resorts to contemporary, best-in-class standards. The investments and efforts made have already been yielding results with 5 resorts now awarded with RCI Crowns, including the RCI Gold Crown for Kodai - By The Lake, Munnar - Terrace Greens, Manali - White Mist and Ooty - Fern Hill.

The efforts made to substantially raise the standards of the Company's resorts and holiday experience delivered have also led to a substantial increase in customer satisfaction ratings across resorts and improved business performance:

The key highlights of the Company's performance and progress are as follows:

- A new resort was brought on-stream in Yelagiri, taking the total room inventory to 1512 across 19 resorts.
- During the year, the Company continued to invest in upgrading its existing resorts to global, best-in-class standards. Major refurbishment in the Yercaud - Rock Perch property was commenced during the year while renovation of accommodation was continued in other resorts across the network. Currently, the Company has completed renovation of around 50% of its owned inventory. The investments in renovated resorts and facilities accompanied by significantly enhanced service standards have resulted in a clear increase in customer satisfaction ratings, which the Company monitors through ongoing Guest Service Tracking Systems (GSTS) at the resorts, post-holiday surveys, and analysis of Sterling's reputation in social media networks and other online forums. The details of the measures taken to deliver a vastly enhanced holiday experience are discussed under the Resort Operations section in this report.
- In FY14, the Company added 3650 new Vacation Ownership members as compared to 3409 in the previous year, reflecting a 7% growth. The



Company's member acquisition program during the year was challenged by dampened consumer sentiment caused by an uncertain economic environment and high interest rates negatively affecting discretionary spending power. In the light of this, the Company's performance can be said to be commendable especially since the prices of Vacation Ownership Membership plans was increased by 7.5%; a move that was taken to communicate the significantly enhanced holiday experience being delivered post investing in an expanded destination network, resort renovation and higher service standards.

The key financial results for 2013-14 were:

- The Company declared Positive EBITDA of INR 627 lakhs on Total Operating Income of INR 13,606 lakhs, as compared to a negative EBITDA of INR 1,358 lakhs in the previous year.
- Total Operating Income grew by 25% over the previous year from INR 10,868 lakhs to INR 13,606 lakhs.
- Sales of Vacation Ownership Plans rose to INR 5,993 lakhs, an increase of 13%.
- Total Income from Resort Operations rose to INR 4,673 lakhs, up by 27%.
- The substantial investments the Company made in enhancing the overall customer holiday experience has resulted in a healthy rise in the number of Vacation Ownership members and non-members holidaying at the Company's resorts, leading to an increase in resort occupancy to 49% from 41% in the previous year.
- Notably, the Company's performance has improved with net losses reducing in FY14 by INR 1,269 lakhs (before exceptional items), as compared to INR 1,213 lakhs in the previous year.
- It is also notable that the Company reported Total Operating Income of INR 3,883 lakhs in the last quarter of FY14, an increase of 35% over the same

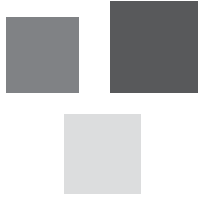
period of the previous fiscal. Income from Sales of Vacation Ownership Plans grew by 72%, indicating an accelerated momentum in the Company's growth. The Company declared a Profit after Tax (before exceptional items) of INR 131 lakhs for the quarter.

The significant improvement in the Company's performance in FY14 is a result of the strategic turnaround initiatives taken over the last couple of years leading to a strong resurgence of the Sterling brand in the marketplace. Going forward, the Company will continue to focus on delivering Great Holiday experiences whilst simultaneously looking at innovation and productivity, enabling the Company to strengthen its market position. Though the macroeconomic environment in India has been a cause of concern in the last few years, it is encouraging that the Travel & Tourism industry continues to see positive trends world over, and especially in India with strong favourable trends in Domestic Tourism. These trends bode well especially for Vacation Ownership companies as the concept offers tremendous economic and emotional benefits for families who would like to holiday frequently and explore India and the world.

This section is followed by an overview of the economic and market environment in which Sterling operates as well as the operational and financial performance of the Company during 2013-14. The section also discusses in greater detail the market opportunities as well as important initiatives taken during the year in key functional areas such as resort operations, human resources, information technology and marketing.

THE TOURISM INDUSTRY: AN OVERVIEW

In the aftermath of the global slowdown triggered by the financial crisis in 2008-09, the Indian economy responded to fiscal and monetary stimulus and achieved a growth rate of over 8% annually between 2009-10 and 2011-12. However, the Indian economy is seeing its sharpest downturn in over a decade. Soaring borrowing costs and delays in government approvals have hindered corporate investments, thereby affecting cash flows. Apart from which high inflation has shaken consumer confidence leading to cuts in household spending. Under



such circumstances, in the last 3 years viz. 2011-12, 2012-13 and 2013-14, the growth rate has decelerated to 6.2%, 5.0% and 4.9% respectively. While macroeconomic trends are cause for concern currently, the potential in the Indian economy and the Travel & Tourism industry in particular continues to be a promising one.

The year 2013-14 exhibited again the strength of the Travel & Tourism industry in the face of an uncertain global economic environment. According to the latest annual research from the World Travel & Tourism Council (WTTC), Travel & Tourism's contribution to global GDP grew for the fourth consecutive year in 2013, and generated more than 4.7 million fresh jobs with leisure and business travelers continuing to display a strong appetite for travel beyond national borders. Travel & Tourism's contribution equates to 9.5% of total global economy GDP, 1 in 11 of the world's total jobs, 4.4% of total investment and 5.4% of world exports. The industry performed better than the entire broader economy in 2013, rising faster than other notable industries such as retail, manufacturing and financial services.

In the Indian context, the tourism industry continues to be vibrant in the services sector and overall economy with the total contribution to GDP at 6.2% in 2013 (INR 66,31,600 million). This is expected to rise by 7.3% in 2014 and 7.0% per annum thereafter to INR 1,39,83,000 million (6.8% of GDP) by 2024. Industry estimates that India's travel and tourism sector will see healthy year-on-year growth as an increasingly large middle class family population begin to look outward and fulfill aspirations to travel both within and beyond India's borders. The Government is also making efforts to

develop the tourism industry in India by proposing new tourist destinations. It is estimated that the Hospitality sector in India is likely to see over USD 12 billion of investments over the next few years.

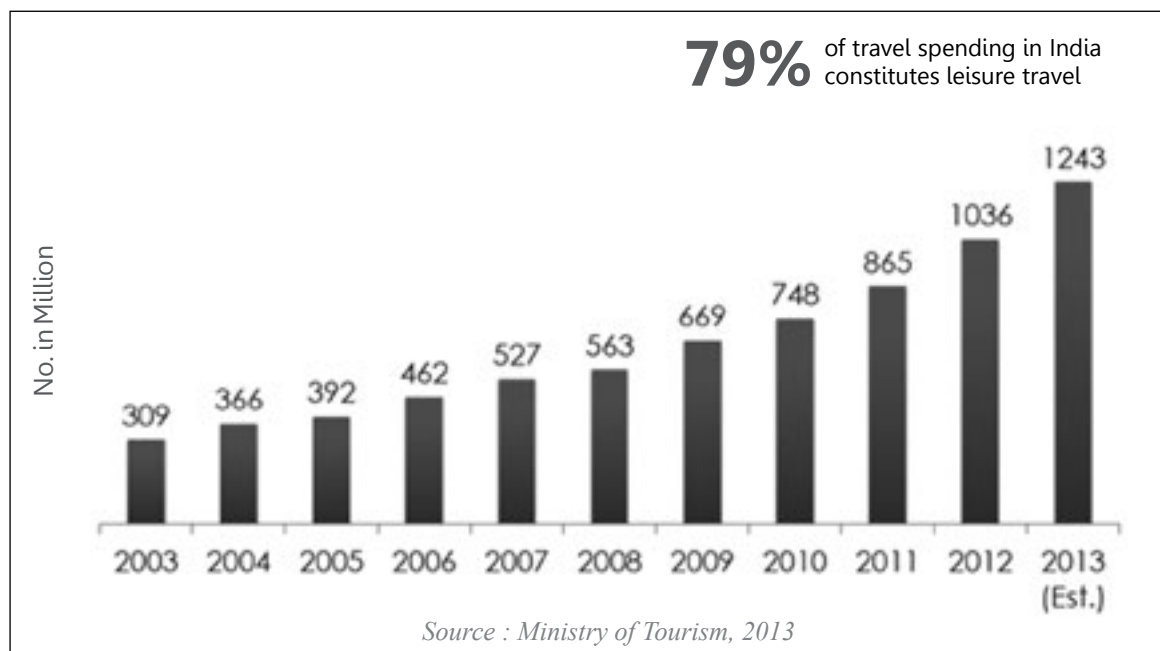
Sterling believes it is well positioned to profit from the positive trends in the Travel and Leisure Hospitality industry in India, as the Company has a national network of 19 full-service resorts and over 28 years of expertise in Leisure Hospitality and Vacation Ownership.

MARKETS AND OPPORTUNITIES

Although the Indian economy has slowed down in the last couple of years and growth is currently hovering around the 5% mark, India is still seen as a growth story with leading analysts such as the McKinsey Global Institute (MGI) predicting that over the next two decades the Indian market will undergo a major transformation resulting in India growing into the world's fifth-largest consumer market by 2025. As income levels in India rise, the burgeoning middle class (projected to triple from 50 million to 583 million people) will contribute to 60% of the country's total consumption. The MGI analysis also projects an increase in India's wealthy class to over 23 million Indians (more than the population of Australia).

The increasing consumption story of the Indian middle class, combined with the large untapped potential in Leisure Tourism bodes well for established companies in the Leisure Hospitality sector, leading to projections of 8.4% CAGR for the leisure industry and 8.2% CAGR for the hotel industry in India.

Indians are holidaying more



In the arena of holidays and the role they play in lifestyle aspirations of India's burgeoning middle class, it is encouraging that there has been an exponential growth in the number of Indians undertaking leisure travel from 748 million in 2010 to 1243 million in 2013(Est.), auguring well for companies in the Leisure Hospitality and Vacation Ownership space.

Currently, the total number of Vacation Ownership memberships sold in India is approximately 0.4 million. It is estimated that the potential market comprises around 11 million households, taking car ownership figures and income data as indicators. As Indian families get habituated to holidays and understand the economic and emotional benefits of owning a Vacation Ownership membership plan, the industry will see increased penetration and accelerated growth. In this connection, it is important to note here that Sterling enjoys a huge competitive advantage in terms of its destination network, large inventory and additional sites it already has, which will enable it to grow rapidly along with the industry. Since Sterling also caters to fulfilling the

holiday aspirations of non-members, the Company has the additional advantage of non-members opting for a Vacation Ownership membership post experiencing a holiday at one of the Company's resorts.

BUSINESS PERFORMANCE

Sterling functions in three segments in the leisure and hospitality industry namely: Vacation Ownership, One-Time Leisure Holidays and Meetings, Incentives, Conferences and Exhibitions (MICE). The resorts in the Sterling network are equipped to cater to all 3 business verticals. For example, all resorts are equipped with Vacation Ownership apartments, hotel rooms, conference and banquet facilities. By virtue of the Company operating in these 3 verticals, it enjoys the flexibility of earning from different revenue earning streams, catering to Vacation Ownership members, One-Time Leisure Holiday Guests (FITs), Leisure Holiday Tours (GITs) and MICE (offsite conferences and events booked by corporate India and event companies).



VACATION OWNERSHIP

The Vacation Ownership industry came into being from a simple insight – people love to travel but find it expensive to do so! From those early days, when an industry grew to answer a consumer need for inexpensive holidays, the Vacation Ownership product design has continually evolved to meet changing consumer recreational needs.

In India, Sterling pioneered the concept of Vacation Ownership or Timeshare as it is still popularly known. Sterling began with offering customers property timeshares, which allowed customers to holiday in a fixed week at a fixed resort destination. That model had logistical problems in matching exchanges of holidays when a customer desired to do so. Today, the product is far more customer friendly as it is points-based, enabling total flexibility in choice of accommodation, season and location. The array of choices is not just restricted to India but encompasses international destinations as well since customers can exchange their Vacation Ownership Points with other Vacation Ownership members world over through Sterling's association with Resort Condominium International's (RCI) exchange platform, which enables Sterling's members to holiday in over 4,000 destinations worldwide.


The evolution of the product is in line with changing consumer holidaying patterns and aspirations. The Indian consumer of today is more discerning and seeks to explore a wider range of destinations and new holiday experiences. There is also an apparent shift from annual vacations to multiple short breaks with family and friends. This implies that a Vacation Ownership Company has to be in a position to deliver memorable holidays in full-service resorts located in a wide array of destinations. In this connection, it is important to note here that Sterling enjoys a huge competitive advantage in terms of its 19 resorts in India's scenic holiday destinations, large inventory and 15 additional sites it already has, which will enable it to grow rapidly along with the industry.

The Indian timeshare market is poised to rapidly grow and mature into a very exciting market. Consumer lifestyles have undergone dramatic changes in the last

couple of decades, with globalization and technology resulting in a fast-paced world. These changes have benefited Leisure Tourism with holidays increasingly being considered as a necessity for both personal relaxation and family well-being. This shift in outlook is reflected in trends in the tourism industry continuing to be favourable in spite of an uncertain global and local macroeconomic environment. Just one statistic reflects the trend – the fact that domestic tourism has enjoyed a 14.34% CAGR between 1991 to 2011. In just the last couple of years, there has been exponential growth in the number of Indians undertaking leisure travel - from 748 million in 2010 to 1243 million in 2013(Est.).

The Vacation Ownership industry is now over two and a half decades old in India. According to industry estimates there are only around 0.4 million Indian families who have invested in a Vacation Ownership plan, against an estimated potential market comprising of 11 million households. As Indian families get habituated to holidays and understand the economic benefits of a Vacation Ownership membership plan, the industry will see accelerated penetration and growth.

The Company's Vacation Ownership business has numerous benefits over the traditional, pure play leisure hotel model. For one, Vacation Ownership companies enjoy higher annual average resort occupancy as members tend to use their Vacation Ownership Points to holiday multiple times during the year. Since holidaying trends currently are headed towards more frequent, shorter breaks as against one long, annual holiday, Vacation Ownership companies will benefit even more in the future. In addition, the Vacation Ownership business is less susceptible to economic cycles as members have already paid for their holidays upfront and tend to utilize the time credited (this is in the form of Vacation Ownership Points, the number of which is dependent on the type of Membership plan purchased) to their account every year. The Vacation Ownership business is also less dependent on debt since it has robust cash flows with consumers paying upfront for holidays over a period of 25 years. The business also enjoys manifold revenue streams through annual and annuity based fees.



The Company's Vacation Ownership product is based on a fine tuned, flexible Vacation Ownership Points system, which offers customers a range of choices in destinations, apartment types and seasons. When compared to the expense of hotels of an equivalent standard, the Company's Vacation Ownership plans are attractively priced as it offers consumers protection against the effects of inflation. This particular aspect of the product will have enhanced appeal in the current economic environment.

From the customer's perspective, resorts designed to cater to Vacation Ownership members triumph compared to conventional leisure hotels which are more impersonal and designed for individuals. To illustrate, Vacation Ownership resorts are designed as per the needs of the whole family from senior citizens to younger children. This is reflected in the choice of apartments to suit different family sizes, and the fact that these resorts are full-service resorts, offering members a wide choice of facilities from multi-cuisine restaurants, In-Room Dining and a range of Holiday Activities designed to engage members and guests of all ages.

Sterling currently has an active Vacation Ownership membership base of around 70,000 who enjoy the facility of holidaying in 19 resorts across India and overseas through the additional facility of a RCI (Resort Condominium International) membership which allows them to exchange a week's time of vacation with over 4000 resorts across the world.

During 2013-14, the Company added 3,650 members to its base, as compared to 3,409 in the previous year reflecting a 7% growth. The growth in new member acquisition is creditable in the light of an economic slowdown in India and dampened consumer sentiment with high interest rates negatively affecting discretionary spending power. The performance can be further said to be commendable in the light of the fact that the Company increased its prices in 2013-14 by 7.5% with the aim of signaling the enhanced holiday experience being delivered post investing in an expanded destination network, resort renovation and higher service standards, enabled by significant investments in human capital and training.

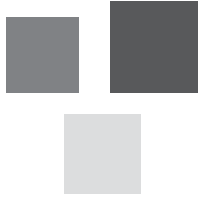
RESORT OPERATIONS

The resorts in the Company's network earn income from One-Time Leisure Holiday Guests (FITs), Leisure Holiday Tours (GITs) and Meetings, Incentives, Conferences and Exhibitions (MICE), in addition to the income from the expenditure at the resorts by the Company's Vacation Ownership members. The resorts in the Sterling network are equipped to cater to all the different business verticals as they are designed to include Vacation Ownership apartments, hotel rooms, conference and banquet facilities. By virtue of the Company operating in these verticals, it enjoys the flexibility of earning from different revenue earning streams.

In the year under review, Total Income from Resort Operations rose to INR 4,673 lakhs, up by 27%. The significant improvement in Resort Operations performance in FY14 is a result of the strategic turnaround initiatives taken over the last couple of years leading to a strong resurgence of the Sterling brand in the marketplace. The substantial investments made in enhancing the overall customer holiday experience through refurbishment of resorts and an expanded menu of recreational and culinary experiences have resulted in a healthy rise in the number of Vacation Ownership members and non-members holidaying at the Company's resorts, leading to an increase in Resort Income from INR 3,680 lakhs in FY13 to INR 4,673 lakhs in the year under review. Resort occupancy rose to 49% from 41% in the previous year.

Over the course of the year, the Company added a new resort in Yelagiri, taking the total room inventory to 1512 across 19 resorts. The Company also continued to invest in upgrading its existing resorts to global, best-in-class standards. Major refurbishment in the Yercaud property was commenced during the year while renovation of accommodation was undertaken in other resorts across the network. Currently, approximately 50% of the owned room inventory has been renovated across resorts.

In terms of strategic direction, your Company is on track to achieving its growth plans by upgrading the holiday experience it delivers to its Members and Guests. A great deal of progress has been made in establishing a



sophisticated, multi-cuisine Food & Beverage experience; professionally managed spas; and an expanded Holiday Activities menu at all resorts.

These inclusions, along with an overall, significantly enhanced holiday experience, have led to greater customer satisfaction and goodwill, as evidenced by all Sterling resorts climbing significantly in rankings on online review sites such as Trip Advisor, Holiday IQ and Online Travel Agent (OTA) portals. The Company is also seeing a significant increase in customer feedback ratings, which it monitors continuously through a Guest Service Tracking System at the resort and post departure of members and guests. In addition, the Company also conducts periodic Customer Satisfaction surveys through a professional market research agency. It is also important to note that the Company continuously focuses on its Online Reputation Management (ORM) and responds promptly to customer posts and reviews. All reviews are monitored by an Online Tracking System.

The increased ratings and number of positive reviews, coupled with the overall increased visibility of the Sterling brand in the online marketplace has yielded positive results with increased room nights generated from OTAs. In 2013-14, leading OTAs such as MakeMyTrip, Booking.com and Travel Guru contributed 22,640 room nights totalling to INR 615 lakhs, representing a growth of 157% in OTA Revenue generated for the year.

The growing recognition and strength of the Sterling brand is also evident in the increase in room nights and revenue generated by the Booking Engine on the Company website – www.sterlingholidays.com – which increased from INR 350 lakhs (632 room nights) in 2012-13 to INR 950 lakhs (2095) room nights in 2013-14, representing a growth of 169%. This growth is commendable in the light of the fact that these room nights were generated from organic traffic coming to the website.

DIGITAL INITIATIVES

The explosion of Information Technology has led to significant changes in the way companies engage with

customers and prospects. In pace with the transformation into a digital world, the Company has been steadily increasing its investments in digital platforms, including its website and Social Media channels.

The investments made has resulted in Sterling now having its own ecosystem on the World Wide Web, encompassing the Company website (www.sterlingholidays.com), a blog site (blog.sterlingholidays.com), and social media channels through Facebook, Google+, Twitter, Pinterest etc. The ecosystem works together in engaging members and prospects with the Brand leading to increased brand visibility, recall and engagement.

In 2013-14, as mentioned earlier in this report, the revenue from the Booking Engine on the Company Web site saw a growth of 169% in room revenue from INR 350 lakhs (632 room nights) in 2012-13 to INR 950 lakhs (2095 room nights). This growth was the result of website traffic averaging 250 lakh visitors a year and a growing community on channels such as Facebook.

During 2013-14, the Company ran two successful social media campaigns which were integrated into a customer and prospect engagement program at the resorts and on-ground. In October 2014, the Company launched a campaign called India Unveiled with the objective of sharing knowledge about little known but interesting facts about India that would inspire people to learn and discover more through travel. The success of India Unveiled, as established by community engagement statistics, has led to the Company continuing the campaign on its social media channels and resort communication channels. India Unveiled was followed by the Bagful of Memories campaign in December 2014. This was an initiative to encourage the Company's members and guests to upload and share memorable photos and videos on personal and Company owned social media channels. Over 500 images were uploaded and this collection has since been catalogued as testimonials of the memorable holiday experiences the Company's members and guests are enjoying at all Company resorts.



MEMBER RELATIONS

When a customer becomes a Vacation Ownership member, she or he enters into a 25 year relationship with the Company, which needs to be nurtured to build a community of happy members. In FY14, the Company strengthened its relationship with its Vacation Ownership members and non-members through continuous relationship building initiatives in the form of mailers, short messages (SMS) and outbound calls to connect with and understand Company customers better. The Company also regularly publishes a magazine called Sterling World. Through such initiatives, the Company encourages its members to holiday more frequently and discover new experiences be it at a newly opened resort or at a destination that the member has not visited before.

In 2013-14, the key focus has been on re-engaging loyal Sterling members and encouraging them to reactivate their membership and enjoy holidays at the Company's resorts. These efforts have succeeded in bringing many inactive members back into the Sterling family. The engagement drive undertaken has also resulted in a 42% increase in Annual Maintenance Fees collected from the Company's Vacation Ownership member base.

INFORMATION TECHNOLOGY

In 2012-13, the Company invested in the Sales Force CRM platform with the objective of facilitating efficient and engaging interaction with its members and guests. In 2013-14, the Company continued investing in Information Communications Technology (ICT) infrastructure, developing the efficient use of its CRM and Human Resource Management System (HRMS) platforms. A great deal of progress was also made in evolving the virtual branch network across locations and the Aruba and Information Security Management Systems (ISMS) across the Company network at all resorts and offices. In addition, work towards an Enterprise Resource Planning (ERP) system along with a Property Management system to suit the requirements of the unique Vacation Ownership industry and enable more productive, efficient management of resort inventory, MIS and Financial Reporting saw a great deal of progress. The ERP system is expected to go live in the coming year

along with a Lead Management System for Marketing purposes.

PROPERTIES AND NEW PROJECTS

Sterling has a network of 19 resorts in 16 of India's most scenic and popular holiday destinations. 10 of these resorts are owned while the balance is managed on long-lease.

In 2013-14, a new resort was brought on-stream in Yelagiri, taking the total room inventory to 1512 across 19 resorts.

The Company also signed MOUs for resorts in Daman, Dindi and Sariska. Due to the uncertain economic environment, the Company deferred bringing these resorts on-stream in the year under review. These new destinations and resorts should be added to the Company network in the coming year. In the mid to long-term, the Company will look at exercising the option of undertaking Greenfield projects, choosing attractive holiday locales from the large land bank of 15 additional sites it possesses.

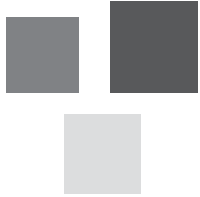
HUMAN RESOURCES

Over the last couple of years, the Company has been making steady investments in its Human Capital. In 2013-14, a Corporate Chef was brought on board to raise the standards of the culinary experience delivered at all resorts. The Company also continued to make investments in training staff across levels to enhance service standards and efficiency.

On March 31, 2014, there were a little over 1900 employees on the payroll of the Company.

INTERNAL CONTROL SYSTEMS

In 2013-14, the Company strengthened its internal control systems. These systems, including regular internal audits, have been designed to protect and safeguard the Company's assets and ensure reliability of financial transactions. The systems provide for adequate checks and balances; adherence to applicable statutes, accounting policies and approval procedures; and for ensuring optimum use of available resources. The systems are regularly reviewed and improved upon. The



Company also has a comprehensive budgetary control system to regularly monitor revenue and budgeted expenditures.

In addition to the above, M/s. Venkat & Associates, Management Auditors of the Company, review on an ongoing basis the adequacy and effectiveness of Internal Control. The observations of the Internal Auditors are reviewed periodically on a quarterly basis and due compliances ensured. The exceptional items are reported to the Board.

FINANCIAL OPERATIONAL PERFORMANCE

For the financial year ended March 31, 2014, the Total Operating Income of the Company was reported as INR 13,606 lakhs, as compared to INR 10,868 lakhs in the previous year, representing a 25% growth in revenues. Sales of Vacation Ownership Plans rose to INR 5,993 lakhs, an increase of 13%, while Total Income from Resort Operations rose to INR 4,673 lakhs, up by 27%. Notably, the Company's performance has improved with net losses reducing in FY14 by INR 1,269 lakhs (before exceptional items) as compared to INR 1,213 lakhs in the previous fiscal.

OUTLOOK

Despite the uncertain macroeconomic environment, the Company believes that it is in a strong position to leverage the favourable trends in the domestic Leisure Tourism market and strengthen its market position in the

Leisure Hospitality and Vacation Ownership segments in India. The efforts made towards turning the Company's performance around and creating a strong, resurgent brand have already begun to yield results with the Company reporting a total income of INR 136 crores.

The proposed merger with Thomas Cook India, and the resultant fresh injection of capital will further strengthen the Company's market position. The investments made will allow your Company to accelerate the pace of expansion into new holiday destinations. The merger will also benefit the Company as there are multiple natural synergies. With favorable trends in the tourism sector, the Company's continued improved performance, and the proposed merger, the Company's outlook for 2014-15 is optimistic.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ from those expressed or implied.

Sources: The McKinsey Global Institute; WTTC; Euromonitor; Ministry of Tourism; AIRDA, Census India; Economic Survey of India



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2013-2014

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

The Directors have pleasure in presenting the Corporate Governance Report for the financial year ended March 31, 2014

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Board of Directors and the Management of Sterling Holiday Resorts (India) Limited commit themselves to:

- (a) Striving towards enhancement of shareholder value through:
 - (i) sound business decisions,
 - (ii) prudent financial management, and
 - (iii) high standards of ethics throughout the organisation.
- (b) Ensuring transparency and professionalism in all decisions and transactions of the Company.
- (c) Achieving excellence in Corporate Governance by:
 - (i) conforming to, and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance,

- (ii) regularly reviewing the processes and the Management systems for further development. Your Company has implemented the Code of Conduct for members of the Board and Senior Management to the extent it is applicable to your Company.

2. BOARD OF DIRECTORS ('BOARD')

2.1 Composition and Category of Directors and Number of other Directorships and Membership on other Board Committees

The Board of Directors of your Company have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board comprising of Non-Executive Directors. The Board of your Company consists of 8 (eight) Directors as on March 31, 2014.

The name and categories of Directors, the number of Directorships and Committee positions held in the Companies as at the end of the year under review are given below. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.

Name of Director	Category	No. of Shares	Total Number of Board Meetings held	Attendance		Directorships In other companies *	Committee **	
				Board	Whether attended the last AGM		Chairman	Membership
Mr. Sidharth Shankar	Vice Chairman – Promoter, Non-Executive	7210500	6	6	Yes	-	-	2
Mr. Ramesh Ramanathan	Managing Director	1951659	6	6	Yes	-	-	-
Mr. Amit Jatia	Independent Non-Executive	Nil	6	1	No	3	-	2
Mr. Shahzaad Siraj Dalal (Resigned w.e.f 25.04.2014)	Independent Non-Executive	Nil	6	4	No	7	-	4
Mr. Darshanbhai Naranbhai Patel (Appointed w.e.f 26.10.2013)	Independent Non-Executive	Nil	6	3	-	-	-	-
Mr. Mahendrakumar Sharma (Appointed w.e.f 14.03.2014)	Independent Non-Executive	Nil	6	-	-	9	-	8
Mr. Madhavan Menon (Appointed w.e.f 14.03.2014)	Non-Independent Non-Executive	Nil	6	-	-	6	2	1
Mr. Harsha Raghavan (Appointed w.e.f 14.03.2014)	Non-Independent Non-Executive	Nil	6	-	-	4	-	2
Mr. Siddharth Mehta*** (Resigned w.e.f 14.03.2014)	Chairman – Independent Non-Executive	Nil	6	5	Yes	3	2	-
Mr. K. Chandrasekaran *** (Resigned w.e.f 14.03.2014)	Independent Non-Executive	347771	6	5	Yes	4	-	2
Mr. M. N. Rangamani*** (Resigned w.e.f 14.03.2014)	Independent Non-Executive	817260	6	5	Yes	-	-	2
Mr. Utpal Sheth*** (Resigned w.e.f 14.03.2014)	Independent Non-Executive	0	6	2	Yes	10	-	-

Note:

*1. Excludes Private Limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

**2. Committees considered are Audit Committee and Shareholders / Investors Grievance Committee, including that of Sterling Holiday Resorts (India) Limited.

***3. The details pertaining to the resigned directors are as on the date of resignation.

2.2 Board Meetings Held

During the year under review 6 (six) Board Meetings were held on April 29, 2013, July 25, 2013, October 26, 2013, February 7, 2014 at 11.00 AM, February 7, 2014 at 06.00 p.m. and March 14, 2014.

The gap between two Meetings did not exceed four months. These Meetings were well attended. Required quorum was present at all meetings.

2.3 Board Procedure

A detailed agenda folder is being sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. A detailed functional report is also placed at Board Meetings.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify the instances of non-compliances, if any. The Board also reviews major legal issues, Minutes of the Board Meetings of Company's Subsidiary Companies, significant transactions and arrangements entered into by the Subsidiary Companies, adoption of financial results, major accounting provisions and write offs, Minutes of Meetings of the Audit and other Committees of the Board, and information on recruitment of the officer(s).

2.4 Directors seeking Appointment / Re-appointment Re-appointment of Directors:

Mr. S. Sidharth Shankar, (DIN : 00608099)

Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offered himself for re-appointment. Brief resume of the Director seeking appointment / re-appointment are given below as per Clause 49 (IV)(G) of the Listing Agreement.

Mr. Sidharth Shankar, aged about 41 years holds Management degree from University of IOWA, USA with around 10 years of experience in the corporate sector in various fields. He joined the Company's Board on October 25, 2006. He was appointed as Whole-Time Director with effect from September 3, 2007 and re-designated as Joint-Managing Director with effect from April 1, 2008. Subsequently, he was designated as Non-executive Vice Chairman of the Company with effect from July 1, 2011.

Mr. Sidharth Shankar, holds 7210500 Equity Shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder :

No.	Name of Companies / Firms	Nature of Interest
1	Concorde Digital Technologies Private Limited	Director

APPOINTMENT OF DIRECTORS :

• **Mr. Madhavan Karunakaran Menon**

Mr. Madhavan Menon holds a B.A. (Business) and an MBA (Finance & International Business) from George Washington University, USA. He was appointed as the Managing Director of Thomas Cook (India) Limited (TCIL) with effect from April 27, 2006.

Mr. Madhavan Menon has a total experience of over 33 years. His previous assignment prior to joining TCIL was as Chief Operations & Administrative Officer at Birla Sunlife Asset Management Co. (AMC) Ltd., Citi Bank and ANZ Grindlays Bank. His expertise spans over Banking, Finance and Travel related Foreign Exchange Management.

Mr. Madhavan Menon, does not hold any shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder:

SL. No	Name of Companies / Firms	Nature of Interest
1	Thomas Cook (India) Limited	i) Managing Director ii) Share Transfer and Shareholders Grievances Committee – Member iii) Sub-Committee of the Board – Chairman
2	Travel Corporation (India) Limited	i) Director ii) Sub-Committee of the Board – Chairman
3	Thomas Cook Tours Limited	Director
4	Indian Horizon Travel & Tours Limited	Director
5	Cedar Management Consulting Private Limited	Director
6	TC Visa Services (India) Limited	Director
7	IKYA Human Capital Solutions Limited	Director

• **Mr. Harsha Raghavan**

Mr. Harsha Raghavan is the Managing Director of Fairbridge Capital Private Limited, a Mumbai based wholly owned investment management company of Fairfax Financial Holdings Limited. Fairbridge provides discretionary investment advisory services to all of the insurance and reinsurance subsidiaries of Fairfax. Additionally, Harsha supports Fairfax's global portfolio companies on their growth initiatives in the region.

Mr. Harsha Raghavan has been involved with the Indian private equity industry since 1996 and previously held leadership roles at Candover Investments, Goldman Sachs PIA and Indocean Chase Capital. Harsha has experience leading 18 transactions totalling almost \$1.5 billion over this period.

Mr. Harsha Raghavan holds MBA and MS in Industrial Engineering degrees, both from Stanford University, and a BA from UC Berkeley where he double majored in Computer Science & Economics.

Mr. Harsha Raghavan does not hold any shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder:

SL No	Name of Companies / Firms	Nature of Interest
1	Thomas Cook (India) Limited	i) Director ii) Audit Committee – Member iii) Share Transfer and Shareholders / Investors Grievances Committee – Member iv) Recruitment and Remuneration Committee – Member v) Sub-Committee of the Board – Member
2	Fairbridge Capital Private Limited	Managing Director / CEO
3	Ikya Human Capital Solutions Limited	Director
4	Avon Facility Management Services Limited	Director
5	Magna Infotech Limited	Director
6	Steer Capital Advisors LLP	Designated Partner

• **Mr. Mahendra Kumar Sharma**

Mr. Mahendra Kumar Sharma, aged 66 years, holds Bachelor's Degree in Arts as well as Law. He joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted into the Board of Hindustan Lever Limited in August 1995 and was the vice Chairman from April 2000 till May 2007 and retired as the Vice-Chairman of Hindustan Lever Limited in May 2007.

Mr. Mahendra Kumar Sharma does not hold any shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder:

SL No	Name of Companies / Firms	Nature of Interest
1	Thomas Cook (India) Limited	i) Chairman ii) Audit Committee – Member iii) Share Transfer Committee – Member iv) Investors Grievances Committee – Member v) Remuneration and Nomination Committee – Member
2	Wipro Limited	i) Director, ii) Audit Committee – Member
3	International Paper APPM Limited (Formerly Andhra Pradesh Paper Mills Limited)	i) Director ii) Audit Committee – Member iii) Remuneration and Nomination Committee – Member
4	Asian Paints Limited	i) Director ii) Audit Committee – Member iii) Remuneration and Nomination Committee – Member

5	Blue Star Limited	i) Director ii) Audit Committee – Member
6	Ikya Human Capital Solutions Limited	Director
7	ICICI Lombard General Insurance Company Limited	i) Director ii) Board of Governance and Remuneration Committee – Chairman iii) Policy Holders Protection Committee – Chairman iv) CSR Committee – Chairman v) Audit Committee - Member
8	India Infradebt Limited	i) Chairman ii) Audit Committee – Member iii) Credit and Risk Committee – Member iv) Remuneration and Nomination Committee – Chairman v) Corporate Responsibility Committee – Member
9	Travel Corporation (India) Limited	Director
10	East India Investment Co. Private Limited	Director
11	Gwalior Webbing Co. Private Limited	Director
12	Anglo Scottish Education Social Limited	i) Director ii) Governer, Board of Governance
13	Indian School of Business	Member, Executive Board

• **Mr. Pradipta K. Mohapatra**

Mr. Pradipta K. Mohapatra is a business leader with over three decades of experience in managing large Indian businesses as well as British, American, and Japanese Joint Venture companies in India. He pioneered India's foray into modern organised retailing as well as early digital media and ecommerce. He has experience in managing businesses in IT, Telecom, Entertainment, Pharmaceuticals and Biotech Businesses. He sits in the board of 20 publicly listed as well as private companies in India, Sri Lanka, Japan, China, UK and USA.

Mr. Pradipta K. Mohapatra has led Industry and Businesses of Southern India by Chairing Confederation of Indian Industries (CII). The CII members represent about 50% of India's Businesses and Industries (www.cii.in). At the National level Pradipta significantly contributes assisting Industries and Government in policy formulation by being members of CII's National Committees on Affirmative action, Ethics and Governance and Corporate Social Responsibility.

Mr. Pradipta K. Mohapatra co-founded Coaching Foundation India Limited (www.cfi.co.in) that pioneered coaching of entrepreneurs and business leaders, as well as, Chennai Business School Limited (www.cbs.org.in) that assists young professionals to study management post-graduation in important industry verticals. Pradipta also assists and coaches a large number of first time CEOs and young entrepreneurs to succeed in their businesses.

Mr. Pradipta K. Mohapatra does not hold any shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder:

SL. No	Name of Companies / Firms	Nature of Interest
1	Saregama India Limited	i) Director ii) Audit Committee – Member iii) Compensation Committee – Member iv) Shareholder Grievances Committee – Member
2	RPG Life Sciences Limited	i) Director ii) Audit Committee – Member iii) Compensation Committee – Member
3	Zensar Technologies Limited	i) Director ii) Audit Committee – Member iii) Compensation Committee – Chairman
4	Morarjee Textiles Limited	Director
5	KMC Speciality Hospitals (India) Limited	Director
6	Chennai Business School Limited	Chairman
7	Coaching Foundation India Limited	Chairman
8	Trivone Digital Services Private Limited	Director
9	Lakshmi Kiran Eye Care Private Limited	Chairman
10	Qwik Cilver Solutions Private Limited	Director
11	Dusters Total Solutions Services Private Limited	Director
12	R & R Salons Private Limited	Director
13	P. ORR & Sons Private Limited	Director

• **Mr. Anil Kumar Madhok**

Anil Madhok is an icon in the Indian hospitality arena. Unassuming yet aggressive, he has experienced a meteoric and phenomenal rise. Anil Madhok joined Oberoi Hotels in 1966 and contributed to the Group until 1991. His last assignment was Vice President – Operations for Western and Northern Regions, overseeing the Oberoi Hotels in Mumbai, Delhi, Hyderabad, Bangalore, Goa and Srinagar as well as Oberoi Flight Services and Oberoi Airport Services. His tenure with the Oberoi Group included overseas stints at Sri Lanka and Singapore as General Manager, Oberoi.

Anil Madhok founded Sarovar Hotels in 1994. The Company has carved a niche in the mid market and budget hotels category in India and continues to be in the forefront in the India hospitality arena.

Mr. Anil Kumar Madhok does not hold any shares in the Company.

Details of Directorships / Memberships of Committees of the Board in other Companies are given hereunder:

SL. No	Name of Companies / Firms	Nature of Interest
1	Sarovar Hotels Private Limited	Managing Director
2	Sarovar Hospitality and Leisure Private Limited	Director
3	Sarovar Business and Leisure Hotels Private Limited	Director
4	Spice Towers and Resorts Limited	Director

2.5 Remuneration Policy

While deciding on the remuneration for Directors, the Board and the Remuneration Committee consider the performance, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the Remuneration Committee regularly tracks the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

2.6 Remuneration Paid

The Remuneration paid to Non-Executive Directors including Independent Directors is by way of sitting fees and reimbursement of expenses incurred in attending the Board and Committee meetings.

The remuneration paid to Managing Director is fixed by the Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at the General Meeting.

Salary and Perquisite to Mr. Ramesh Ramanathan during the year 2013-14 is given below.

Particulars	Amount in INR
Salary	64,15,200
Provident Fund – Employers Contribution	5,04,000
Medical Reimbursement	2,31,620
Insurance	41,250
Gratuity Liability	2,02,020
TOTAL	73,94,090

During the year ended March 31, 2014 following shares were issued to Mr. Ramesh Ramanathan, Managing Director under Employees Stock Purchase Scheme 2011.

- 1) 487171 Equity shares of INR 10 each at INR 47.38 per share with a discount of INR 28.72 per share.
- 2) 20651 Equity shares of INR 10 each at INR 45.55 per share with a discount of INR 14.40 per share.

Details of sitting fee paid to Directors' during the year 2013-14 is given below:

Sl. No.	Name of the Director	Sitting Fees Paid (in INR)
1	Mr. Siddharth Mehta	85,000
2	Mr. Sidharth Shankar	85,000
3	Mr. K. Chandrasekaran	70,000
4	Mr. M. N. Rangamani	70,000
5	Mr. Amit Jatia	10,000
6	Mr. Shahzaad Dalal	40,000
7	Mr. Utpal Sheth	20,000
8	Mr. Darshanbhai Patel	30,000

Notes :

1. The Managing Director did not receive sitting fees for attending meetings of the Board / Committees of the Board of Directors of the Company. Non-Executive Directors are paid sitting fees of INR 10,000 per meeting for attending meetings of the Board and INR 5,000 per meeting for attending meetings of the Audit Committee of the Board of Directors of the Company.

COMMITTEES OF THE BOARD

3. AUDIT COMMITTEE

3.1 Terms of Reference

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 177 of the Companies Act, 2013. This inter alia includes overseeing the Financial Reporting Process and disclosure of Financial Information, reviewing any change in Accounting Policies and Practices, Compliance with Accounting Standards and reviewing the adequacy of Internal Control System. The Company had formulated a Whistle Blower Policy, which mainly covers the information on suspected unethical and improper practices or wrongful conduct, which employees, in good faith, believe exist.

During the financial year, there was no such incident that necessitated the Audit Committee to investigate according to the Whistle Blower Policy.

3.2 Composition and Meetings

The Audit Committee comprised of One Promoter Non-Executive Director and Three Independent Non-Executive Directors. All the members have sound financial knowledge. The Committee met 5 (five) times during the Financial Year ended March 31, 2014 on April 29, 2013, July 25, 2013, October 26, 2013, February 7, 2014 at 10.30 am and February 7, 2014 at 5.30 pm. Required quorum was present at all the meetings.

The details of the members of the Committee and their attendance at these meetings are given below:

Sl. No.	Name of the Member	Category	Number of Meetings during the tenure of Directors	
			Held	Attended
1	Mr. Sidharth Shankar	Non-Independent, Non-Executive	5	5
2	Mr. Siddharth Mehta *Resigned w.e.f. 14.03.2014	Independent Non-Executive	5	5
3	Mr. K. Chandrasekaran *Resigned w.e.f. 14.03.2014	Independent Non-Executive	5	4
4	Mr. M. N. Rangamani *Resigned w.e.f. 14.03.2014	Independent Non-Executive	5	4

RECONSTITUTION OF AUDIT COMMITTEE :

The Audit Committee was reconstituted on April 25, 2014 as follows:

Sl. No.	Name of the Member	Category	Position (Member / Chairman)
1.	Mr. Pradipta K. Mohapatra	Non-Executive Independent	Chairman
2.	Mr. Anil Kumar Madhok	Non-Executive Independent	Member
3.	Mr. Harsha Raghavan	Non-Executive, Non-Independent	Member

The Company Secretary acts as the Secretary of the Audit Committee. As and when necessary, senior officials are invited to participate in the meetings to assist the Committee. The Chairman of the Audit Committee was present at the 26th Annual General Meeting held on September 17, 2013.

4. REMUNERATION COMMITTEE

4.1 Terms of Reference

The terms of reference of this Committee cover the matters specified for Remuneration Committee under Clause 49 of the Listing Agreement. This inter alia, includes determining the remuneration packages of the Executive Directors including pension rights and any compensation payment.

4.2 Composition & Meetings

The Committee comprised of three Independent Non-executive Directors, the Chairman of Committee being an Independent Director. All the members have a sound financial knowledge. The committee met twice on July 25, 2013 and March 14, 2014 during the financial year ended March 31, 2014. The members of the Remuneration Committee are detailed below:

SL. No.	Name of the Member	Category
1	Mr. Sidharth Shankar	Non-Independent, Non-Executive
2	Mr. K. Chandrasekaran *Resigned w.e.f. 14.03.2014	Independent Non-Executive
3	Mr. M. N. Rangamani *Resigned w.e.f. 14.03.2014	Independent Non-Executive
4	Mr. Siddharth Mehta *Resigned w.e.f. 14.03.2014	Independent Non-Executive

RECONSTITUTION OF REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted with the nomenclature as Nomination and Remuneration Committee as follows on April 25, 2014:

SL. No.	Name of the Member	Category	Position (Member/Chairman)
1.	Mr. Pradipta K. Mohapatra	Non-Executive Independent	Chairman
2.	Mr. Anil Kumar Madhok	Non-Executive Independent	Member
3.	Mr. Mahendrakumar Sharma	Non-Executive Independent	Member
4.	Mr. Harsha Raghavan	Non-Executive, Non-Independent	Member

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

5.1 Terms of Reference

The role of the Committee includes formulation of shareholders servicing Plans and Policies, monitoring and reviewing the mechanism of Share Transfers and Dematerialisation of Shares, payment of Dividends, etc., and looking into the redressal of shareholders' complaints and to determine, monitor and review the standards for resolution of shareholders grievances.

5.2 Composition and Meetings

The Committee comprised of 4 (four) Non-Executive Directors with an Independent Director as Chairman. During the Financial Year ended March 31, 2014, the Committee met 4 times on April 29, 2013, July 25, 2013, October 26, 2013 and February 7, 2014 to review the shareholders' correspondence including the grievances received from the shareholders and their redressal. Required quorum was present at all meetings. The details of the members of the Committee and their attendance at the above meetings are given below:

Sl. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr. Sidharth Shankar	Non-Independent Non-Executive	4	3
2.	Mr. Siddharth Mehta *Resigned w.e.f. 14.03.2014	Independent Non-Executive	4	4
3.	Mr. K. Chandrasekaran *Resigned w.e.f. 14.03.2014	Independent Non-Executive	4	3
4.	Mr. M. N. Rangamani *Resigned w.e.f. 14.03.2014	Independent Non-Executive	4	2

Name & Designation of the Compliance Officer: Mr. M.Balasubramaniyan, Company Secretary.

RECONSTITUTION OF SHAREHOLDERS GRIEVANCES COMMITTEE:

The Shareholders Grievances Committee was reconstituted with a nomenclature as Stakeholders Relationship Committee on April 25, 2014 as follows :

Sl. No.	Name of the Member	Category	Position (Member / Chairman)
1.	Mr. Anil Kumar Madhok	Non-executive Independent	Chairman
2.	Mr. Pradipta K. Mohapatra	Non-executive Independent	Member
3.	Mr. Harsha Raghavan	Non-executive Non-Independent	Member
4.	Mr. Ramesh Ramanathan	Executive Director	Member

The Shareholders / Investors' Grievance Committee has prescribed norms for attending to the shareholders' requests and these norms have been complied with. The Committee generally meets every quarter to review the Investor Query / Complaints.

Shareholder / Investor Complaints:

Complaints pending as on April 1, 2013 - Nil

During the period April 1, 2013 to March 31, 2014, complaints:

Identified and reported under Clause 41 of the Listing Agreement - 03

Complaints disposed off during the year ended March 31, 2014 - 03

Complaints unresolved to the satisfaction of shareholders as on March 31, 2014 - Nil

Number of pending Share Transfers as on March 31, 2014 - Nil

6. COMPENSATION COMMITTEE

6.1 Terms of Reference

The role of the Compensation Committee includes powers to decide on the matters relating to granting Stock Options / Equity Shares to the permanent employees (including the Directors of the Company whether Whole-time Directors or not).

6.2 Composition and Meetings

The Committee comprised of One Promoter Non-Executive Director and Three Independent Non-Executive Directors with an Independent Director as Chairman. All the members have a sound financial knowledge. The Committee met twice on April 29, 2013 and July 25, 2013 during the Financial Year ended March 31, 2014. Required quorum was present at all meetings.

The details of composition and attendance of the members are given below:

Sl. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1.	Mr. Sidharth Shankar	Promoter Non-Executive	2	2
2.	Mr. Siddharth Mehta *Resigned w.e.f. 14.03.2014	Independent Non-Executive	2	2
3.	Mr. K. Chandrasekaran *Resigned w.e.f. 14.03.2014	Independent Non-Executive	2	1
4.	Mr. M. N. Rangamani *Resigned w.e.f. 14.03.2014	Independent Non-Executive	2	1

RECONSTITUTION OF COMPENSATION COMMITTEE:

The Compensation Committee was reconstituted on April 25, 2014 as follows:

Sl. No.	Name of the Member	Category	Position (Member / Chairman)
1.	Mr. Mahendra Kumar Sharma	Non-Executive, Independent	Chairman
2.	Mr. Pradipta K. Mohapatra	Non-Executive, Independent	Member
3.	Mr. Anil Kumar Madhok	Non-Executive, Independent	Member
4.	Mr. Harsha Raghavan	Non-Executive, Non- Independent	Member

7. SHARE TRANSFER COMMITTEE

7.1 Terms of Reference

The role of the committee includes power to approve Transfers and Transmission of Shares / Debentures and Transpositions, Issue of new Share Certificates, Issue of powers of attorney and such other powers the Board may delegate.

7.2 Composition and Meetings

The Committee consists of one Promoter Non-Executive Director and two Independent Non-Executive Directors.

The Committee met 20 (twenty) times on April 3, 2013, April 25, 2013, May 17, 2013, June 6, 2013, June 17, 2013, July 19, 2013, August 3, 2013, August 19, 2013, October 7, 2013, October 26, 2013, November 13, 2013, November 25, 2013, December 13, 2013, December 28, 2013, January 10, 2014, January 21, 2014, February 13, 2014, February 25, 2014, March 5, 2014 and March 21, 2014. Required quorum was present all meetings. The details of composition and attendance of the members are given below:

Sl. No.	Name of the Member	Category	Number of Meetings	
			Held	Attended
1	Mr. Sidharth Shankar	Non-Executive Non-Independent Director	20	15
2	Mr. R. Mohan *Inducted w.e.f 14.03.2014	Senior Vice President – Finance	20	1
3	Mr. M. Balasubramaniyan *Inducted w.e.f 14.03.2014	Company Secretary	20	1
4	Mr. K. Chandrasekaran *Resigned w.e.f. 14.03.2014	Independent Director	20	18
5	Mr. M. N. Rangamani *Resigned w.e.f. 14.03.2014	Independent Director	20	17

8. GENERAL BODY MEETINGS

- i) The details of Annual General Meetings held during the past three years and Special Resolution passed:

Year	Venue	Date & Time	Special resolutions Passed
31.03.2011	Rani Seethai Hall, No.603, Anna Salai, Chennai – 600 006	28.09.2011 02.30 PM	1. Alteration of Articles of Association
31.03.2012	Chinmaya Heritage Centre, No.2, 13th Avenue, Harrington Road, Chetpet, Chennai – 600 031	23.07.2012 02.30 PM	1. Approval for ESOS 2012 2. Approval for allotment in excess of 1% under ESOS 2012
31.03.2013	Rani Seethai Hall, No.603, Anna Salai, Chennai – 600 006	17.09.2013 02.30 PM	Nil

ii) The details of Extraordinary General Meetings held during the past three years and Special Resolution passed:

Period	Venue	Date & Time	Special resolution passed
2011-2012	Rani Seethai Hall, No.603, Anna Salai, Chennai – 600 006	13.08.2011 11.30 AM	1. Appointment and Payment of Remuneration to Managing Director 2. Preferential allotment of 80,00,000 Equity Shares 3. Preferential allotment of 82,00,000 Warrants 4. Approval for ESPS 2011 5. Approval for allotment in excess of 1% under ESPS 2011
2012-2013	No Extra-Ordinary General Meeting was held during the financial year.		
2013-2014	General Meeting as directed by the Hon'ble High Court of Judicature, Madras		
	The Music Academy, Mini Hall, New No.168, (Old No.306), T.T.K Road, Chennai - 600 014	02.04.2013 10:30 AM	Special Resolution approving the Scheme of Amalgamation of Manchanda Resorts Private Limited with Sterling Holiday Resorts (India) Limited

9. POSTAL BALLOT:

During the year under review, one Ordinary Resolution and four Special Resolutions were passed through Postal Ballot during FY14.

Item No.	Item	Type of resolution	Date of passing the resolution
1	Increase in Authorised Share Capital	Ordinary	March 12, 2014
2	Amendments to the Memorandum of Association for Increase in Authorised Capital	Special	March 12, 2014
3	Amendments to the Main Object Clause of the Memorandum of Association	Special	March 12, 2014
4	Preferential Allotment of Equity Shares of the Company	Special	March 12, 2014
5	Amendment to the Articles of Association of the Company	Special	March 12, 2014

Tentative Financial Calendar - April 1, 2014 to March 31, 2015

I Quarter ended 30.06.2014	July 30, 2014
Annual General Meeting	July 30, 2014
II Quarter ending 30.09.2014	Third week of October, 2014
III Quarter ending 31.12.2014	Third week of January, 2015
IV Quarter ending 31.03.2015	First week of May, 2015
Audited Results for the Financial Year ending 31.03.2015	First week of May, 2015

10. DISCLOSURES

CEO/CFO Certification

As required under Clause 49V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements, and matters related to internal controls in the prescribed format for the year ended March 31, 2014.

Company at large. Further, details of related party transactions form as a part of notes to the accounts of the Annual Report.

11. SUBSIDIARY COMPANIES

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paidup capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any material non-listed Indian subsidiary during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of Board Meetings of subsidiaries of the Company are placed before the Board of Directors of the Company.

12. RELATED PARTY TRANSACTIONS

- (a) During the financial year 2013-14, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or relatives that may have potential conflict with the interests of the


- (b) The Company affirms that no personnel has been denied access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.
- (c) The Company has complied with the reporting of mandatory requirements as contained in the Annexure 1C and has also reasonably complied with reporting of non mandatory requirements, as contained in the Annexure 1D to Clause 49 of the Listing Agreement.

13. RECONCILIATION OF SHARE CAPITAL AUDIT

A Reconciliation of Share Capital audit was carried out by a qualified practicing Company Secretary on quarterly basis for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit inter alia confirms that total issued/paidup capital is in agreement with the total number of Shares held in physical form and the total number of dematerialised Shares held with NSDL and CDSL.

13.1 Accounting Treatment in Preparation of Financial Statements

The Company has followed the Accounting Standards laid down by The Institute of Chartered



Accountants of India and The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

13.2 Details of Compliance Relating to Capital Markets

The Company has complied with all the requirements of regulatory authorities. There were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

13.3 Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its Designated Employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down Guidelines, vide which it advises the designated employees on procedures to be followed and disclosures to be made, while dealing with Shares of the Company, and caution them of the consequences of violations.

13.4 Proceeds arising out of various Issues made during the year

Pursuant to the issue of Equity Shares arising out of allotment of Equity Shares under Employee Stock Purchase Scheme and Preferential allotment made by the Company during the year under review, the Audit Committee has been monitoring the use and applications of funds by major category such as capital expenditure, sales and marketing, working capital on a quarterly basis as part of its quarterly declaration of financial results. The Company has not utilised the funds generated out of the said issue(s) for any purpose other than those stated in the notice(s).

13.5 Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDAR) has been attached as a separate chapter and forms as a part of this Annual Report.

13.6 Compliance with Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. As for the non-mandatory requirements, the Company has set up the Remuneration Committee of the Board of Directors, the details of which have been provided under the Section "Committees of the Board". During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure that its financial statements remained unqualified.

14. MEANS OF COMMUNICATION

The quarterly results published in the proforma prescribed by the Stock Exchanges are approved and taken on record by the Board of Directors of the Company within 45 days of the close of the relevant quarter. The approved results are forthwith sent to all the Stock Exchanges with which the Company has listing arrangements. Further, the results in the prescribed proforma are published within 48 hours in the English daily newspaper - Trinity Mirror and Tamil daily newspaper - Makkal Kural. The Company sends the Unaudited Financial Results within the stipulated period of 45 days from the end of each quarter as required by the Listing Agreement with the Stock Exchanges.

The Annual Reports are sent to the Shareholders individually before the Annual General Meeting and the same is placed on the Company's Website - www.sterlingholidays.com

15. GENERAL SHAREHOLDER INFORMATION

(a) Twenty Seventh Annual General Meeting

Date : July 30, 2014

Time : 2.30 P.M.

Venue : The Music Academy,
Mini Hall, New No.168, (Old No.306),
T. T. K Road, Royapettah, Chennai - 600 014.

(b) Financial Year

The financial year covers the period from April 1 to March 31.

(c) Book Closure Date

July 23, 2014 to July 30, 2014

(d) Dividend Payment Date

No dividend has been recommended by the Board of Directors of the Company.

(e) Listing on Stock Exchanges

Name of Stock Exchange	Address	Scrip Symbol / Scrip Code	Status of payment of listing fees for the year 2013-14
The Madras Stock Exchange Limited [MSE]	Exchange Buildings, Post Box No.183, 30, Second Line Beach, Chennai - 600 001	STERLHOLRES	Paid
BSE Limited [BSE]	P. J. Towers, Dalal Street, Fort, Mumbai - 400 001	523363	Paid

Demat ISIN Code for NSDL & CDSL - INE657A01019

(f) Market Price Data

Monthly High/Low price of the Equity Shares quoted on Bombay Stock Exchange Limited during the FY 2013-14.

Month	High Price INR P.	Low Price INR P.	No. of Shares
April 2013	83.7	63.15	30,18,405
May 2013	83.7	66.25	16,21,703
June 2013	74.95	62.45	14,40,454
July 2013	66.95	55.3	54,97,184
August 2013	64.95	51.85	10,25,752

September 2013	70	52	14,23,288
October 2013	67.5	61.5	7,22,877
November 2013	76	64.25	8,80,074
December 2013	88.95	73.7	20,16,510
January 2014	93.7	80	22,28,863
February 2014	99	90	1,43,09,021
March 2014	95	91.2	78,66,643

There was no trading on the Equity Shares of the Company on the Madras Stock Exchange Limited during the FY 2013-14.

(g) Performance of the Company - BSE SENSEX

Month	Open	High	Low	Close
April 2013	18,890.81	19,622.68	18,144.22	19,504.18
May 2013	19,459.33	20,443.62	19,451.26	19,760.3
June 2013	19,859.22	19,860.19	18,467.16	19,395.81
July 2013	19,352.48	20,351.06	19,126.82	19,345.7
August 2013	19,443.29	19,569.20	17,448.71	18,619.72
September 2013	18,691.83	20,739.69	18,166.17	19,379.77
October 2013	19,452.05	21,205.44	19,264.72	21,164.52
November 2013	21,158.81	21,321.53	20,137.67	20,791.93
December 2013	20,771.27	21,483.74	20,568.70	21,170.68
January 2014	21,222.19	21,409.66	20,343.78	20,513.85
February 2014	20,479.03	21,140.51	19,963.12	21,120.12
March 2014	21,079.27	22,467.21	20,920.98	22,386.27

(h) Registrar & Share Transfer Agents

Cameo Corporate Services Limited
 "Subramanian Building"
 No.1, Club House Road,
 Chennai - 600 002
 Phone : 044 - 28460390 (5 Lines)
 Fax : 044 - 28460129
 E-mail : investor@cameoindia.com

(i) Share Transfer System

Trading in Equity Shares of the Company through recognised stock exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Share Transfer Committee and Stakeholders Relationship Committee meet as and when required to consider the transfer proposals and attend to Shareholders' grievances. As of March 31, 2014, there are no pending share transfers pertaining to the year under review.

A Committee of the Board, constituted for this purpose, approves the share transfers in the Physical Form periodically subject to the documents being valid and complete in all respects. The Board has also authorised the Members of the Share Transfer Committee to approve the Transfers, Transmissions and Transpositions. As per the directions of SEBI, the Company immediately on transfer of shares, endorse their name on the Share Certificates and send them to the investors. The Committee met 20 times during the Financial Year commencing from April 01, 2013 to March 31, 2014.

(j) **Shareholding Pattern as on March 31, 2014**

	Category	No. of Shares held	% of Shareholding
A	PROMOTER'S HOLDING		
	(i) Indian Promoters	79,01,008	8.89
	(ii) Acquirers & PAC	-	-
	(iii) Bodies Corporate	3,15,51,191	35.50
B	NON-PROMOTER HOLDING		
	1. Institutional Investors		
	(a) Mutual Fund	7,450	0.01
	(b) Banks, Financial Institutions, Insurance Companies	4,650	0.01
	(c) Foreign Institutional Investors	1,06,93,518	12.03
	2. Others		
	(a) Private Corporate Bodies	1,17,55,939	13.23
	(b) Indian Public	1,60,71,791	18.09
	(c) Non Resident Indians / Overseas Bodies Corporate	82,17,138	9.25
	(d) Foreign Nationals	250	0.00
	(e) Trusts	25,79,542	2.90
	(f) Clearing Member	84,696	0.10
	TOTAL	8,88,67,173	100.00

(k) **Distribution of Shareholding as on March 31, 2014**

Category	No. of Holders	% to Total	No. of Shares	% to Total
1 - 500	17510	89.99	20,83,296	2.34
501 - 1000	852	4.38	7,16,221	0.81
1001 - 2000	450	2.31	7,07,767	0.80
2001 - 3000	157	0.81	4,07,319	0.46
3001 - 4000	75	0.39	2,65,308	0.30
4001 - 5000	85	0.44	4,02,213	0.45
5001 - 10000	146	0.75	10,86,130	1.22
Above 10000	182	0.94	8,31,98,919	93.62
Total	19457	100.00	8,88,67,173	100.00

(l) **Nomination Facility**

The Shareholders may avail themselves of the nomination facility under Section 72 of the Companies Act, 2013. The Nomination Form (Form SH-13) along with instructions will be provided to the members on request. In case the members wish to avail this facility, they are requested to write to M. Balasubramaniyan, Company Secretary at the Registered Office of the Company.

(m) **Dematerialisation of Equity Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialised form with effect from August 28, 2000 as per the directives issued by SEBI. The Code Number allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to Sterling Holiday Resorts (India) Limited is ISIN - INE 657A01019.

As on March 31, 2014, 98.59% of the Company's total Equity Shares representing 87613535 Equity Shares were held in Dematerialised Form and the balance 1.41% representing 1253638 Equity Shares were held in Physical Form.

The Company has received 155 requests for Dematerialisation of shares during the 12 months' period commencing from April 01, 2013 to March 2014. The time taken for processing the dematerialisation requests is detailed below.

For the period 01.04.2013 to 31.03.2014						
Days taken for processing	No. of requisitions accepted	No. of Shares accepted	% to Paidup Capital	No. of requisitions rejected	No. of Shares rejected	% to Paidup Capital
1 - 10 days	146	3,12,311	0.351	24	10,353	0.011
11 - 15 days	9	3,460	0.003			
Total	155	3,15,771	0.354			

(n) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on Equity.**

The Company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments as on March 31, 2014.

(o) **Resort Locations**

Corbett, Darjeeling, Dharamshala, Gangtok, Goa, Karwar, Kodaikanal, Lonavala, Manali, Munnar, Mussoorie, Ooty, Puri, Thekkady, Yelagiri and Yercaud.

p) **Address for Correspondence**

Registered Office :

Sterling Holiday Resorts (India) Limited
Citi Tower, No.7, 3rd Cross Street,
Kasturba Nagar, Adyar, Chennai - 600 020.
Board line: 044-33573300, Fax : 044-33573423
E-mail - investorsmail@sterlingholidays.com

Place: **Chennai**

Date: **April 26, 2014**

For and on behalf of the Board

PRADIPTA K. MOHAPATRA

Chairman

DECLARATION ON CODE OF CONDUCT

To,

The Members of Sterling Holiday Resorts (India) Limited

This is to inform that the Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. It is further declared that all Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2014 as envisaged in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Place: **Chennai**

Date: **April 26, 2014**

For and on behalf of the Board

RAMESH RAMANATHAN

Managing Director & CEO



AUDITORS' REPORT ON CORPORATE GOVERNANCE

To The Members of Sterling Holiday Resorts (India) Limited,

We have examined the compliance of the conditions of Corporate Governance by Sterling Holiday Resorts (India) Limited for the financial year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company, with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

Based on the information and explanations given to us there are no investor grievances pending for a period exceeding one month against the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor that efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan
Partner
Membership No.: 011072



STERLING HOLIDAY RESORTS (INDIA) LIMITED

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Board of Directors
Sterling Holiday Resorts (India) Limited
Chennai

We, Ramesh Ramanathan, Managing Director, in the capacity as Chief Executive Officer (CEO) and R. Mohan, Senior Vice President, Finance in the capacity as Chief Financial Officer (CFO) of Sterling Holiday Resorts (India) Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed financial statements and the Cash Flow Statement for the year ended March 31, 2014 and that to the best of our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Company's Auditors and the Audit committee:
 - (i) Significant changes, if any, in internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

RAMESH RAMANATHAN (CEO)
Managing Director

R. MOHAN (CFO)
Senior Vice President – Finance

Place: **Chennai**
Date: **April 26, 2014**



INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2014

TO THE MEMBERS OF STERLING HOLIDAY RESORTS (INDIA) LIMITED

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of STERLING HOLIDAY RESORTS (INDIA) LIMITED which comprise of the Balance Sheet as at March 31, 2014, Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and

fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:



- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan
Partner
Membership No.: 011072

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) Fixed Assets are physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies as compared to book records were noticed on such verification.
(c) Since the disposal of fixed assets during the year is not substantial, the preparation of financial statements on a going concern basis is not affected on this account.
2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification was reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken unsecured loan of INR 2 crores from one company listed in the register maintained under Section 301 of the Companies Act 1956.
- (c) The terms and conditions of such loan are not prima facie prejudicial to the interest of the company. The payment of interest has been regular.
- (d) The maximum amount outstanding at any time during the year was INR 2 crores. The loan taken has been fully repaid during the year.
4. In our opinion and according to the information and explanations given to us, the internal control system are commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets, sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. (a) Based on the audit procedures applied by us, to the best of our knowledge and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of INR 5 lakhs, during the year, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. We are informed by the Management that no order has

been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under Sections 58A and 58AA of the Companies Act, 1956.

7. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. According to the information and explanations given to us and as clarified under General Circular No. 67/2011 dated 30th Nov. 2011, the Companies (Cost Accounting Records) Rules, 2011 are not applicable to the Company since the company is in hospitality sector. Hence reporting under this para does not arise.
9. a. According to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues in

respect of Income Tax, Luxury Tax, Wealth Tax, Service Tax, VAT, Provident Fund, Employees State Insurance and Customs Duty. There is no liability to remit Excise duty and Investor Education and Protection Fund. According to the information and explanations given to us, except for the *undisputed statutory dues representing Fringe Benefit Tax of INR 73.12 lakhs*, no other Statutory Dues were outstanding at the year end for a period of more than six months from the date they became payable.


- b. According to the information and explanations given to us and on the basis of examination of records of the Company the dues of Luxury Tax / Service Tax as at March 31, 2014 which have not been deposited on account of any dispute are as follows:

(INR In Lakhs)					
Name of Statute / Nature of Dues	Period	Forum where dispute is pending			
		High Court	Appellate Tribunal	Appellate Authority @	Grand Total
Service Tax Rules (Service tax including penalty & interest wherever applicable)	16.06.05 to 30.09.06	527.03	-	-	527.03
Luxury Tax (Kerala)	2006-07, 2007-08 & 2009-10	-	12.69	30.68	43.37
Luxury Tax (Tamilnadu)	1998-99, 2000-01 & 2002-03	230.98	-	454.63	685.61
@ Appellate Authority includes Commissioner Appeals, Assistant Commissioner Appeals, Deputy Commissioner Appeals and Joint Commissioner Appeals					

10. *The accumulated loss at the end of the financial year does not exceed 50% of net worth inclusive of "Deferred income" (other than "Entitlement Fee" which is refundable in nature).* The company has incurred cash loss during the Current financial year and in the preceding financial year.
11. On the basis of verification of records and according to the information and explanations given to us,

the Company has not defaulted in the repayment of dues to Financial Institutions / Banks.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures and other securities.

- 
13. The Company is not a chit fund or a nidhi or mutual fund society. Therefore, the provisions of sub-para (xiii) of para 4 of the order are not applicable to the Company.
 14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments other than investing in mutual fund units. Proper records have been maintained in respect of these mutual fund investments and timely entries have been made therein. The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act.
 15. According to the information and explanations given to us, the Company has not given any guarantee for any loan taken by others from any Bank or Financial Institution.
 16. In our opinion, the term loans availed has been utilised for the purpose for which they were raised.
 17. According to the information and explanations given to us, based on an overall examination of the balance sheet of the Company and related

information made available, we report that funds raised on short-term basis have not been used for long-term investments.

18. According to the information and explanations given to us, the preferential allotment of shares made during the year are not made to parties covered under Register maintained under Section 301 of the Act.
19. During the year, the Company has not issued any secured debentures and accordingly no securities were required to be created.
20. During the year, the company has not raised any money by public issue. Therefore, the requirement of disclosure by the Management on the end use of money raised by public issue and verification of the same is not applicable.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan
Partner
Membership No.: 011072

STERLING HOLIDAY RESORTS (INDIA) LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	8,886.72	6,770.94
Reserves and Surplus	2	17,383.09	2,166.50
NON-CURRENT LIABILITIES			
Long-term borrowings	3	12.86	2,110.01
Deferred income [Vide Note No.26(10)]		26,399.45	23,854.82
Other long-term liabilities	4	25.97	81.31
Long-term provisions	5	172.99	115.64
CURRENT LIABILITIES			
Short-term borrowings	6	-	887.74
Trade payables [Vide Note No.26(13)]		1,721.22	2,018.76
Deferred income [Vide Note No.26(10)]		808.95	621.37
Other current liabilities	7	1,193.86	1,859.23
Short-term provisions	8	157.27	202.41
TOTAL		56,762.38	40,688.73
ASSETS			
NON-CURRENT ASSETS			
FIXED ASSETS	9		
Tangible assets		24,506.13	22,848.70
Intangible assets		181.95	174.95
Capital work-in-progress [Vide Note No.26(8)]		5,296.68	5,416.58
Deferred Tax Asset (Net) [Vide Note No. 26(14)]		-	-
Non-current investments	10	10.13	70.22
Long-term loans and advances	11	1,399.51	1,918.02
Other non-current assets	12	4,589.90	4,538.39

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
CURRENT ASSETS			
Current investments	13	12,100.00	-
Inventories	14	214.38	180.52
Trade receivables	15	5,751.41	3,461.66
Cash and bank balances	16	897.69	136.55
Short-term loans and advances	17	1,515.66	1,770.31
Other current assets	18	298.94	172.83
TOTAL		56,762.38	40,688.73

Significant accounting policies

Notes to financial statements

1 to 25

Additional notes forming part of financial statements

26

For and on behalf of the Board

PRADIPTA K. MOHAPATRA

Chairman

RAMESH RAMANATHAN

Managing Director

M. BALASUBRAMANIAN

Company Secretary

R. MOHAN

Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**

Chartered Accountants

ICAI regd. No. 109208W

S. Venkataraman,

Partner

Membership No.: 023116

For **R.Subramanian & Co.**

Chartered Accountants

ICAI regd. No. 004137S

A. S. Ramanathan,

Partner

Membership No.: 011072

Place: **Chennai**

Date: **April 26, 2014**

STERLING HOLIDAY RESORTS (INDIA) LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Income:			
Revenue from operations	19	12,130.92	10,079.31
Other income	20	1,475.47	788.95
Total revenue		13,606.39	10,868.26
Expenses:			
Cost of materials consumed	21	692.62	597.62
Employee benefit expense	22	5,896.46	5,352.68
Other operating and general expenses	23	6,533.34	6,406.25
Finance cost	24	581.10	122.29
Depreciation and amortisation expense	9	877.00	632.51
Total expenses		14,580.52	13,111.35
Profit / (loss) before exceptional items and tax		(974.13)	(2,243.09)
Exceptional items (net)	25	(661.80)	154.38
Profit / (loss) before tax		(1,635.93)	(2,088.71)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit / (loss) after tax		(1,635.93)	(2,088.71)
Earning per Equity Share: (Basic and Diluted) [Vide Note No.26(20)]			
(1) Before exceptional items		(1.40)	(3.42)
(2) After exceptional items		(2.36)	(3.19)

Significant accounting policies

Notes to financial statements

1 to 25

Additional notes forming part of financial statements

26

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

RAMESH RAMANATHAN
Managing Director

M. BALASUBRAMANIYAN
Company Secretary

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

S. Venkataraman
Partner
Membership No.: 023116
Place: **Chennai**
Date: **April 26, 2014**

A. S. Ramanathan
Partner
Membership No.: 011072

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. Cash flow from operating activities		
Net profit / (loss) before extraordinary items and tax	(1,635.93)	(2,088.71)
<u>Adjustments for:</u>		
Depreciation and amortisation	877.00	632.51
Amortisation of employee stock option cost	143.11	130.24
Profit on sale of assets	(28.42)	(4.85)
Finance costs	581.10	122.29
Interest income	(900.32)	(565.24)
Dividend income from mutual funds	(0.08)	(6.39)
Net (gain) / loss on sale of investments	(23.67)	(7.83)
Unclaimed balances written back	-	(244.62)
Provision no longer required written back	(78.46)	(93.31)
Bad debts written off	31.00	-
Depreciation written back	-	(117.45)
Provision for doubtful trade and other receivables, loans and advances	661.80	192.27
Advances written off	-	15.43
Exchange gain	(16.95)	(0.89)
	1,246.11	52.16
Operating profit / (loss) before working capital changes	(389.82)	(2,036.55)
Adjustments for (increase) / decrease:		
Inventories	(33.86)	(71.55)
Trade receivables	(2,242.29)	(1,779.53)
Loans and advances	(66.25)	(2,615.90)
Deferred income	2,732.21	2,190.31
Trade payable & other liabilities	(968.70)	2,036.64
Provisions	12.21	69.21
Cash generated from operating activities	(566.68)	(170.82)
Net cash flow from / (used in) operating activities (A)	(956.50)	(2,207.37)

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
B. Cash flow from investing activities				
Purchase of fixed assets	(2,554.05)		(4,929.14)	
Increase in capital work-in-progress	119.90		(542.36)	
Proceeds from sale of fixed assets	41.03		-	
Sale / (purchase) of investments (net)	(12,016.24)		104.39	
Interest received	900.32		565.24	
Dividend received	0.08		6.39	
Net cash flow from / (used in) investing activities (B)		(13,508.94)		(4,795.48)
C. Cash flow from financing activities				
Proceeds from issue of equity shares / share warrants	18,792.59		4,079.30	
Proceeds from long-term borrowings	1,900.00		2,049.00	
Repayment of long-term borrowings	(3,997.16)		-	
Increase in short-term borrowings (net)	(887.74)		887.74	
Finance cost	(581.10)		(122.29)	
Net cash flow from / (used in) financing activities (C)		15,226.58		6,893.75
Net increase / (decrease) in cash and cash equivalents (A+B+C)		761.14		(109.10)
Cash and cash equivalents at the beginning of the year		136.55		245.65
Cash and cash equivalents at the end of the year		897.69		136.55

Notes :

Previous year figures have been re-grouped wherever necessary to confirm with current year grouping.

Purchase of fixed assets and capital work-in-progress is inclusive of interest capitalised INR 280.23 lakhs (previous year INR 141.24 lakhs).

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

RAMESH RAMANATHAN
Managing Director

M. BALASUBRAMANIAN
Company Secretary

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

S. Venkataraman,
Partner
Membership No.: 023116

A. S. Ramanathan,
Partner
Membership No.: 011072

Place: **Chennai**
Date: **April 26, 2014**

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. SYSTEM OF ACCOUNTING

- A. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis, unless and otherwise specified.

The financial statements have been prepared in all material respects in compliance of Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

- B. Financial statements are prepared under historical cost convention and on "Going Concern" basis.

2. USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The Management believes that these estimates and assumptions are reasonable and prudent. However actual results could differ from these estimates. Differences between actual results and estimates are recognized in the period in which they materialise.

3. FIXED ASSETS AND DEPRECIATION:

A) Fixed Assets

Fixed assets (other than certain lands which have been revalued) including Intangible Assets are stated at their original cost (including expenses related to acquisition / installation and borrowing costs on construction / acquisition of fixed assets up to the period the assets are ready for use) less depreciation and impairment provision, if any.

B) Depreciation and Amortisation

Depreciation is calculated on Straight Line Method (SLM) as under:

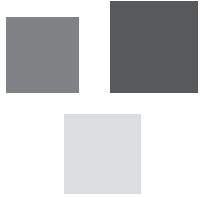
- a. On Tangible assets owned by the Company at the rates specified in Schedule XIV to the Companies Act, 1956. On assets added / disposed off during the year, on pro-rata basis with reference to the month of addition / disposal; any addition or extension to existing assets which is of a capital nature and which becomes integral part of the existing asset is depreciated over the remaining useful life of the assets.
- b. Cost of leasehold land, building and improvements made thereon is amortised over the period of lease.
- c. Intangible assets, namely Software are amortised over a period of 5 years.

4. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Statement of Profit and Loss. A previously recognised impairment loss is reversed where it is no longer required and the asset is restated to that effect.

5. BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, where it is possible that they will result in future economic benefit. A qualifying asset is one that necessarily takes substantial period of time to get



ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

6. REVENUE RECOGNITION

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefit will accrue to the Company;

- a. In respect of Sterling Holiday Vacation Ownership Plan (SHVOP), 60% of the product value, being admission fee, is recognised as income in the year of sale and the balance 40%, being entitlement fee, is recognised as income over the period of entitlement.
- b. In respect of all other timeshare products, a portion of the consideration, namely 45% of the sale value is treated as income in the year of sale. Advance subscription towards Customer Facilities (ASCF), being balance 55%, of the sale value is accounted as income over the period of entitlement.
- c. In respect of sales made under EMI scheme, interest wherever applicable is accrued over the contracted period.
- d. Income from resorts comprising of room rent, food and beverages sales, utility charges, other services etc., are recognised when these are sold and services are rendered.
- e. Incomes in respect of Annual Amenity Charges (AAC) / Annual Subscription Fees (ASF) are accounted on cash basis, in view of uncertainty in collection.
- f. Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On de-recognition, the difference between book value of the securitised asset and consideration received is recognised as income.
- g. Dividend is accounted for when the right to receive the same is established. Interest is accounted on time proportionate basis.

- h. Profit / Loss on Sale of Investments are recognised on the date of redemption.

7. INVESTMENTS

- a. Long-term investments are stated at cost. Provision for diminution in value, considered on individual basis, is recognised, if in the opinion of the management such a decline is other than temporary.
- b. Current investments are valued at lower of cost and realisable value, determined on individual basis.

8. INVENTORIES

Inventories comprising of provisions, perishables, beverages, consumables and operating supplies are valued at lower of cost and net realisable value. Cost is computed on First in First out basis.

9. FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions. Monetary items denominated in foreign currencies (such as cash, receivables, payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date. Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc.) are valued at the exchange rate prevailing on the date of transaction. Any gain or loss arising due to exchange differences at the time of translation or settlement are accounted in the Statement of Profit and Loss.

10. EMPLOYEE BENEFITS

LONG-TERM EMPLOYEE BENEFIT PLANS DEFINED CONTRIBUTION PLAN

Contribution to Provident Fund, which is a defined contribution retirement plan, is made monthly at predetermined rate to the Provident Fund authorities and debited to the Statement of Profit and Loss on accrual basis.



DEFINED BENEFIT PLAN

Company makes annual contribution to Gratuity fund and Leave Encashment Fund administered by an Insurance Company, which is considered as defined benefit plan. The present value of the defined benefit is measured using 'Projected Unit Credit' Method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss. Amount of contribution, computed by the insurers is paid by the Company and charged to Statement of Profit and Loss.

11. PROVISIONS & CONTINGENCIES

A provision arising out of a present obligation is recognised when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Wherever there is a possible obligation which may not require an outflow of resources, the same is disclosed by way of contingent liability.

Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

12. TAXES ON INCOME

Current tax is determined in accordance with Income Tax Act 1961 on the amount of tax payable in respect of the income for the year. Deferred tax assets / liabilities are measured by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax asset arising on account of loss and unabsorbed depreciation under tax laws is recognised only to the extent there is virtual certainty of its realisation supported by convincing evidence. Deferred tax assets on account of other timing differences are

recognised only to the extent there is reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred Tax Asset is reviewed based on developments to re-assess realisation.

13. EMPLOYEE STOCK OPTION SCHEME (ESOS)

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method (i.e., excess of market value of shares over the exercise price of the option at the date of grant). Compensation expense is amortised over the vesting period of the each separate vesting portion of the option on a straight line basis.

14. EMPLOYEES STOCK PURCHASE SCHEME (ESPS)

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock purchase using the intrinsic value method (i.e., excess of market value of shares over the exercise price of the shares at the date of issue).

15. LEASE ACCOUNTING

The lease payments made on the assets comprising of land and building taken on operating lease, are amortised as an expense on straight line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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1 SHARE CAPITAL

a Authorised Share Capital:

9,25,00,000 (7,50,00,000) of Equity Shares of INR 10 each	9,250.00	7,500.00
Issued, Subscribed and Fully Paidup Share Capital:		
8,88,67,173 (6,77,09,351) of Equity Shares of INR 10 each	8,886.71	6,770.93
Add: Share Capital pending allotment	0.01	0.01
	8,886.72	6,770.94

b **Par value per share (INR)** **10** **10**

c Reconciliation of number of Shares

Equity Shares at the beginning of the year	677,09,351	597,00,785
Preferential Issue of Shares	206,50,000	-
Warrants Conversion	-	75,33,333
Options under ESPS exercised [Vide Note (h)]	5,07,822	4,75,233
Equity Shares at the end of the year	888,67,173	677,09,351

d Details of shareholders holding more than 5% of Equity Shares of the Company

	As at March 31, 2014 (No. of Shares)	%	As at March 31, 2013 (No. of Shares)	%
Thomas Cook Insurance Services (India) Limited	30051191	33.82	-	-
Bay Capital Investment Limited	7888718	8.88	7888718	11.65
Mr. Sidharth Shankar	7210500	8.11	3780500	5.58
India Discovery Fund Limited	5207837	5.86	5459542	8.06

e Information regarding issue of Shares in the last five years

- (i) The Company has not issued any Shares without payment being received in cash.
- (ii) There has been no issue of Bonus Shares.
- (iii) The Company has not undertaken any buy-back of Shares.

f Terms / Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of INR 10 per Share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per Share held.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

g Shares reserved for issue under Employee Stock Options

Particulars	ESOS-12	
	As at March 31, 2014	As at March 31, 2013
Grant Price (in INR)	96	96
Grant date	24.01.2013	24.01.2013
Vesting Commences on	24.01.2014 24.01.2015 24.01.2016	24.01.2014 24.01.2015 24.01.2016
No. of Options granted and outstanding at the beginning of the year	7,50,000	-
No. of Options lapsed during the year	3,25,950	-
No. of Options granted during the year	-	7,50,000
No. of Options exercised during the year	-	-
No. of Options granted and outstanding at the end of the year of which:		
Options vested	1,69,620	-
Options yet to vest	2,54,430	7,50,000

h Employee Stock Purchase Scheme

Particulars	ESPS - 2010		ESPS - 2011	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
Shares outstanding at the beginning of the year	1442981	1442981	2076253	2551486
Shares approved during the year	Nil	Nil	Nil	Nil
Shares allotted during the year	Nil	Nil	507822	475233
Date of allotment	Nil	Nil	29.04.2013 25.07.2013	14.06.2012 20.09.2012 17.10.2012
Shares outstanding at the end of the year	1442981	1442981	1568431	2076253

i Preferential Issue

On March 14, 2014, the Company has allotted 20650000 Shares of INR 10 each at a premium of INR 80.49 per Share on preferential basis to Thomas Cook Insurance Services (India) Limited (TCISL) based on Share Subscription Agreement executed by the Company with TCISL. As on March 31, 2014, TCISL holds 30051191 Shares (Previous year - nil) including Shares acquired prior to the date of preferential allotment. All these Shares are subject to lock-in period as per SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
2 RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	93.10	93.10
Add: Surplus on amalgamation [Vide Note No.26(17)(d)]	9.27	-
Closing balance	102.37	93.10
Security Premium Account		
As per last balance sheet	26,558.79	21,380.60
Add: On issue of Shares / Conversion of Warrants	16,953.52	5,221.18
Less: Expenses related to preferential issue of Equity Shares	142.96	42.99
Closing balance	43,369.35	26,558.79
Revaluation Reserve [Vide Note No.26(4)]		
As per last balance sheet	1,959.20	1,959.20
Less: withdrawn during the year	-	-
Closing balance	1,959.20	1,959.20
General Reserve		
As per last balance sheet	3,945.40	3,945.40
Closing balance	3,945.40	3,945.40
(Deficit) / Surplus (Balance in Statement of Profit and Loss)		
As per last balance sheet (deficit)	(30,389.98)	(28,301.29)
Less: Adjustment on account of amalgamation [Vide Note No.26(17)]	32.59	-
Add: (Deficit) for the year	(1,635.92)	(2,088.71)
Closing balance (deficit)	(31,993.31)	(30,390.00)
Employee Stock Options Outstanding:		
As per last Balance Sheet	-	-
Additions during the year	0.53	-
Deductions during the year	-	-
	0.53	-
Deferred Employee Compensation Expense:		
As per last Balance Sheet	-	-
Additions during the year	(0.44)	-
Deductions during the year	-	-
	(0.44)	-
Total of Reserves and Surplus	17,383.09	2,166.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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3 LONG-TERM BORROWINGS

Term Loans - Secured		
(i) From banks*	12.86	32.91
(ii) From others	-	2,077.10
	12.86	2,110.01

* Term loans from banks including current maturities aggregating to INR 25.37 lakhs (Previous Year INR 36.48 lakhs) are secured by way of hire purchase agreements with the lenders and are repayable in 35 months commencing from April 2012 in varying installment amounts.

4 OTHERS LONG-TERM LIABILITIES

Others		
Retention Money - Capital Contracts	25.97	81.31
	25.97	81.31

5 LONG-TERM PROVISIONS

Provision for employee benefits	172.99	115.64
	172.99	115.64

6 SHORT-TERM BORROWINGS

Loan repayable on demand		
From bank*	-	887.74
	-	887.74

* Short-term borrowing is secured by first and exclusive charge on immovable property being land situated at Kodaikanal and further secured by first and exclusive hypothecation charge on all existing and future inventory and receivables relating to resorts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
7 OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	137.91	835.80
Interest accrued but not due on borrowings	-	8.31
<u>Others</u>		
Customer refund due	25.49	14.90
Security deposit received	10.52	7.22
Dues to employees	214.42	203.17
Capital creditors	200.82	268.38
Advance received from customers	397.10	387.93
Statutory dues	203.79	133.52
Other borrowing costs payable	3.81	-
	1,193.86	1,859.23

8 SHORT-TERM PROVISIONS

Provision for employee benefits	67.96	30.93
<u>Others</u>		
Provision for Fringe Benefit Tax	73.12	137.72
Coupons redeemable	16.19	33.76
	157.27	202.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

NOTE 9

FIXED ASSETS	Gross Value				Depreciation / Amortisation						Closing Balance	
	As at April 1, 2013	Additions	Addition / Deletion on Amalgamation	Deletions / Adjustments	As at March 31, 2014	As at April 1, 2013	Amalgamated Assets upto March 31, 2013	For the year	Deletions on amalgamation	On deletion	As at March 31, 2014	As at March 31, 2013
Tangible assets												
Freehold Land	3,508.57	-	676.00	-	4,184.57	-	-	-	-	-	4,184.57	3,508.57
Lease Hold Land (Vide Note No.26(5))	3,895.11	-	(2,053.67)	-	1,841.44	207.45	-	18.59	58.48	-	1,673.88	3,687.65
Building (Vide Note No.26(7))	16,031.27	1,764.22	1,307.03	-	19,102.52	3,287.08	21.30	324.29	-	-	3,632.67	12,744.18
Plant & Machinery	1,541.33	116.24	7.20	41.33	1,623.44	868.33	0.34	87.68	-	33.44	922.91	551.32
Office Equipments	789.64	9.06	-	19.10	779.60	406.95	-	71.56	-	15.44	463.07	426.43
Electrical Fittings	1,881.85	249.12	95.03	3.66	2,222.34	930.08	4.51	121.90	-	2.71	1,053.78	1,029.73
Furniture & Fixtures	3,695.84	266.97	1.75	51.27	3,913.29	2,903.48	0.17	165.70	-	51.17	3,018.18	792.36
Vehicles	170.95	-	-	14.17	156.78	62.50	-	11.35	-	14.17	59.68	108.46
Total Tangible Assets	31,514.56	2,405.61	33.34	129.53	33,823.98	8,665.87	26.32	801.07	58.48	116.93	9,317.85	22,848.70
Intangible Assts												
Computer Software	232.04	56.63	-	-	288.67	57.10	-	49.62	-	-	106.72	174.95
Total Intangible Asset	232.04	56.63	-	-	288.67	57.10	-	49.62	-	-	106.72	174.95
Grand Total	31,746.60	2,462.24	33.34	129.53	34,112.65	8,722.97	26.32	850.69	58.48	116.93	9,424.57	23,023.65
Previous Year	26,844.64	4,940.99	-	39.02	31,746.61	8,239.93		632.51	(117.45)	32.03	8,722.96	18,604.71

Note:

- Buildings includes INR 527.87 lakhs (Previous year INR 527.87 lakhs) towards cost of 4117 (Previous year 4117) Property Timeshare weeks retained by the Company.
- Additions include cost of improvements incurred on own resorts as well as Property Timeshare Weeks.
- Additions during the year and capital work-in-progress include INR 280.23 lakhs (Previous year INR 141.24 lakhs) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
10 NON-CURRENT INVESTMENTS		
LONG-TERM INVESTMENTS (AT COST)		
INVESTMENT IN EQUITY INSTRUMENTS		
<u>Trade Investments - Unquoted:</u>		
<u>Investments in Subsidiaries</u>		
a 1900000 (1900000) Equity Shares of INR 10 each fully paid up in Manchanda Resorts Pvt. Ltd. (Wholly Owned Subsidiary)	-	60.09
b 49000 (49000) Equity Shares of INR 10 each fully paid up in Sterling Holidays (Ooty) Ltd. [vide Note No.26(6)]	4.90	4.90
c 49000 (49000) Equity Shares of INR 10 each fully paid up in Sterling Holiday Resorts (Kodaikanal) Ltd. [vide Note No.26(6)]	4.90	4.90
<u>Other Investments - Unquoted:</u>		
a 100000 (100000) Equity Shares of INR 10 each fully paid up in Sterling Holiday Finvest Ltd. Less: Provision for Diminution in Value	10.00 (10.00)	10.00 (10.00)
b 100000 (100000) Equity Shares of INR 10 each fully paid up in Sterling Securites and Futures Ltd. Less: Provision for Diminution in Value	10.00 (10.00)	10.00 (10.00)
c 520000 (520000) Equity Shares of INR 10 each fully paid up in Sterling Resorts Home Finance Ltd. Less: Provision for Diminution in Value	52.00 (52.00)	52.00 (52.00)
d 700000 (700000) Equity Shares of INR 10 each fully paid up in Sterling Holidays Financial Services Ltd. Less: Provision for Diminution in Value	95.00 (95.00)	95.00 (95.00)
<u>Non-Trade Investments - Quoted:</u>		
1100 (1100) Equity Shares of INR 10 each fully paid up in Tourism Finance Corporation of India Ltd.	0.33	0.33
<u>Other Non-Current Investments - Unquoted:</u>		
28765 (28765) no. of Teak Units of Sterling Tree Magnum (India) Ltd. Less: Provision for Diminution in Value	978.00 (978.00)	978.00 (978.00)
	-	-
	10.13	70.22

Note :

1. Aggregate cost of quoted investments	0.33	0.33
2. Market value of quoted investments	0.26	0.26
3. Aggregate cost of unquoted investments	1,154.80	1,214.89
4. Aggregate provision for diminution in value of investments	(1,145.00)	(1,145.00)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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11 LONG-TERM LOANS AND ADVANCES (UNSECURED) [VIDE NOTE NO.26(13)]

a	Capital Advances		
	Considered good	520.12	1,182.73
	Considered doubtful	854.07	192.27
	Less: Provision for doubtful advances	(854.07)	(192.27)
		520.12	1,182.73
b	Security Deposits	879.39	735.29
		1,399.51	1,918.02

12 OTHER NON-CURRENT ASSETS

Long-term trade receivable		
Unsecured, considered good	4,032.66	3,974.97
Other bank balances*	16.80	16.80
<u>Others</u>		
Receivable on sale of fixed assets [Vide Note No.26(9)]	527.10	527.10
Interest receivable on income tax refunds	2.21	12.97
Interest accrued on fixed deposits	11.13	6.55
	4,589.90	4,538.39

* Represents deposits with banks towards margin for guarantees

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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13 CURRENT INVESTMENTS (VALUED AT LOWER OF COST OR FAIR VALUE)

Unit (in nos.)	Investment in Mutual Funds - Quoted, Fully Paid Up		
9000000	TATA Fixed maturity Plan Series 47 Scheme A - Plan A - Growth	900.00	-
10000000	Reliance Fixed Horizon Fund - XXV - SERIES 32 - Growth Plan	1,000.00	-
10000000	Kotak FMP Series 147-Growth	1,000.00	-
10000000	SBI Debt Fund - Series A12 - 366 days - Regular - Growth	1,000.00	-
	Investment in Mutual Funds (Unquoted, Fully Paid Up)		
293020	Birla Sun Life Cash Manager - Growth - Regular Plan	900.00	-
250435	ICICI Prudential Flexible Income Regular Plan - Growth	600.00	-
3099826	IDFC Super Saver Income Fund - Short term Plan - Growth (Regular Plan)	800.00	-
6480694	Templeton India Low Duration Fund	900.00	-
4889067	DWS Premier Bond Fund - Regular Plan - Growth	1,000.00	-
2214574	DWS Short Maturity Fund - Regular Plan - Growth	500.00	-
7274578	HDFC Short term Opportunities Fund - Growth	1,000.00	-
2132005	Reliance Short Term Fund - Growth Plan Growth Option	500.00	-
6655352	SBI Bond Fund - Regular - Growth	1,000.00	-
4980030	Sundaram Flexible Fund - Short Tem Plan - Regular Growth	1,000.00	-
		12,100.00	-
	Aggregate cost of Quoted Investments	3,900.00	-
	Aggregate Market Value of Quoted Investments	3,916.52	-
	Aggregate cost of Unquoted Investments	8,200.00	-
	Aggregate provision for dimunition in value of investments	Nil	-

14 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

Stores and operating supplies	187.94	152.66
Food and beverages	26.44	27.86
	214.38	180.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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15 TRADE RECEIVABLES (UNSECURED) [VIDE NOTE NO.26(13)]

Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment		
Considered good	3,430.03	1,870.01
Considered doubtful	1,735.61	1,776.16
Less: Provision for doubtful receivables	(1,735.61)	(1,776.16)
	3,430.03	1,870.01
<u>Others</u>		
Considered good	2,321.38	1,591.65
	5,751.41	3,461.66

16 CASH AND BANK BALANCES

Cash and cash equivalents		
Balance with banks		
In current account	883.84	128.28
Cash in hand	13.85	8.27
	897.69	136.55

17 SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD) [VIDE NOTE NO.26(13)]

Loans and advances to related parties: Dues from Subsidiary Companies [Vide Note No.26(6)]	1,240.07	1,283.65
<u>Others</u>		
Tax Deducted at source	88.65	137.28
Pre deposit against litigation	55.92	30.00
Advances recoverable in cash or in kind	42.89	179.61
Luxury tax recoverable	47.00	47.00
Loans and advances to employees	22.87	59.35
Input credit - VAT and Service Tax	18.26	33.42
	1,515.66	1,770.31

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
18 OTHER CURRENT ASSETS		
Prepaid expenses	209.93	146.30
Unbilled revenue	89.01	22.15
Other receivables	-	4.38
	298.94	172.83
19 REVENUE FROM OPERATIONS		
Sales of Products (Resort Operations)		
Sale of Food & Beverages	2,089.87	1,643.80
Sale of Services		
Income from Vacation Ownership sales	5,042.99	4,662.98
Annual Amenity and Utility charges	2,396.38	1,674.01
Room Income	1,948.24	1,513.15
Holiday & Health Club	424.18	373.60
Other Operating Income	229.26	211.77
	12,130.92	10,079.31
20 OTHER INCOME		
Interest Income	900.32	565.24
Dividend Income	0.08	6.39
Net Gain on sale of current investments	23.67	7.83
Profit on sale of assets (net)	28.42	4.85
Other Non-Operating Income		
Scrap Sales	14.23	8.76
Income on securitisation net of cancellations [Vide Note No. 26(11)]	410.57	101.68
Excess provision written back	78.46	93.31
Exchange Gain (net)	16.95	0.89
Miscellaneous Income	2.77	-
	1,475.47	788.95

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
21 COST OF MATERIALS CONSUMED		
Opening stock of food and beverages, stores and operating supplies	180.52	108.97
Purchases	726.48	669.17
	907.00	778.14
Less: Closing stock of food and beverages, stores and operating supplies	214.38	180.52
CONSUMPTION	692.62	597.62
22 EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages	5,026.65	4,604.44
Expense on Employee Stock Option / Employee Stock Purchase	143.11	130.24
Contribution to Provident fund & other funds	258.73	218.42
Staff Welfare expenses	467.97	399.58
	5,896.46	5,352.68
23 OTHER OPERATING & GENERAL EXPENSES		
a Resort Operating expenses		
Consumption of Stores and Spares	118.82	137.64
Power & Fuel	811.71	683.82
Guest supplies	81.82	66.76
Holiday Activity expenses	147.04	149.92
Laundry expenses	103.68	80.52
<u>Repairs & Maintenance</u>		
- Building	65.10	69.30
- Plant and Machinery	134.94	102.26
- Others	11.95	8.33
Security charges	144.57	95.85
Travelling & Conveyance	162.40	171.44
Water charges	72.03	64.36
Rates & Taxes	62.67	77.46
Rent	1,076.53	839.31
Other resort operating expenses	207.24	184.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
b General Expenses		
Power and Fuel	60.90	51.03
Rent	422.53	454.43
<u>Repairs and Maintenance</u>		
- Building	0.19	2.42
- Plant and Machinery	1.89	0.76
- Others	41.50	44.05
Insurance	13.64	5.55
Rates and taxes	30.10	19.69
Telephone and Fax	99.31	98.63
Recruitment and Training expenses	80.54	115.62
Legal and Professional expenses	314.60	239.13
Director Sitting Fees	4.00	3.75
Payment to Auditors		
a) Statutory Audit	16.06	14.45
b) Tax Audit and Taxation matters	2.93	1.18
c) Reimbursement of expenses	2.21	0.69
d) Certification matters	5.24	3.60
Travelling & conveyance expenses	606.75	496.96
Advertisement	4.85	162.39
Sales commission and Brokerage	48.63	104.73
Sales promotions	1,240.20	1,648.20
Miscellaneous expenses	336.77	207.55
	6,533.34	6,406.25

24 FINANCE COST

Interest	406.19	89.13
Other borrowing costs	174.91	33.16
	581.10	122.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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25 EXCEPTIONAL ITEMS

Unclaimed credit balances written back	-	244.62
Provision for doubtful advances	(661.80)	(192.27)
Depreciation written back	-	117.45
Advances written off	-	(15.43)
	(661.80)	154.38

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

NOTE 26

1) CONTINGENT LIABILITIES AND COMMITMENTS

	As at March 31, 2014	As at March 31, 2013
1.1 Claims against the Company not acknowledged as debts Claims against the Company not acknowledged as debts in respect of various cases pertaining to customer, vendor, employee and property	896.44	837.84
1.2 Other money for which the company is contingently liable In respect of securitised debts with recourse Luxury tax related demands under appeal Service tax demand (including interest and penalty) under appeal before CESTAT PF related demand under appeal Income Tax Advance Subscription towards Customer Facilities (ASCF) being 55% of sale value is treated as Deferred Income and recognised as income over the period of entitlement. In respect of Assessment Years 1997-98 to 2001-02, the Income Tax Appellate Tribunal, Chennai (ITAT) has passed orders against the said accounting treatment followed by the Company and to treat them as income in the respective year of receipt. The Company has appealed against these Orders before Hon'ble High Court of Madras and the case is pending. The ITAT, Chennai has recently decided in favour of Company's accounting treatment of ASCF for Assessment years 2002-03, 2006-07, 2007-08 and 2008-09 against which department has gone on appeal. In respect of Assessment Years 2009-10, 2010-11 and 2011-12 against orders received from Assessing Officer (AO), with reference to treatment of ASCF and in respect of Assessment Years 2006-07 to 2011-12 for other disallowances, the Company has filed appeals before Commissioner of Income Tax – Appeals, Chennai and the same are pending. There will be no tax liability on account of such orders owing to carry forward losses and unabsorbed depreciation available under Income Tax Act. In view of the above, management is of the opinion that no provision is required in respect of disputed Income Tax at this stage. Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,745.32 734.42 557.03 24.07 1,472.45	405.25 703.72 557.03 - 2,804.00

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

- 2) During the financial year 2011-12, pursuant to One Time Settlement (OTS) scheme, the Company had fully settled the dues of a Financial Institution (FI) and also obtained a 'No Due' certificate. However, the FI has not released the title deeds of the properties given as security for the reason that a Third Party has filed a writ petition against the FI challenging the cancellation of sale of the said property to them. The Company is also a party to the said writ petition. The said writ petition was disposed off by Hon'ble High Court of Madras, against the Company. The Company has preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court and the Court has ordered '*Status quo*' in all respects concerning the said properties. The management is confident of getting a favourable decision.
- 3) During the financial year 2013-14, the Company has fully settled the Term loan availed from IL&FS Financial Services Limited (IL&FS). The Company is awaiting 'No Due' certificate and has taken steps for the release of title deeds of properties given as security to IL&FS.
- 4) The Company had revalued certain lands in the years 1989, 1992 and 1999 by appointing an external valuer, based on the then prevailing market value. The surplus on revaluation amounting to INR 1,959.20 lakhs (after making adjustment for sales effected till date), stands credited to Revaluation Reserve.
- 5) Registration of lease in respect of land and building situated at Peermedu (INR 1,684 lakhs), is pending.
- 6) The Company holds 98% shares in Sterling Holidays (Ooty) Limited and Sterling Holiday Resorts (Kodaikanal) Limited and invested INR 9.80 lakhs towards share capital (Previous year INR 9.80 lakhs). The sum due from subsidiaries as at March 31, 2014 is INR 1,240.07 lakhs (Previous year INR 1,283.65 lakhs). The accumulated losses as on March 31, 2014 of these subsidiaries are INR 576.17 lakhs and INR 710.91 lakhs (Previous year INR 591.49 and INR 734.38 lakhs), respectively. The subsidiary companies have reported improved business and achieved operational profits during the year and is confident of sustaining the performance in future. Further, during the year, the subsidiary companies have repaid advances of INR 1,058.02 lakhs. Considering these aspects, the Management is of the view that there is no permanent diminution in the value of investments / advances and these amounts are good and recoverable.
- 7) Five cottages located at Ooty - Fern Hill and included under 'Buildings' are given on lease for a period of 99 years to a customer.
- 8) The Capital Work-In-Progress (CWIP) includes value of certain properties under construction for more than 10 years. The Company has started development of some of the properties and is in the process of developing other properties, in a phased manner. In the opinion of the management, no impairment provision is required in respect of such properties as their estimated market value together with the market value of appurtenant land far exceeds the book value of those properties as per valuations carried out by the Company.
- 9) The Company had in the past transferred a property at Goa and part of the sale consideration amounting to INR 527.10 lakhs (Previous year INR 527.10 lakhs) (included under "Other non Current Assets") is retained by the buyer pending compliance of certain conditions. The Company is confident of recovering this amount as it has taken effective steps for discharge of its obligations. The Company is also legally advised that it has the right of vendor's lien against the immovable property sold to the extent of amount due and it can seek legal remedy to recover the same. In view of the above, the Management is of the view that same is considered good and recoverable.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

- 10) Deferred income grouped under Non-Current and Current Liabilities, aggregating to INR 27,208.40 lakhs (Previous year INR 24,476.19 lakhs), represents "Advance Subscription towards Customer Facilities (ASCF)" and "Entitlement Fee" to be recognised as income, over the remaining holiday entitlement period.

11) SECURITISATION

The Company has securitised a portion of trade receivables including future interest receivable thereon. The consideration received over the principal amount (net of reversals in respect of cancelled members) is recognised as income in the year of securitisation.

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Value of Accounts receivable	1873.41	500.51
Less: Future interest receivable	429.45	109.66
Principal amount of receivable	1443.95	390.85
Consideration received	1873.39	500.00
Profit on Securitisation	429.44	109.15
Less: Reversals in respect of cancelled members	18.87	7.47
Income from securitisation	410.57	101.68

- 12) The Company has strengthened its capital base by way of infusion of additional equity in the current year. The long-term debts have been fully repaid. It has a comfortable working capital cycle. The Company continues to invest in refurbishment /

re-development of the existing resorts and also has plans for developing Greenfield resorts. There has been significant improvement in the overall performance and the losses are being progressively reduced. The Company expects to sustain the growth in the turnover and improve profitability in the ensuing years. Hence in the view of the management, the "Going Concern Assumption" is not affected.

- 13) The Company has circulated confirmation of balances to majority of creditors including in respect of Trade Payables, Advances and Resort debtors. Confirmations have been received from significant portion of debtors and creditors.

- 14) The breakup of Deferred Tax Liabilities (DTL) and Deferred Tax Assets (DTA) as on 31.03.2014 is as under:

Particulars	2013-14	2012-13
Deferred Tax Liability (DTL):		
Depreciation	3,724.19	3,059.70
Total	3,724.19	3,059.70
Deferred Tax Assets (DTA):		
Carried Forward Business Loss and Unabsorbed Depreciation	7,165.39	6,447.87
Disallowances U/s. 43B and 40(A)(7)	34.38	38.31
Total (Restricted to DTL)	3,724.19	3,059.70
Net Deferred Tax Asset / (Liability)	Nil	Nil

As a prudent measure, Deferred Tax Asset (DTA) has been recognised only to the extent of Deferred Tax Liability (DTL).

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

15) RELATED PARTY INFORMATION:

Disclosure of related party transactions in accordance with Accounting Standard (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

(a) The list of Related Parties as identified by the Management is as under:

Key Management Personnel (KMP)	Mr. Siddarth Mehta (upto 14.03.2014)	Chairman
	Mr. Ramesh Ramanathan	Managing Director
Subsidiary Companies	1) Sterling Holidays (Ooty) Limited 2) Sterling Holiday Resorts (Kodaikanal) Limited	
Associate Companies	Thomas Cook Insurance Services (India) Limited	
Enterprise owned by / over which Key Managerial Personnel is able to exercise significant influence	1) RGR Finance and Investment Ltd. 2) Indus Equicap Consultancy Ltd. 3) Bay Capital Resources Pvt Ltd. 4) Bay Capital Partners Pte. Ltd. 5) Bay Capital Advisors Pvt. Ltd. 6) Veda Real Estate Corporation Pvt. Ltd.	

(b) The following transactions were carried out with the related parties:

S No	Nature of Transaction / Relationship	2013-14	2012-13
1	Advances Given / (Received) (Net)		
	Subsidiaries		
	- Sterling Holidays (Ooty) Limited	(18.59)	(8.65)
	- Sterling Holiday Resorts (Kodaikanal) Limited	0.94	146.91
	Closing Balance		
	- Sterling Holidays (Ooty) Limited	549.67	568.26
	- Sterling Holiday Resorts (Kodaikanal) Limited	717.49	716.54
2	Veda Real Estate Corporation Pvt. Ltd.		
	Closing Balance	329.50	329.50
3	Payment of Salaries / Perquisites		
	Key Management Personnel - Mr. Ramesh Ramanathan		
	Remuneration & Perquisite	73.94	74.82
	ESPS Allotted	142.89	130.24

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

16) **SEGMENT REPORTING:**

The Company has "Vacation Ownership" as the only primary reportable segment, for the purpose of Accounting Standard 17.

- 17) The figures for the current year include operating results of Manchanda Resorts Private Limited (MRPL) [Transferor Company], the wholly owned subsidiary company of Sterling Holiday Resorts (India) Limited [Transferee Company], which has been amalgamated with the Transferee Company effective from April 1, 2012 as per the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court of Madras.

The Transferor Company was engaged in the business of hospitality services. The Transferee Company is mainly engaged in the business of sale of Vacation Ownership.

The scheme became effective on August 26, 2013, the appointed date being April 1, 2012.

In accordance with the scheme and as approved by High Court:

- a. The assets, liabilities, reserves, rights and obligations of Transferor Company have been transferred to and vested with the Transferee Company with effect from April 1, 2012 and have been recorded at their fair values under the 'Purchase method' of accounting for amalgamation as prescribed in Accounting Standard 14 (AS 14) – 'Accounting for Amalgamations'.
- b. Being a wholly owned subsidiary of Transferee Company, 19000000 Equity Shares issued by the Transferor Company have been cancelled and no shares have been issued in pursuance to scheme of amalgamation.
- c. The operating profits for the period from April 1, 2012 to March 31, 2013 amounting to INR 32.59

lakhs has been adjusted against 'Surplus' under 'Reserves & Surplus'

- d. Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and purchase consideration is summarised below:

Particulars	Amount (in lakhs)
Fixed Assets	2,087.00
Current assets	7.68
Less: Current liabilities	30.13
Net Assets	2,065.00
Less: Investments of transferee Company holding shares in Transferor Company	60.09
Less: Purchase consideration	1,995.19
Amount credited to Capital Reserve	9.27

- 18) The lists of undertaking covered under the "Micro, Small and Medium Enterprises Development Act (MSMDA), 2006" were determined by the Company on the basis of information available with the Company. According to the Company, there were no principal and / or interest due remaining unpaid as at March 31, 2014 in respect of undertakings covered by the MSMDA.
- 19) Disclosure pursuant to Accounting Standard – 15 (Revised) "Employee Benefits"

a. **Defined Contribution Plans:**

Contribution of INR 203.92 lakhs (Previous year INR 164.05 lakhs) towards Defined Contribution Plan is recognized as expense and included in employee cost (Note No.21) in the Statement of Profit and Loss.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

b. Disclosure for Defined Benefit Plans based on actuarial valuation as on March 31, 2014:

Particulars	Gratuity (Partly Funded)		Long-term compensated absences (Not Funded)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Movements in Accrued Liability				
Accrued Liability as at beginning of the period	114.70	97.01	66.29	36.52
Interest cost	9.18	8.52	4.70	2.57
Current service cost	43.21	25.02	35.41	58.45
Past service cost	0.00	0.00	0.00	0.00
Benefits paid	0.00	(14.70)	(15.12)	(12.59)
Actuarial (Gain) / Loss	(20.03)	(1.13)	2.40	(18.65)
Accrued Liability as at the end of the period	147.07	114.70	93.68	66.29
Changes in the Plan Assets in the inter-valuation period				
Value of Assets at the beginning of the period	62.79	49.66	0.00	0.00
Expected return on Assets	5.34	4.50	0.00	0.00
Contributions made	0.00	21.21	0.00	0.00
Benefits paid out of the Assets	0.00	(14.71)	0.00	0.00
Actuarial Gain / (Loss) on Plan Assets	(5.34)	2.13	0.00	0.00
Value of Assets as at the end of the period	62.79	62.79	0.00	0.00
Recognition of Actuarial Gain / Loss as on accounting date				
Actuarial gain / (Loss) in inter-valuation period - Obligation	20.02	1.13	0.00	0.00
Actuarial gain / (Loss) in inter-valuation period - Plan Assets	(5.34)	2.13	0.00	0.00
Actuarial Gain / (Loss) recognised in inter-valuation period	14.69	3.27	0.00	0.00
Unrecognised Actuarial (Gain) / Loss	0.00	0.00	0.00	0.00
Amounts recognised in the Balance Sheet				
Present value of obligation as on the accounting date	147.07	114.70	93.68	66.29
Fair Value of the Plan Assets	62.79	62.79	0.00	0.00
Liability / (Asset) to be recognised in the Balance Sheet	84.28	51.91	93.68	66.29

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Gratuity (Partly Funded)		Long term compensated absences (Not Funded)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Expenses recognised in Statement of Profit and Loss				
Interest cost	9.18	8.52	4.70	2.57
Current service cost	43.21	25.02	35.41	58.45
Expected return on Plan Assets	(5.34)	(4.50)	0.00	0.00
Net Actuarial (Gain) / Loss	(14.69)	(3.26)	2.40	(18.65)
Net Expenses / (Income) to be recognised in Statement of Profit and Loss	32.36	25.78	42.51	42.37
Reconciliation				
Net Liability as at the beginning of the period	51.91	47.35	66.29	36.52
Net Expenses in Statement of Profit and Loss	32.36	25.78	42.51	42.37
Contribution paid	0.00	(21.21)	(15.13)	(12.59)
Net Liability as at the end of the period	84.28	51.91	93.68	66.29
Actual Return on Plan Assets				
Expected return on Plan Assets	5.33	4.49	0.00	0.00
Actual Gain / (Loss) on Plan Assets	(5.33)	2.13	0.00	0.00
Actual return on Plan Assets	0.00	6.63	0.00	0.00

Principal Actuarial Assumptions	Gratuity		Long term compensated absences	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Interest Rate (Liabilities)	8.00%	8.50%	8.00%	8.50%
Return on Assets	8.50%	8.50%	N.A	N.A
Mortality Table	Ind. (06-08)	LIC (94-96)	Ind. (06-08)	LIC (94-96)
Resignation Rate per annum	2%	2%	2%	2%
Salary Escalation Rate	5%	5%	5%	5%

The Company is expected to contribute INR 85 lakhs for Gratuity and INR 94 lakhs for long-term compensated absence, in 2014-15.

The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Amounts for the current and previous four years are as follows:

Particulars	Gratuity					Long-term compensated absences				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.3.13	31.3.12	31.3.11	31.3.10
Defined Benefit Obligation	(147.07)	(114.70)	(97.01)	(86.81)	(69.18)	(93.68)	(66.29)	(36.52)	(35.21)	(25.24)
Plan Assets	62.80	62.80	49.66	32.33	20.03	0.00	0.00	21.47	0.00	0.00
Surplus / (Deficit)	(84.28)	(51.90)	(47.35)	(54.48)	(49.15)	(93.68)	(66.29)	(15.05)	(35.21)	(25.24)
Experience adjustments on Plan Liabilities	(20.02)	(1.13)	15.83	7.65	1.42	0.00	0.00	7.76	8.51	0.00
Experience adjustments on Plan Assets	5.34	2.13	(3.48)	1.85	0.83	0.00	0.00	(0.91)	0.00	0.00

20) Earnings Per Share (EPS) as per Accounting Standard – 20

Particulars	2013-14	2012-13
Profit / (Loss) available to Members		
- Before Exceptional Items (INR In lakhs)	(974.13)	(2,243.09)
- After Exceptional Items (INR In lakhs)	(1,635.93)	(2,088.71)
Weighted Average number of Equity Shares of INR 10 each as at the year end	6,91,91,651	6,55,41,432
EPS - Basic and Diluted - Before Exceptional Items (in INR)	(1.40)	(3.42)
EPS - Basic and Diluted - After Exceptional Items (in INR)	(2.36)	(3.19)

Since potential Equity Shares are anti-dilutive in nature, basic and diluted EPS are the same.

21) Expenditure in Foreign Currency

	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
A	CIF Value of Imports		
	Capital Goods	0.41	25.09
B	Expenditure in Foreign Currency		
	Travel and Conveyance	-	3.10
	Others	4.52	41.91

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

- 22) The Company has entered into commercial leases for certain resorts. Future minimum rentals payable under non-cancellable lease are as follows:

Obligation on non-cancellable operating leases	Year ended 31.03.2014	Year ended 31.03.2013
Not later than one year	298.47	346.11
Later than one year and not later than five years	930.52	1,030.06
Later than five years	290.75	489.67

- 23) Pursuant to the Share Subscription Agreement (SSA) and Share Purchase Agreement (SPA) executed by Thomas Cook (India) Limited (TCL), Thomas Cook Insurance Services (India) Limited (TCISL), Company, Investors and Promoters, TCISL has acquired 30051191 Equity Shares of INR 10 each representing 33.82% of the diluted Equity Share Capital of the

Company including subscription to new shares of the Company. TCL, TCISL and the Company have also executed a 'Merger Co-operation Agreement' in terms of which it is proposed that the Timeshare and Resort business of the Company will be demerged and merged with TCISL and the residual business representing Holiday activities division will be merged with TCIL. The appointed date of such scheme of arrangement shall be April 1, 2014. The Company has taken appropriate steps to comply with the terms of the above agreements.

- 24) Figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.
- 25) In the opinion of the management and to the best of their knowledge and belief the value on realisation of current assets and loans and advances would not be less than the amount at which they are stated in the balance sheet.

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

M. BALASUBRAMANIYAN
Company Secretary

RAMESH RAMANATHAN
Managing Director

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman,
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan,
Partner
Membership No.: 011072



INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2014

TO THE BOARD OF DIRECTORS OF STERLING HOLIDAY RESORTS (INDIA) LIMITED

We have audited the accompanying consolidated financial statements of Sterling Holiday Resorts (India) Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including

the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on the financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.



OTHER MATTER

- a. The Financial statements of the subsidiaries namely, Sterling Holiday Resorts (Kodaikanal) Limited and Sterling Holidays (Ooty) Limited are audited by one of the joint auditors namely, M/s. R. Subramanian & Company.

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

M. BALASUBRAMANIYAN
Company Secretary

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman,
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

As per our report of even date

RAMESH RAMANATHAN
Managing Director

R. MOHAN
Senior Vice President - Finance

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan,
Partner
Membership No.: 011072

STERLING HOLIDAY RESORTS (INDIA) LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1	8,886.72	6,770.94
Reserves and Surplus	2	16,095.68	(400.70)
Minority Interest		0.20	0.21
NON-CURRENT LIABILITIES			
Long-term borrowings	3	12.86	2,110.01
Deferred income [Vide Note No.26(9)]		26,399.45	23,854.82
Other long-term liabilities	4	25.97	81.31
Long-term Provision	5	189.07	129.86
CURRENT LIABILITIES			
Short-term borrowings	6	-	887.74
Trade payables [Vide Note No.26(12)]		1,801.62	2,108.16
Deferred income [Vide Note No.26(9)]		808.95	621.37
Other current liabilities	7	1,271.61	1,955.72
Short-term provisions	8	166.79	207.59
TOTAL		55,658.92	38,327.03
ASSETS			
NON-CURRENT ASSETS			
FIXED ASSETS	9		
Tangible assets		24,535.43	21,689.86
Intangible assets		181.96	174.95
Capital work-in-progress [Vide Note No.26(7)]		5,269.60	5,416.58
Deferred Tax Asset (Net) [Vide Note No. 26(13)]		-	-
Non-current Investments	10	0.33	0.33
Long-term Loans and Advances	11	1,425.60	1,942.43
Other Non-current Assets	12	4,589.90	4,538.39

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
CURRENT ASSETS			
Current investments	13	12,100.00	-
Inventories	14	281.71	235.24
Trade receivables	15	5,785.72	3,505.07
Cash and bank balances	16	906.32	147.39
Short-term loans and advances	17	277.17	497.95
Other current assets	18	305.18	178.84
TOTAL		55,658.92	38,327.03

Significant Accounting Policies

Notes to financial statements

1 to 25

Additional notes forming part of financial statements

26

For and on behalf of the Board

PRADIPTA K. MOHAPATRA

Chairman

RAMESH RAMANATHAN

Managing Director

M. BALASUBRAMANIAN

Company Secretary

R. MOHAN

Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**

Chartered Accountants

ICAI regd. No. 109208W

For **R.Subramanian & Co.**

Chartered Accountants

ICAI regd. No. 004137S

S. Venkataraman,

Partner

Membership No.: 023116

A. S. Ramanathan,

Partner

Membership No.: 011072

Place: **Chennai**

Date: **April 26, 2014**

STERLING HOLIDAY RESORTS (INDIA) LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Income:			
Revenue from operations	19	13,188.93	10,874.70
Other Income	20	1,476.37	793.23
Total Revenue		14,665.30	11,667.93
Expenses:			
Cost of materials consumed	21	823.45	717.32
Employee benefit expense	22	6,279.18	5,692.92
Other Operating and General Expenses	23	7,034.32	6,816.47
Finance cost	24	581.10	122.29
Depreciation and amortisation expense	9	882.92	631.81
Total Expenses		15,600.97	13,980.81
Profit / (loss) before exceptional items and tax		(935.67)	(2,312.88)
Exceptional Items (net)	25	(661.80)	183.78
Profit/ (loss) before tax		(1,597.47)	(2,129.10)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit / (loss) after tax		(1,597.47)	(2,129.10)
Earning per Equity Share: (Basic and Diluted) [Vide Note No.26(19)]			
(1) Before Exceptional Items		(1.35)	(3.53)
(2) After Exceptional Items		(2.31)	(3.25)

Significant Accounting Policies

Notes to financial statements

1 to 25

Additional notes forming part of financial statements

26

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

RAMESH RAMANATHAN
Managing Director

M. BALASUBRAMANIAN
Company Secretary

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

S. Venkataraman
Partner
Membership No.: 023116

A. S. Ramanathan
Partner
Membership No.: 011072

Place: **Chennai**
Date: **April 26, 2014**

CONSOLIDATED CASH FLOW STATEMENT - FINANCIAL YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(1,597.47)		(2,129.10)
<u>Adjustments for:</u>				
Depreciation and amortisation	882.92		631.81	
Amortisation of Employee Stock Option Cost	143.11		130.24	
Profit on Sale of Assets	(28.42)		(4.85)	
Finance costs	581.10		122.29	
Interest income	(900.32)		(565.24)	
Dividend income from Mutual Funds	(0.08)		(6.39)	
Net (gain) / loss on sale of investments	(23.67)		(7.83)	
Unclaimed balances written back	-		(274.03)	
Provision no longer required written back	(78.46)		(93.31)	
Bad debts written off	31.00		-	
Depreciation written back	-		(117.45)	
Provision for doubtful trade and other receivables, loans and advances	661.80		192.27	
Advances written off	-		15.43	
Exchange gain	(16.95)		(0.89)	
		1,252.03		21.03
Operating profit / (loss) before working capital changes		(345.44)		(2,108.07)
Adjustments for (increase) / decrease:				
Inventories	(46.47)		(110.91)	
Trade receivables	(2,233.19)		(1,809.61)	
Loans and advances	(102.04)		(2,491.02)	
Deferred income	2,732.21		2,190.31	
Trade payable & other liabilities	(1,029.06)		2,063.02	
Provisions	18.41		51.96	
Cash generated from operating activities		(660.14)		(106.24)
Net cash flow from / (used in) operating activities (A)		(1,005.58)		(2,214.32)

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
B. Cash flow from investing activities				
Purchase of Fixed Assets	(2,464.90)		(5,297.15)	
Increase in Capital Work-In-Progress	146.99		(183.37)	
Proceeds from sale of fixed assets	41.03		11.85	
Sale / (Purchase) of Investments (Net)	(12,076.33)		104.39	
Interest received	900.32		566.24	
Dividend received	0.08		6.39	
Net cash flow from / (used in) investing activities (B)		(13,452.81)		(4,791.64)
C. Cash flow from financing activities				
Proceeds from issue of equity shares / share warrants	18,783.32		4,079.51	
Proceeds from long-term borrowings	1,900.00		2,049.00	
Repayment of long-term borrowings	(3,997.16)		-	
Increase in short term borrowings (net)	(887.74)		887.74	
Finance cost	(581.10)		(122.29)	
Net cash flow from / (used in) financing activities (C)		15,217.32		6,893.95
Net increase / (decrease) in cash and cash equivalents (A+B+C)		758.93		(112.01)
Cash and cash equivalents at the beginning of the year		147.39		259.40
Cash and cash equivalents at the end of the year		906.32		147.39

Notes :

Previous year figures have been re-grouped wherever necessary to confirm with current year grouping.

Purchase of fixed assets and capital work in progress is inclusive of interest capitalised INR 280.23 lakhs (Previous year INR 141.24 lakhs).

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

M. BALASUBRAMANIYAN
Company Secretary

RAMESH RAMANATHAN
Managing Director

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan
Partner
Membership No.: 011072



SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014 :

1. SYSTEM OF ACCOUNTING

- A. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis, unless and otherwise specified.

The financial statements have been prepared in all material respects in compliance of Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

- B. Financial statements are prepared under historical cost convention and on "Going Concern" basis.

2. USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The Management believes that these estimates and assumptions are reasonable and prudent. However actual results could differ from these estimates. Differences between actual results and estimates are recognised in the period in which they materialise.

3. FIXED ASSETS AND DEPRECIATION:

A) Fixed Assets

Fixed assets (other than certain lands which have been revalued) including Intangible Assets are stated at their original cost (including expenses related to acquisition / installation and borrowing costs on construction / acquisition of fixed assets up to the period the assets are ready for use) less depreciation and impairment provision, if any.

B) Depreciation and Amortisation

Depreciation is calculated on Straight Line Method (SLM) as under:

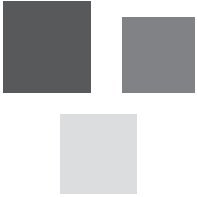
- On Tangible assets owned by the Company at the rates specified in Schedule XIV to the Companies Act, 1956. On assets added / disposed off during the year, on pro-rata basis with reference to the month of addition / disposal; any addition or extension to existing assets which is of a capital nature and which becomes integral part of the existing asset is depreciated over the remaining useful life of the assets.
- Cost of leasehold land, building and improvements made thereon is amortised over the period of lease.
- Intangible assets, namely Software are amortised over a period of 5 years.

4. IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Statement of Profit and Loss. A previously recognised impairment loss is reversed where it is no longer required and the asset is restated to that effect.

5. BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset, where it is possible that they will result in future economic benefit. A qualifying asset is one that necessarily takes



substantial period of time to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

6. REVENUE RECOGNITION

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefit will accrue to the Company;

- a. In respect of Sterling Holiday Vacation Ownership Plan (SHVOP), 60% of the product value, being admission fee, is recognised as income in the year of sale and the balance 40%, being entitlement fee, is recognised as income over the period of entitlement.
- b. In respect of all other timeshare products, a portion of the consideration, namely 45% of the sale value is treated as income in the year of sale. Advance subscription towards Customer Facilities (ASCF), being balance 55%, of the sale value is accounted as income over the period of entitlement.
- c. In respect of sales made under EMI scheme, interest wherever applicable is accrued over the contracted period.
- d. Income from resorts comprising of room rent, food and beverages sales, utility charges, other services etc., are recognised when these are sold and services are rendered.
- e. Incomes in respect of Annual Amenity Charges (AAC) / Annual Subscription Fees (ASF) are accounted on cash basis, in view of uncertainty in collection.
- f. Securitised assets are de-recognised as the contractual rights therein are transferred to the third party. On de-recognition, the difference between book value of the securitised asset and consideration received is recognised as income.
- g. Dividend is accounted for when the right to receive the same is established. Interest is accounted on time proportionate basis.

- h. Profit / Loss on sale of Investments are recognised on the date of redemption.

7. INVESTMENTS

- a. Long-term investments are stated at cost. Provision for diminution in value, considered on individual basis, is recognised, if in the opinion of the management such a decline is other than temporary.
- b. Current investments are valued at lower of cost and realisable value, determined on individual basis.

8. INVENTORIES

Inventories comprising of provisions, perishables, beverages, consumables and operating supplies are valued at lower of cost and net realisable value. Cost is computed on First In First Out basis.

9. FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of Transactions. Monetary items denominated in foreign currencies (such as cash, receivables, payables, etc.) outstanding at the year end, are translated at exchange rate applicable as of that date. Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc) are valued at the exchange rate prevailing on the date of transaction. Any gain or loss arising due to exchange differences at the time of translation or settlement are accounted in the Statement of Profit and Loss.

10. EMPLOYEE BENEFITS

LONG-TERM EMPLOYEE BENEFIT PLANS DEFINED CONTRIBUTION PLAN

Contribution to Provident Fund, which is a defined contribution retirement plan, is made monthly at predetermined rate to the Provident Fund authorities and debited to the Statement of Profit and Loss on accrual basis.

DEFINED BENEFIT PLAN

Company makes annual contribution to Gratuity Fund and Leave Encashment Fund administered by an Insurance Company, which is considered as defined benefit plan. The present value of the defined benefit is measured using 'Projected Unit Credit' Method with actuarial valuation being carried out at each Balance Sheet date by an independent valuer. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss. Amount of contribution, computed by the insurers is paid by the Company and charged to Statement of Profit and Loss.

11. PROVISIONS & CONTINGENCIES

A provision arising out of a present obligation is recognised when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Wherever there is a possible obligation which may not require an outflow of resources, the same is disclosed by way of contingent liability.

Show Cause Notices are not considered as Contingent Liabilities unless converted into demand.

12. TAXES ON INCOME

Current tax is determined in accordance with Income Tax Act 1961 on the amount of tax payable in respect of the income for the year. Deferred tax assets / liabilities are measured by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax asset arising on account of loss and unabsorbed depreciation under tax laws is recognised only to the extent there is virtual certainty of its realisation supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised

only to the extent there is reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred Tax Asset is reviewed based on developments to reassess realisation.

13. EMPLOYEE STOCK OPTION SCHEME (ESOS)

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method (i.e., excess of market value of shares over the exercise price of the option at the date of grant). Compensation expense is amortised over the vesting period of the each separate vesting portion of the option on a straight line basis.

14. EMPLOYEES STOCK PURCHASE SCHEME (ESPS)

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock purchase using the intrinsic value method (i.e., excess of market value of shares over the exercise price of the shares at the date of issue).

15. LEASE ACCOUNTING:

The lease payments made on the assets comprising of land and building taken on operating lease, are amortized as an expense on straight line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

		As at March 31, 2014	As at March 31, 2013	
1 SHARE CAPITAL				
a Authorised Share Capital:				
92500000 (75000000) of Equity shares of INR 10 each	9,250.00	7,500.00		
Issued, Subscribed and Fully Paid up Share Capital:				
88867173 (67709351) of Equity Shares of INR 10 each	8,886.71	6,770.93		
Add: Share Capital pending allotment	0.01	0.01		
	8,886.72	6,770.94		
b Par value per share (INR)		10	10	
c Reconciliation of number of shares				
Equity shares at the beginning of the year	677,09,351	597,00,785		
Preferential Issue of shares	206,50,000	-		
Warrants conversion	-	75,33,333		
Options under ESPS exercised [Vide Note (h)]	5,07,822	4,75,233		
Equity Shares at the end of the year	888,67,173	677,09,351		
d Details of Shareholders holding more than 5% of Equity Shares of the company				
	As at March 31, 2014 (No. of Shares)	%	As at March 31, 2013 (No. of Shares)	%
Thomas Cook Insurance Services (India) Limited	30051191	33.82	-	-
Bay Capital Investment Limited	7888718	8.88	7888718	11.65
Mr. Sidharth Shankar	7210500	8.11	3780500	5.58
India Discovery Fund Limited	5207837	5.86	5459542	8.06
e Information regarding issue of shares in the last five years		f Terms / Rights attached to Equity Shares		
(i) The Company has not issued any shares without payment being received in cash.		The company has only one class of equity shares having a par value of INR 10 per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.		
(ii) There has been no issue of bonus shares.				
(iii) The Company has not undertaken any buy-back of shares.				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

g Shares reserved for issue under Employee Stock Options

Particulars	ESOS-12	
	As at March 31, 2014	As at March 31, 2013
Grant Price (in INR)	96	96
Grant date	24.01.2013	24.01.2013
Vesting Commences on	24.01.2014 24.01.2015 24.01.2016	24.01.2014 24.01.2015 24.01.2016
No. of Options granted and outstanding at the beginning of the year	7,50,000	-
No. of Options lapsed during the year	3,25,950	-
No. of Options granted during the year	-	7,50,000
No. of Options exercised during the year	-	-
No. of Options granted and outstanding at the end of the year of which		
Options vested	1,69,620	-
Options yet to vest	2,54,430	7,50,000

h Employee Stock Purchase Scheme

Particulars	ESPS - 2010		ESPS - 2011	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
Shares Outstanding at the beginning of the year	14,42,981	14,42,981	20,76,253	25,51,486
Shares approved during the year	Nil	Nil	Nil	Nil
Shares allotted during the year	Nil	Nil	5,07,822	4,75,233
Date of allotment	Nil	Nil	29.04.2013 25.07.2013	14.06.2012 20.09.2012 17.10.2012
Shares Outstanding at the end of the year	14,42,981	14,42,981	15,68,431	20,76,253

i Preferential Issue

On March 14, 2014 the Company has allotted 20650000 shares of INR 10 each at a premium of INR 80.49 per share on preferential basis to Thomas Cook Insurance Services (India) Limited (TCISL) based on Share Subscription Agreement executed by the Company with TCISL. As on March 31, 2014 TCISL holds 30051191 shares (Previous Year Nil) including shares acquired prior to the date of preferential allotment. All these shares are subject to lock-in period as per SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

2 RESERVES AND SURPLUS

	As at March 31, 2014	As at March 31, 2013
Capital Reserve		
As per last balance sheet	93.10	93.10
Add: Surplus on amalgamation [Vide Note No.26(16)(c)]	9.27	-
Closing balance	102.37	93.10
Security Premium Account		
As per last balance sheet	26,558.79	21,380.60
Add: On issue of shares / conversion of warrants	16,953.52	5,221.18
Less: Expenses related to preferential issue of Equity Shares	142.96	42.99
Closing balance	43,369.35	26,558.79
Revaluation Reserve [Vide Note No.26(4)]		
As per last balance sheet	1,959.20	1,959.20
Less: withdrawn during the year	-	-
Closing balance	1,959.20	1,959.20
General Reserve		
As per last balance sheet	3,945.40	3,945.40
Closing balance	3,945.40	3,945.40
(Deficit) / Surplus (Balance in Statement of Profit and Loss)		
As per last balance sheet (deficit)	(33,087.11)	(30,958.01)
Less: Adjustment on account of amalgamation	1,403.85	-
Add: (Deficit) for the year	(1,597.47)	(2,129.10)
Closing balance (deficit)	(33,280.73)	(33,087.11)
Capital Reserve on consolidation	-	129.92
Employee Stock Options Outstanding:		
As per last Balance Sheet	-	-
Additions during the year	0.53	-
Deductions during the year	-	-
	0.53	-
Deferred Employee Compensation Expense:		
As per last Balance Sheet	-	-
Additions during the year	(0.44)	-
Deductions during the year	-	-
	(0.44)	-
Total of Reserves and Surplus	16,095.68	(400.70)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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3 LONG-TERM BORROWINGS

Term Loans - Secured		
(i) From banks*	12.86	32.91
(ii) From others	-	2,077.10
	12.86	2,110.01

*Term loans from banks including current maturities aggregating to INR 25.37 lakhs (previous year INR 36.48 lakhs) are secured by way of hire purchase agreements with the lenders and are repayable in 35 months commencing from April 2012 in varying installment amounts.

4 OTHERS LONG-TERM LIABILITIES

Others		
Retention Money - Capital Contracts	25.97	81.31
	25.97	81.31

5 LONG-TERM PROVISIONS

Provision for employee benefits	189.07	129.86
	189.07	129.86

6 SHORT-TERM BORROWINGS

Loan repayable on demand		
From bank*	-	887.74
	-	887.74

*Short-term borrowing is secured by first and exclusive charge on immovable property being land situated at Kodaikanal and further secured by first and exclusive hypothecation charge on all existing and future inventory and receivables relating to resorts.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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7 OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings	137.91	835.80
Interest accrued but not due on borrowings	-	8.31
<u>Others</u>		
Customer refund due	25.49	14.90
Security deposit received	10.52	7.22
Dues to employees	219.90	221.05
Capital creditors	200.82	268.38
Advance received from customers	401.84	394.00
Statutory dues	211.71	145.44
Income received in advance	59.35	60.36
Other borrowing costs payable	3.81	-
Share capital pending allotment	0.26	0.26
	1,271.61	1,955.72

8 SHORT-TERM PROVISIONS

Provision for employee benefits	77.48	36.11
<u>Others</u>		
Provision for Fringe Benefit Tax	73.12	137.72
Coupons redeemable	16.19	33.76
	166.79	207.59

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

NOTE 9

FIXED ASSETS	Gross Value				Depreciation / Amortisation						Closing Balance	
	As at April 1, 2013	Additions	"Addition/ Deletion on Amalgamation	Deletions/ Adjustments	As at March 31, 2014	As at April 1, 2013	On Adjustments	For the year	On Amalgamation	On Deletions	As at March 31, 2014	As at March 31, 2013
Tangible assets												
Freehold Land	3,508.57	-	676.00	-	4,184.57	-	-	-	-	-	4,184.57	3,508.57
"Lease Hold Land [Vide Note No.26(5)]"	1,922.23	-	-	62.78	1,859.45	138.47	-	18.59	-	(28.51)	1,673.88	1,783.76
Building [Vide Note No.26(6)]	16,870.87	1,764.22	469.00	-	19,104.09	3,435.48	-	324.36	21.30	148.23	15,471.18	13,435.39
Plant & Machinery	1,555.67	120.71	(101.52)	41.33	1,533.53	973.92	-	91.51	0.34	126.93	594.69	581.75
Office Equipments	865.68	9.06	(0.88)	19.10	854.76	428.41	-	72.71	-	16.32	369.96	437.27
Electrical Fittings	2,004.66	249.12	50.15	3.66	2,300.27	965.66	-	121.90	4.51	38.30	1,246.50	1,039.00
Furniture & Fixtures	3,761.04	266.97	(43.09)	51.27	3,933.65	2,965.38	-	166.56	0.17	96.00	897.54	795.66
Vehicles	170.96	-	-	14.17	156.79	62.50	-	11.35	-	14.17	97.11	108.46
Total Tangible Assets	30,659.68	2,410.08	1,049.66	192.31	33,927.11	8,969.82	-	806.98	26.32	411.44	24,535.43	21,689.86
Intangible Assts												
Computer Software	232.05	56.63	-	-	288.68	57.10	-	49.62	-	-	181.96	174.95
Total Intangible Asset	232.05	56.63	-	-	288.68	57.10	-	49.62	-	-	181.96	174.95
Grand Total	30,891.73	2,466.71	1,049.66	192.31	34,215.79	9,026.92	-	856.60	26.32	411.44	24,717.39	21,864.81
Previous Year	25,633.59	5,297.16	-	39.02	30,891.73	8,544.59	(117.45)	631.81	-	32.03	21,864.81	17,089.00

Note :-

- Buildings includes INR 527.87 lakhs (Previous year INR 527.87 lakhs) towards cost of 4117 (previous year 4117) Property Timeshare weeks retained by the Company
- Additions include cost of improvements incurred on own resorts as well as Property Timeshare Weeks.
- Additions during the year and capital work-in-progress include INR 280.23 lakhs (Previous year INR 141.24 lakhs) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
10 NON-CURRENT INVESTMENTS		
LONG-TERM INVESTMENTS (AT COST)		
INVESTMENT IN EQUITY INSTRUMENTS		
<u>Other investments - unquoted:</u>		
a 100000 (100000) Equity Shares of INR 10 each fully paid up in Sterling Holiday Finvest Ltd. Less: Provision for Diminution in Value	10.00 (10.00)	10.00 (10.00)
b 100000 (100000) Equity Shares of INR 10 each fully paid up in Sterling Securites and Futures Ltd. Less: Provision for Diminution in Value	- 10.00 (10.00)	- 10.00 (10.00)
c 520000 (520000) Equity Shares of INR 10 each fully paid up in Sterling Resorts Home Finance Ltd. Less: Provision for Diminution in Value	- 52.00 (52.00)	- 52.00 (52.00)
d 700000 (700000) Equity Shares of INR 10 each fully paid up in Sterling Holidays Financial Services Ltd. Less: Provision for Diminution in Value	- 95.00 (95.00)	- 95.00 (95.00)
<u>Non-trade investments - quoted:</u>		
1100 (1100) Equity Shares of INR 10 each fully paid up in Tourism Finance Corporation of India Ltd.	0.33	0.33
<u>Other non-current investments - unquoted:</u>		
28765 (28765) no. of Teak Units of Sterling Tree Magnum (India) Ltd. Less: Provision for Diminution in Value	978.00 (978.00)	978.00 (978.00)
	-	-
	0.33	0.33

Note :

1 Aggregate cost of quoted investments	0.33	0.33
2 Market value of quoted investments	0.26	0.26
3 Aggregate cost of unquoted investments	1,145.00	1,145.00
4 Aggregate provision for diminution in value of investments	(1,145.00)	(1,145.00)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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11 LONG-TERM LOANS AND ADVANCES (UNSECURED) [VIDE NOTE NO.26(12)]

a	Capital Advances		
	Considered good	520.12	1,182.73
	Considered doubtful	854.07	192.27
	Less: Provision for doubtful advances	(854.07)	(192.27)
		520.12	1,182.73
b	Security Deposits	905.48	759.70
		1,425.60	1,942.43

12 OTHER NON-CURRENT ASSETS

Long-term trade receivable		
Unsecured, considered good	4,032.66	3,974.97
Other bank balances*	16.80	16.80
<u>Others</u>		
Receivable on sale of fixed assets [Vide Note No.26(8)]	527.10	527.10
Interest receivable on income tax refunds	2.21	12.97
Interest accrued on fixed deposits	11.13	6.55
	4,589.90	4,538.39

* Represents deposits with banks towards margin for guarantees.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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13 CURRENT INVESTMENTS (VALUED AT LOWER OF COST OR FAIR VALUE)

Units (nos.)	Investment in Mutual Funds - Quoted, Fully Paid Up		
9000000	TATA Fixed maturity Plan Series 47 Scheme A - Plan A - Growth	900.00	-
10000000	Reliance Fixed Horizon Fund - XXV - SERIES 32 - Growth Plan	1,000.00	-
10000000	Kotak FMP Series 147 - Growth	1,000.00	-
10000000	SBI Debt Fund - Series A12 - 366 days - Regular - Growth	1,000.00	-
	Investment in Mutual funds (Unquoted, Fully Paid Up)		
293020	Birla Sun Life Cash Manager - Growth - Regular Plan	900.00	-
250435	ICICI Prudential Flexible Income Regular Plan - Growth	600.00	-
3099826	IDFC Super Saver Income Fund - Short term Plan - Growth (Regular Plan)	800.00	-
6480694	Templeton India Low Duration Fund	900.00	-
4889067	DWS Premier Bond Fund - Regular Plan - Growth	1,000.00	-
2214574	DWS Short Maturity Fund - Regular Plan - Growth	500.00	-
7274578	HDFC Short term Opportunities Fund - Growth	1,000.00	-
2132005	Reliance Short Term Fund - Growth Plan Growth Option	500.00	-
6655352	SBI Bond Fund - Regular - Growth	1,000.00	-
4980030	Sundaram Flexible Fund - Short Tem Plan - Regular Growth	1,000.00	-
		12,100.00	-
	Aggregate cost of Quoted Investments	3,900.00	-
	Aggregate Market Value of Quoted Investments	3,916.52	-
	Aggregate cost of Unquoted Investments	8,200.00	-
	Aggregate provision for dimunition in Value of Investments	NIL	-

14 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

Stores and operating supplies	250.94	202.34
Food and beverages	30.77	32.90
	281.71	235.24

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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15 TRADE RECEIVABLES (UNSECURED) [VIDE NOTE NO.26(12)]

Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment		
Considered good	3,453.60	1,912.26
Considered doubtful	1,736.37	1,776.16
Less: Provision for doubtful receivables	(1,736.37)	(1,776.16)
	3,453.60	1,912.26
<u>Others</u>		
Considered good	2,332.12	1,592.81
	5,785.72	3,505.07

16 CASH AND BANK BALANCES

<u>Cash and cash equivalents</u>		
<u>Balance with banks</u>		
In current account	888.84	138.47
Cash in hand	17.48	8.92
	906.32	147.39

17 SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD) [VIDE NOTE NO.26(12)]

<u>Others</u>		
Tax Deducted at source	88.65	145.27
Pre deposit against litigation	55.92	30.00
Advances recoverable in cash or in kind	42.89	179.62
Luxury tax recoverable	47.00	47.00
Loans and advances to employees	24.33	62.14
Input credit - VAT and Service Tax	18.38	33.92
	277.17	497.95

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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18 OTHER CURRENT ASSETS

Prepaid expenses	213.29	149.19
Unbilled revenue	91.89	25.27
Other receivables	-	4.38
	305.18	178.84

19 REVENUE FROM OPERATIONS

<u>Sales of Products (Resort Operations)</u>		
Sale of Food & Beverages	2,471.90	1,975.30
<u>Sale of Services</u>		
Income from Vacation Ownership sales	5,042.99	4,662.98
Annual Amenity and Utility charges	2,554.26	1,798.87
Room Income	2,326.88	1,759.26
Holiday & Health Club	513.32	429.91
Other Operating Income	279.58	248.38
	13,188.93	10,874.70

20 OTHER INCOME

Interest income	900.32	566.24
Dividend income	0.08	6.39
Net Gain on sale of current investments	23.67	7.83
Profit on sale of assets (net)	28.42	4.85
<u>Other Non-Operating Income</u>		
Scrap sales	15.13	12.04
Income on securitisation net of cancellations [Vide Note No. 26(10)]	410.57	101.68
Excess provision written back	78.46	93.31
Exchange gain (net)	16.95	0.89
Miscellaneous income	2.77	-
	1,476.37	793.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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21 COST OF MATERIALS CONSUMED

Opening stock of food and beverages, stores and operating supplies	235.24	124.34
Purchases	869.92	828.22
	1,105.16	952.56
Less: Closing stock of food and beverages, stores and operating supplies	281.71	235.24
CONSUMPTION	823.45	717.32

22 EMPLOYEE BENEFIT EXPENSES

Salaries & Wages	5,321.02	4,861.63
Expense on Employee Stock Option / Employee Stock Purchase	143.11	130.24
Contribution to Provident Fund & Other Funds	290.13	236.21
Staff Welfare expenses	524.92	464.84
	6,279.18	5,692.92

23 OTHER OPERATING & GENERAL EXPENSES

a Resort Operating Expenses		
Consumption of Stores and Spares	138.97	157.35
Power & Fuel	1,004.88	840.00
Guest supplies	105.48	87.38
Holiday Activity expenses	155.70	157.71
Laundry expenses	128.89	98.31
<u>Repairs & Maintenance</u>		
- Building	78.00	77.76
- Plant and Machinery	172.25	112.56
- Others	12.39	13.26
Security charges	144.57	116.57
Travelling & Conveyance	196.95	210.49
Water charges	87.76	78.17
Rates & Taxes	89.32	99.85
Rent	1,108.46	873.10
Other resort operating expenses	264.44	221.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
b General Expenses		
Power and Fuel	60.90	51.03
Rent	422.53	454.43
<u>Repairs and Maintenance</u>		
- Building	0.19	2.42
- Plant and Machinery	1.89	0.76
- Others	41.50	44.05
Insurance	13.64	5.55
Rates and Taxes	30.10	19.69
Telephone and Fax	99.31	98.63
Recruitment and Training Expenses	80.54	115.62
Legal and Professional Expenses	314.60	236.13
Director Sitting Fees	4.00	3.75
Payment to Auditors		
a) Statutory Audit	17.58	14.67
b) Tax Audit and Taxation matters	3.43	1.18
c) Reimbursement of Expenses	2.21	0.69
d) Certification Matters	5.24	3.69
Travelling & Conveyance Expenses	618.06	496.96
Advertisement	4.85	162.39
Sales Commission and Brokerage	48.63	104.73
Sales Promotion	1,240.20	1,648.20
Miscellaneous Expenses	336.86	207.71
	7,034.32	6,816.47

24 FINANCE COST

Interest	406.19	89.13
Other Borrowing Costs	174.91	33.16
	581.10	122.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

	As at March 31, 2014	As at March 31, 2013
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25 EXCEPTIONAL ITEMS

Unclaimed credit balances written back	-	274.03
Provision for doubtful advances	(661.80)	(192.27)
Depreciation written back	-	117.45
Advances written off	-	(15.43)
	(661.80)	183.78

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

NOTE 26

1) CONTINGENT LIABILITIES AND COMMITMENTS

	As at March 31, 2014	As at March 31, 2013
1.1 Claims against the Company not acknowledged as debts Claims against the Company not acknowledged as debts in respect of various cases pertaining to customer, vendor, employee and property	896.44	837.84
1.2 Other money for which the company is contingently liable In respect of securitised debts with recourse Luxury tax related demands under appeal Service tax demand (including interest and penalty) under appeal before CESTAT PF related demand under appeal	1,745.32 930.80 557.03 24.07	405.25 900.10 557.03 -
Income Tax Advance Subscription towards Customer Facilities (ASCF) being 55% of sale value is treated as Deferred Income and recognized as income over the period of entitlement. In respect of Assessment Years 1997-98 to 2001-02, the Income Tax Appellate Tribunal, Chennai (ITAT) has passed orders against the said accounting treatment followed by the Company and to treat them as income in the respective year of receipt. The Company has appealed against these Orders before Hon'ble High Court of Madras and the case is pending. The ITAT, Chennai has recently decided in favour of Company's accounting treatment of ASCF for Assessment years 2002-03, 2006-07, 2007-08 and 2008-09 against which department has gone on appeal. In respect of Assessment Years 2009-10, 2010-11 and 2011-12 against orders received from Assessing Officer (AO), with reference to treatment of ASCF and in respect of Assessment Years 2006-07 to 2011-12 for other disallowances, the Company has filed appeals before Commissioner of Income Tax – Appeals, Chennai and the same are pending. There will be no tax liability on account of such orders owing to carry forward losses and unabsorbed depreciation available under Income Tax Act. In view of the above, management is of the opinion that no provision is required in respect of disputed Income Tax at this stage.		
Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,472.45	2,804.00

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

- 2) During the financial year 2011-12, pursuant to One Time Settlement (OTS) scheme, the Company had fully settled the dues of a Financial Institution (FI) and also obtained a 'No Due' certificate. However, the FI has not released the title deeds of the properties given as security for the reason that a Third Party has filed a writ petition against the FI challenging the cancellation of sale of the said property to them. The Company is also a party to the said writ petition. The said writ petition was disposed off by Hon'ble High Court of Madras, against the Company. The Company has preferred Special Leave Petition (SLP) before the Hon'ble Supreme Court and the Court has ordered '*Status quo*' in all respects concerning the said properties. The management is confident of getting a favourable decision.
- 3) During the financial year 2013-14, the Company has fully settled the Term loan availed from IL&FS Financial Services Limited (IL&FS). The Company is awaiting 'No Due' certificate and has taken steps for the release of title deeds of properties given as security to IL&FS.
- 4) The Company had revalued certain lands in the years 1989, 1992 and 1999 by appointing an external valuer, based on the then prevailing market value. The surplus on revaluation amounting to INR 1959.20 lakhs (after making adjustment for sales effected till date), stands credited to Revaluation Reserve.
- 5) Registration of lease in respect of land and building situated at Peermedu (INR 1684 lakhs), is pending.
- 6) Five cottages located at Ooty - Fern Hill and included under 'Buildings' are given on lease for a period of 99 years to a customer.
- 7) The capital Work-In-Progress (CWIP) includes value of certain properties under construction for more than 10 years. The Company has started development of some of the properties and is in the process of developing other properties, in a phased manner. In the opinion of the management, no impairment provision is required in respect of such properties as their estimated market value together with the market value of appurtenant land far exceeds the book value of those properties as per valuations carried out by the Company.
- 8) The Company had in the past transferred a property at Goa and part of the sale consideration amounting to INR 527.10 lakhs (previous year INR 527.10 lakhs) (included under "Other non Current Assets") is retained by the buyer pending compliance of certain conditions. The Company is confident of recovering this amount as it has taken effective steps for discharge of its obligations. The Company is also legally advised that it has the right of vendor's lien against the immovable property sold to the extent of amount due and it can seek legal remedy to recover the same. In view of the above, the Management is of the view that same is considered good and recoverable.
- 9) Deferred income grouped under Non-Current and Current Liabilities, aggregating to INR 27,208.40 lakhs (previous year INR 24,476.19 lakhs), represents "Advance Subscription towards Customer Facilities (ASCF)" and "Entitlement Fee" to be recognised as income, over the remaining holiday entitlement period.
- 10) **SECURITISATION**
The Company has securitized a portion of trade receivables including future interest receivable thereon. The consideration received over the principal amount (net of reversals in respect of cancelled members) is recognised as income in the year of securitisation.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Value of Accounts receivable	1873.41	500.51
Less: Future interest receivable	429.45	109.66
Principal amount of receivable	1443.95	390.85
Consideration received	1873.39	500.00
Profit on Securitisation	429.44	109.15
Less: Reversals in respect of cancelled members	18.87	7.47
Income from securitisation	410.57	101.68

- 11) The Company has strengthened its capital base by way of infusion of additional equity in the current year. The long-term debts have been fully repaid. It has a comfortable working capital cycle. The Company continues to invest in refurbishment / re-development of the existing resorts and also has plans for developing Greenfield resorts. There has been significant improvement in the overall performance and the losses are being progressively reduced. The Company expects to sustain the growth in the turnover and improve profitability in the ensuing years. Hence in the view of the management, the "Going Concern Assumption" is not affected.
- 12) The Company has circulated confirmation of balances to majority of creditors including in respect of Trade Payables, Advances and Resort debtors. Confirmations have been received from significant portion of debtors and creditors.
- 13) The breakup of Deferred Tax Liabilities (DTL) and Deferred Tax Assets (DTA) as on 31.03.2014 is as under:

Particulars	2013-14	2012-13
Deferred Tax Liability (DTL):		
Depreciation	3,717.77	3,151.19
Total	3,717.77	3,151.19
Deferred Tax Assets (DTA):		
Carried Forward Business Loss and Unabsorbed Depreciation	7,313.33	3,111.85
Disallowances U/s. 43B and 40(A)(7)	37.47	39.34
Total (Restricted to DTL)	3,717.77	3,151.19
Net Deferred Tax Asset / (Liability)	NIL	NIL

As a prudent measure, Deferred Tax Asset (DTA) has been recognised only to the extent of Deferred Tax Liability (DTL).

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

14) RELATED PARTY INFORMATION:

Disclosure of related party transactions in accordance with Accounting Standard (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

(a) The list of Related Parties as identified by the Management is as under:

Key Management Personnel (KMP)	Mr. Siddarth Mehta (upto 14.03.2014)	Chairman
	Mr. Ramesh Ramanathan	Managing Director
Subsidiary Companies	1) Sterling Holidays (Ooty) Limited 2) Sterling Holiday Resorts (Kodaikanal) Limited	
Associate Companies	Thomas Cook Insurance Services (India) Limited	
Enterprise owned by / over which Key Managerial Personnel is able to exercise significant influence	1) RGR Finance and Investment Ltd. 2) Indus Equicap Consultancy Ltd. 3) Bay Capital Resources Pvt Ltd. 4) Bay Capital Partners Pte. Ltd. 5) Bay Capital Advisors Pvt. Ltd. 6) Veda Real Estate Corporation Pvt. Ltd.	

(b) The following transactions were carried out with the related parties:

SL No.	Nature of Transaction / Relationship	2013-14	2012-13
1	Veda Real Estate Corporation Pvt. Ltd. Closing Balance	329.50	329.50
2	Payment of Salaries / Perquisites Key Management Personnel - Mr. Ramesh Ramanathan Remuneration & Perquisite ESPS Allotted	73.94 142.89	74.82 130.24

15) SEGMENT REPORTING:

The Company has "Vacation Ownership" as the only primary reportable segment, for the purpose of Accounting Standard - 17.

16) The figures for the current year include operating results of Manchanda Resorts Private Limited (MRPL) [Transferor Company], the wholly owned subsidiary company of Sterling Holiday Resorts (India) Limited [Transferee Company], which has been amalgamated with the Transferee Company effective from April 1, 2012 as per the Scheme of Amalgamation (the Scheme) sanctioned by the Hon'ble High Court of Madras.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

The Transferor Company was engaged in the business of hospitality services. The Transferee Company is mainly engaged in the business of sale of Vacation Ownership.

The scheme became effective on August 26, 2013, the appointed date being April 1, 2012.

In accordance with the scheme and as approved by High Court:

- a. The assets, liabilities, reserves, rights and obligations of Transferor Company have been transferred to and vested with the Transferee Company with effect from April 1, 2012 and have been recorded at their fair values under the 'Purchase method' of accounting for amalgamation as prescribed in Accounting Standard 14 (AS 14) – 'Accounting for Amalgamations'.
- b. Being a wholly owned subsidiary of Transferee Company, 19000000 Equity Shares issued by the Transferor Company have been cancelled and no shares have been issued in pursuance to scheme of amalgamation.
- c. Details of assets and liabilities acquired on amalgamation and treatment of the difference between the net assets acquired and purchase consideration is summarised below:

Particulars	Amount
Fixed Assets	2,087.00
Current assets	7.68
Less: Current liabilities	30.13
Net Assets	2,065.00
Less: Investments of Transferee Company holding shares in Transferor Company	60.09
Less: Purchase consideration	1,995.19
Amount credited to Capital Reserve	9.27

- 17) The lists of undertaking covered under the "Micro, Small and Medium Enterprises Development Act (MSMDA), 2006" were determined by the Company on the basis of information available with the Company. According to the Company, there were no principal and / or interest due remaining unpaid as at March 31, 2014 in respect of undertakings covered by the MSMDA.
- 18) Disclosure pursuant to Accounting Standard – 15 (Revised) "Employee Benefits"
 - a. Defined Contribution Plans:

Contribution of INR 223.32 lakhs (previous year INR 180.01 lakhs) towards Defined Contribution Plan is recognized as expense and included in employee cost (Note No.22) in the Statement of Profit and Loss.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

b. Disclosure for Defined Benefit Plans based on actuarial valuation as on March 31, 2014 :

Particulars	Gratuity (Partly Funded)		Long-term compensated absences (Not Funded)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Movements in Accrued Liability				
Accrued Liability as at beginning of the period	126.32	125.51	66.29	36.52
Interest Cost	10.11	10.90	4.70	2.57
Current Service Cost	49.27	26.68	35.41	58.45
Past Service Cost	0.00	0.00	0.00	0.00
Benefits Paid	0.00	(14.70)	(15.12)	(12.59)
Actuarial (Gain) / Loss	(22.03)	(22.07)	2.40	(18.65)
Accrued Liability as at the end of the period	163.67	126.32	93.68	66.29
Changes in the Plan Assets in the inter-valuation period				
Value of Assets at the beginning of the period	62.79	49.66	0.00	0.00
Expected Return on Assets	5.34	4.50	0.00	0.00
Contributions made	0.00	21.21	0.00	0.00
Benefits paid out of the Assets	0.00	(14.71)	0.00	0.00
Actuarial Gain / (Loss) on Plan Assets	(5.34)	2.13	0.00	0.00
Value of Assets as at the end of the period	62.79	62.79	0.00	0.00
Recognition of Actuarial Gain / Loss as on accounting date				
Actuarial gain / (Loss) in inter-valuation period - Obligation	20.02	1.13	0.00	0.00
Actuarial gain / (Loss) in inter-valuation period - Plan Assets	(5.34)	2.13	0.00	0.00
Actuarial Gain / (Loss) recognized in inter-valuation period	14.69	3.27	0.00	0.00
Unrecognized Actuarial (Gain) / Loss	0.00	0.00	0.00	0.00
Amounts recognised in the Balance Sheet				
Present value of obligation as on the accounting date	163.69	126.32	97.06	67.81
Fair Value of the Plan Assets	62.79	62.79	0.00	0.00
Liability / (Asset) to be recognised in the Balance Sheet	100.90	63.53	97.06	67.81

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Particulars	Gratuity (Partly Funded)		Long-term compensated absences (Not Funded)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Expenses recognised in Statement of Profit and Loss				
Interest Cost	10.11	10.94	4.70	2.57
Current Service Cost	49.27	26.68	35.75	53.34
Expected Return on Plan Assets	(5.34)	(4.50)	0.00	0.00
Net Actuarial (Gain) / Loss	(13.84)	(24.22)	2.40	(18.65)
Net Expenses / (Income) to be recognised in Statement of Profit and Loss	40.20	8.90	42.85	37.26
Reconciliation				
Net Liability as at the beginning of the period	63.54	75.85	66.29	36.52
Net Expenses in Statement of Profit and Loss	37.36	8.90	42.51	42.37
Contribution paid	0.00	(21.21)	(15.13)	(12.59)
Net Liability as at the end of the period	100.90	63.54	93.68	66.29
Actual Return on Plan Assets				
Expected Return on Plan Assets	5.33	4.49	0.00	0.00
Actual Gain / (Loss) on Plan Assets	(5.33)	2.13	0.00	0.00
Actual return on Plan Assets	0.00	6.63	0.00	0.00

Principal Actuarial Assumptions	Gratuity		Long-term compensated absences	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Interest Rate (Liabilities)	8.00%	8.50%	8.00%	8.50%
Return on Assets	8.50%	8.50%	N.A	N.A
Mortality Table	Ind. (06-08)	LIC (94-96)	Ind. (06-08)	LIC (94-96)
Resignation Rate per annum	2%	2%	2%	2%
Salary Escalation Rate	5%	5%	5%	5%

The Company is expected to contribute INR 101 lakhs for Gratuity and INR 94 lakhs for long-term compensated absence, in 2014-15.

The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

Amounts for the current and previous four years are as follows:

Particulars	Gratuity					Long-term compensated absences				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined Benefit Obligation	(163.67)	(126.32)	(125.51)	(99.99)	(69.17)	(93.68)	(69.29)	(44.66)	(38.45)	(25.24)
Plan Assets	62.79	62.79	49.66	32.33	20.03	0.00	0.00	21.47	0.00	0.00
Surplus / (Deficit)	(100.90)	(63.53)	(75.84)	(67.66)	(49.14)	(97.06)	(67.81)	(23.20)	(38.45)	(25.24)
Experience adjustments on Plan Liabilities	(20.02)	(1.13)	5.22	8.49	1.42	0.00	0.00	4.10	8.51	0.00
Experience adjustments on Plan Assets	(5.33)	2.13	(3.48)	1.85	0.83	0.00	(0.00)	(0.91)	0.00	0.00

19) Earnings per share (EPS) as per Accounting Standard - 20

	2013-2014	2012-2013
Profit / (Loss) available to Members		
- Before Exceptional Items (INR in lakhs)	(935.67)	(2,312.88)
- After Exceptional Items (INR in lakhs)	(1,597.47)	(2,129.10)
Weighted Average number of Equity Shares of INR 10 each as at the year end	6,91,91,651	65,541,432
EPS – Basic and Diluted – Before Exceptional Items (in INR)	(1.35)	(3.53)
EPS – Basic and Diluted – After Exceptional Items (in INR)	(2.31)	(3.25)

Since potential Equity Shares are anti-dilutive in nature, Basic and Diluted EPS are the same.

20) Expenditure in Foreign Currency

	Particulars	Year ended 31.3.2014	Year ended 31.3.2013
A	CIF Value of Imports		
	Capital Goods	0.41	25.09
B	Expenditure in Foreign Currency		
	Travel and Conveyance	-	3.10
	Others	4.52	41.91

ADDITIONAL NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(INR in lakhs except share data, per share data and if otherwise stated)

- 21) The Company has entered into commercial leases for certain resorts. Future minimum rentals payable under non-cancellable lease are as follows:

Obligation on non-cancellable operating leases	Year ended 31.03.2014	Year ended 31.03.2013
Not later than one year	298.47	346.11
Later than one year and not later than five years	930.52	1,030.06
Later than five years	290.75	489.67

- 22) Pursuant to the Share Subscription Agreement (SSA) and Share Purchase Agreement (SPA) executed by Thomas Cook (India) Limited (TCIL), Thomas Cook Insurance Services (India) Limited (TCISL), Company, Investors and Promoters, TCISL has acquired 30051191 Equity Shares of INR 10 each representing 33.82% of the diluted Equity Share Capital of the Company including subscription to new shares of the Company. TCIL, TCISL and the Company have also executed a 'Merger Co-operation agreement' in terms of which it is proposed that the Timeshare and Resort business of the Company will be demerged and merged with TCISL and the residual business representing Holiday activities division will be merged with TCIL. The appointed date of such scheme of arrangement shall be April 1, 2014. The Company has taken appropriate steps to comply with the terms of the above agreements.
- 23) Figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification/disclosure.
- 24) In the opinion of the management and to the best of their knowledge and belief the value on realisation of current assets and loans and advances would not be less than the amount at which they are stated in the balance sheet.

For and on behalf of the Board

PRADIPTA K. MOHAPATRA
Chairman

M. BALASUBRAMANIYAN
Company Secretary

RAMESH RAMANATHAN
Managing Director

R. MOHAN
Senior Vice President - Finance

As per our report of even date

For **V.Sankar Aiyar & Co**
Chartered Accountants
ICAI regd. No. 109208W

S. Venkataraman,
Partner
Membership No.: 023116

Place: **Chennai**
Date: **April 26, 2014**

For **R.Subramanian & Co.**
Chartered Accountants
ICAI regd. No. 004137S

A. S. Ramanathan,
Partner
Membership No.: 011072

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Companies

INR in lakhs except share data, per share data and if otherwise stated

S. No.	Particulars	Name of Subsidiaries	
		Sterling Holidays (Ooty) Limited	Sterling Holiday Resorts (Kodaikanal) Limited
1	Financial Year of the subsidiary ended on	31.03.2014	31.03.2014
2	Date from which it became subsidiary	30.04.2009	30.04.2009
3	Shares of Subsidiary held on the above date and extent of holding		
4	(i) Equity Shares	49000	49000
5	(ii) Extent of Holding (%)	98%	98%
6	Capital	5.00	5.00
7	Reserves	-	-
8	Total Assets	58.82	114.27
9	Total Liabilities	58.82	114.27
10	Details of Investment	-	-
11	Turnover including other Income	445.23	613.69
12	Profit before Taxation	15.02	23.48
13	Provision for Taxation	-	-
14	Profit after Taxation	15.02	23.48

Notes:

1. In the consolidation, the accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by the Accounting Standards 21 issued by the Institute of Chartered Accountants of India, wherever applicable.

Form No. SH-13

NOMINATION FORM

**[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies
(Share Capital and Debentures) Rules 2014]**

To,
Name of the Company : **STERLING HOLIDAY RESORTS (INDIA) LIMITED**
CIN : L92490TN1986PLC013044
Address of the Company : Citi Tower, No. 7, 3rd Cross Street, Kasturba Nagar, Adyar, Chennai - 600 020.

I/We the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S

(a) Name :
(b) Date of Birth :
(c) Father's/Mother's/Spouse's name :
(d) Occupation :
(e) Nationality :
(f) Address :
(g) E-mail ID :
(h) Relationship with the security holder :

3) IN CASE NOMINEE IS A MINOR

(a) Date of birth :
(b) Date of attaining majority :
(c) Name of guardian :
(d) Address of guardian :

Signature : _____

Name of the Security Holder(s) : _____

Address:

Signature of Witness with name and address :

Form No. MGT-11
Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : **STERLING HOLIDAYS RESORTS (INDIA) LIMITED**
CIN : L92490TN1986PLC013044
Registered office : Citi Tower, No. 7, 3rd Cross Street, Kasturba Nagar, Adyar, Chennai - 600 020.

Name of the member(s) :

Registered Address :
E-mail ID :
Folio No/Client ID :
DP ID :

I/We, being the member(s) holding _____ shares of the above named company, hereby appoint

1. Name : _____
Address : _____
E-mail ID : _____
Signature : _____, or failing him

2. Name : _____
Address : _____
E-mail ID : _____
Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the on Wednesday July 30, 2014 at 02.30 P.M. at THE MUSIC ACADEMY, MINI HALL, NEW NO.168 (OLD NO.306), T.T.K.ROAD, ROYAPETTAH, CHENNAI - 600 014 and at any adjournment thereof in respect of such resolutions as indicated below:

Ordinary Business :

1. Adoption of Audited and Consolidated Financial Statements of the Company as on March 31, 2014
2. Appointment of Director retiring by rotation
3. Appointment of Auditors

Special Business :

4. Appointment of Mr. Madhavan Karunakaran Menon as a Non-Independent Director of the Company
5. Appointment of Mr. Harsha Raghavan as a Non-Independent Director of the Company
6. Appointment of Mr. Mahendra Kumar Sharma as an Independent Director of the Company
7. Appointment of Mr. Anil Kumar Madhok as an Independent Director of the Company
8. Appointment of Mr. Pradipta Kumar Mohapatra as an Independent Director of the Company
9. Approval for payment of revised remuneration to Mr. Ramesh Ramanathan, Managing Director of the Company

Signed this _____ day of _____ 2014

Signature of shareholder : _____

Signature of Proxy holder(s) : _____

Affix 15 Paise
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. (i.e., on or before 02:30 p.m. on Monday, July 28, 2014).

STERLING HOLIDAY RESORTS (INDIA) LIMITED

CIN: L92490TN1986PLC013044

Registered Office: Citi Tower, No. 7, 3rd Cross Street, Kasturba Nagar, Adyar, Chennai - 600 020.

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*:

Folio No.:

Client ID*:

No. of Shares:

Name and Address of the Shareholder / Proxy:

I hereby record my presence at the 27th Annual General Meeting of the Company held on Wednesday July 30, 2014 at 02.30 P.M. at THE MUSIC ACADEMY, MINI HALL, NEW NO.168 (OLD NO. 306), T.T.K.ROAD, ROYAPETTAH, CHENNAI - 600 014.

SIGNATURE OF SHAREHOLDER / PROXY

Note: For the convenience of the Member / Proxies attending the Annual General Meeting and to facilitate quicker registration of attendance, Member / Proxy holders are requested to bring Attendance Slips duly filling Folio Number / DP ID and Client ID and affixing signature in it to the Annual General Meeting. For immediate reference Folio Number / DP ID and Client ID is given address slip of the envelope.

*Applicable for investors holding shares in demat form



STERLING HOLIDAY RESORTS (INDIA) LIMITED

Registered Office:

Citi Tower, No.7, 3rd Cross Street,
Kasturba Nagar, Adyar, Chennai - 600 020.



www.sterlingholidays.com



SECL/BSE & MSE/AGM/2014

04th July 2014



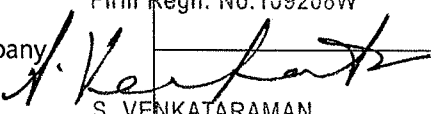
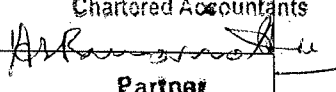

BSE Limited
Corporate Relationship Department
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

The Madras Stock Exchange Limited
Exchange Buildings
30, Second Line Beach
Chennai - 600 001

Dear Sir,

Sub: Audit Observation / Qualification forming part of Annual Report for the FY 2013-14
Ref.: Clause 31(a) of the Listing Agreement

Form A

1	Name of the Company	Sterling Holiday Resorts (India) Limited
2	Annual financial statements for the year ended	31 st March 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Nil Observation
5	To be signed by-	
	CEO/Managing Director	
	CFO	
	Statutory Auditors of the Company	<div style="display: flex; justify-content: space-between;"><div style="text-align: center;"><p>For V. SANKAR AIYAR & CO. Chartered Accountants Firm Regn. No.109208W</p><p>S. VENKATARAMAN Partner Membership No.023116</p></div><div style="text-align: center;"><p>For R. SUBRAMANIAN AND COMPANY Chartered Accountants</p><p>Partner</p></div></div>
	Audit Committee Chairman	

Sterling Holiday Resorts (India) Ltd

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