



Mahindra Holidays & Resorts India Limited

Corporate Presentation

February 2013



Section I

The Indian Vacation Ownership Opportunity



Tourism In India Is On A High Growth Trajectory



Indians Are Changing



**A unique holiday rather
than visit friends and
relatives**

Sharing Holiday Experiences Has Become Easier



Social Media

Email or Phone

Password

Log In

Keep me logged in

[Forgot your password?](#)

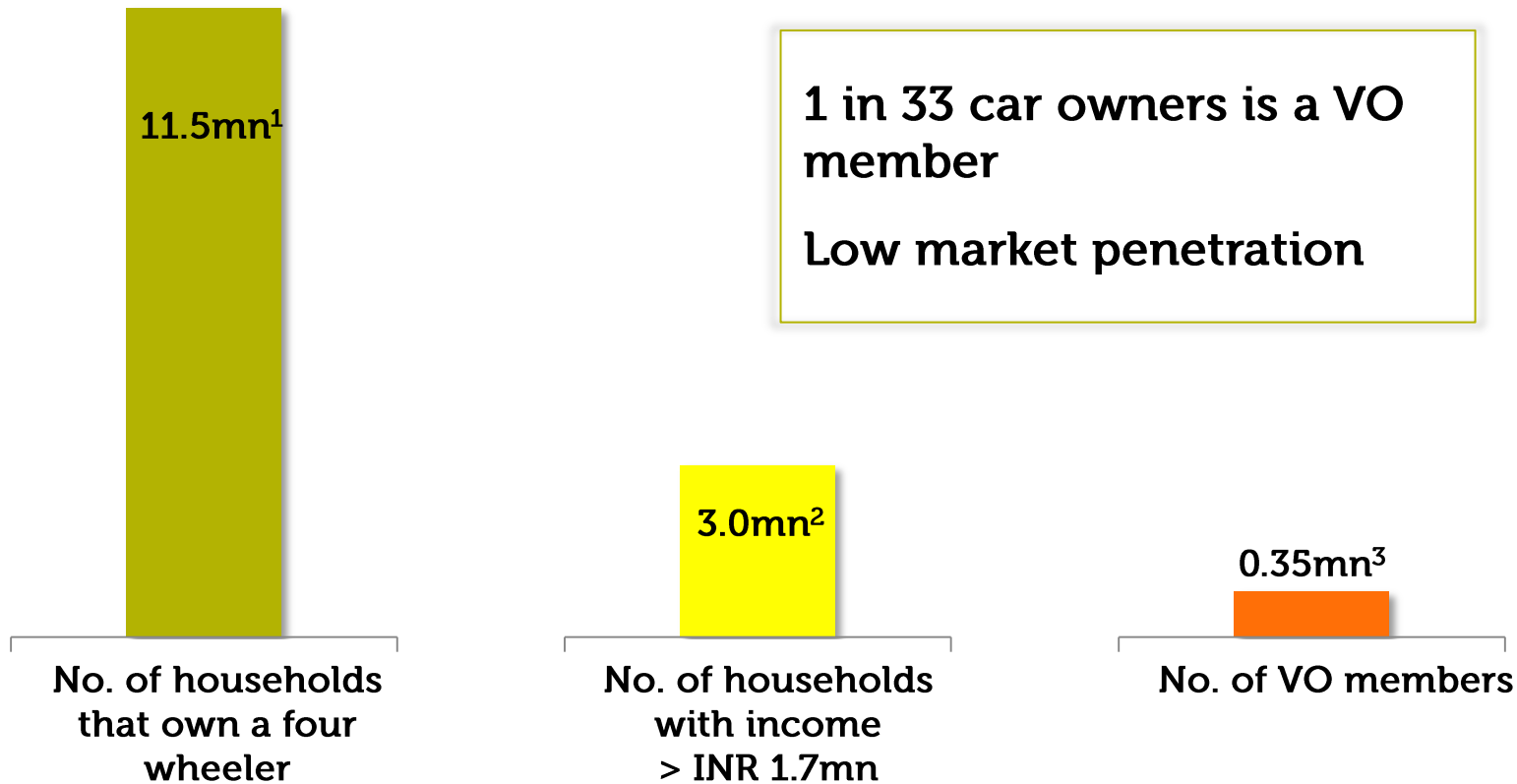
Sign Up

Connect and share with the people in your life.



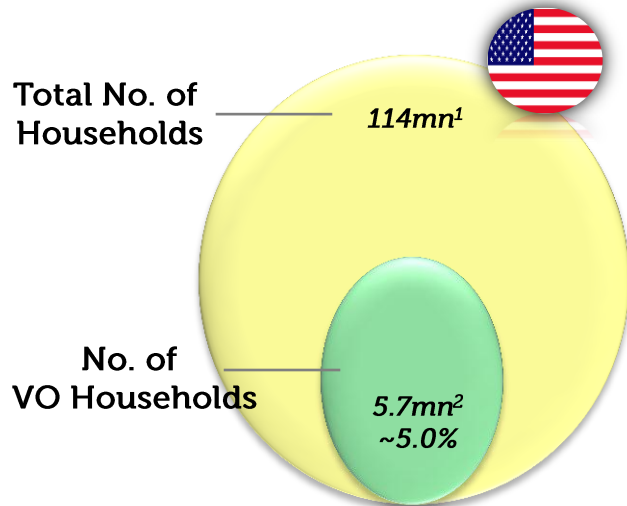
Rising influence of social media is a driver of 'Holidays'

Vacation Ownership (VO) – Poised For Growth

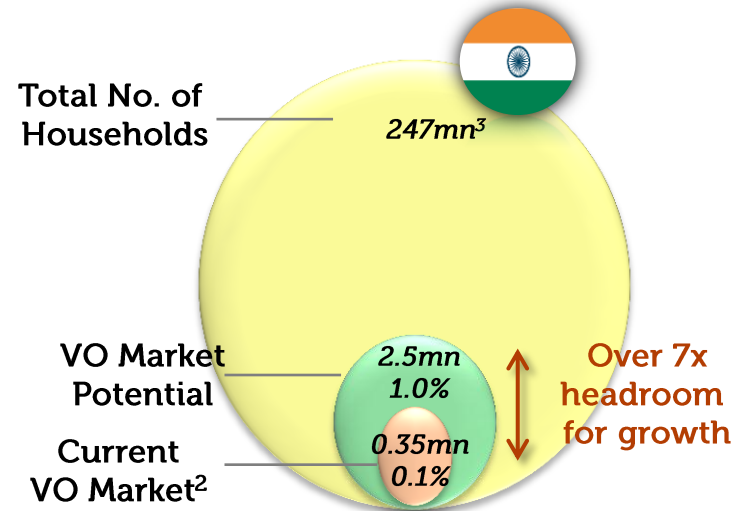


The Vacation Ownership Opportunity

Benchmarking the Indian Vacation Ownership (VO) market with the US market



Vacation ownership has ~5% penetration in US



Even at 1% penetration there is over 7x headroom for growth

The best is yet to come!

Section II

Who Are We?



Mahindra Group – Track Record Of Delivering Value



			10Y Annual Return ⁽¹⁾
Mahindra	No. 1	Tractor Company In The World. Utility Vehicle Player In India. ²	+41%
Mahindra FINANCE	No. 1	Rural NBFC In India. ³	+27%
Mahindra SATYAM	No. 1	Telecom Software Company In India. ⁴	+16%
Mahindra LIFESPACES	Among Top 10	Builders In India. ⁵	+40%

(1) Annualized returns from 23rd January 2003 to 23rd January 2013 Mahindra Finance returns since IPO on 27th August 2006; Mahindra Satyam returns since IPO of Tech Mahindra on 16th March 2006 ; (2) M&M is the largest tractor company in the world by volume; (3) Mahindra Finance is the largest rural NBFC company in India, by number of rural branches and being largest financier of UVs & Tractors in India (4) Tech Mahindra is the largest Telecom focused IT services & Solutions provider in India – by “Voice & Data 2009” 5) As per construction world and CW interiors - 2011

Club Mahindra – No. 1 Holiday Company In India



Provider of 25 years of holiday experiences

- Market Leader in the Indian VO industry

- One of the fastest growing VO companies in the world
 - Over 155,000 members¹
 - 40 resorts and over 2,200 rooms¹

- One of India's largest "inn keepers"
 - Larger room formats accommodating larger families

- Third largest hospitality company in India by Market Cap (As on Jan 31st 2013²)
 - Yet, we are NOT a pure play hospitality company!

- Target customers form the apex bracket of India's consumption demographic
 - Families
 - Metro, Tier I/II
 - Annual Household Income of over INR 2mn – Highest propensity for discretionary spending

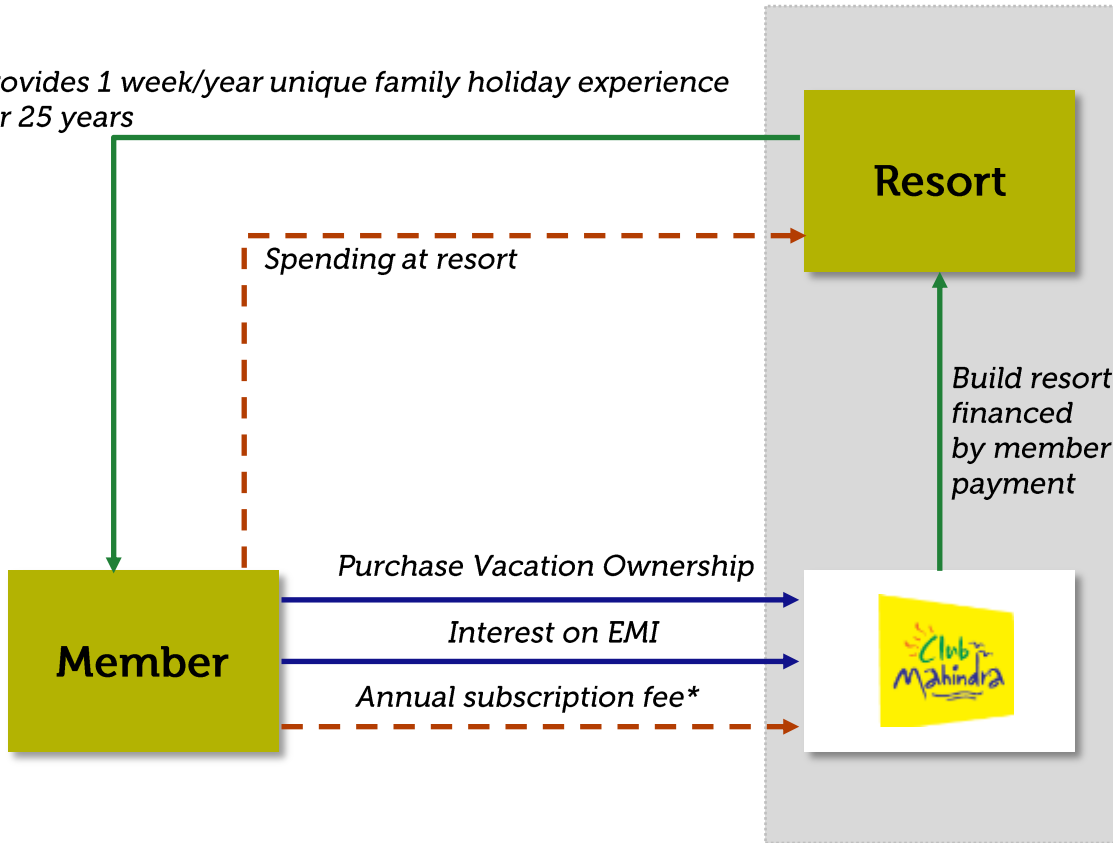
1) As on Dec 31st 2012

2) Source: www.bseindia.com, www.nseindia.com

What We Do



Provides 1 week/year unique family holiday experience for 25 years

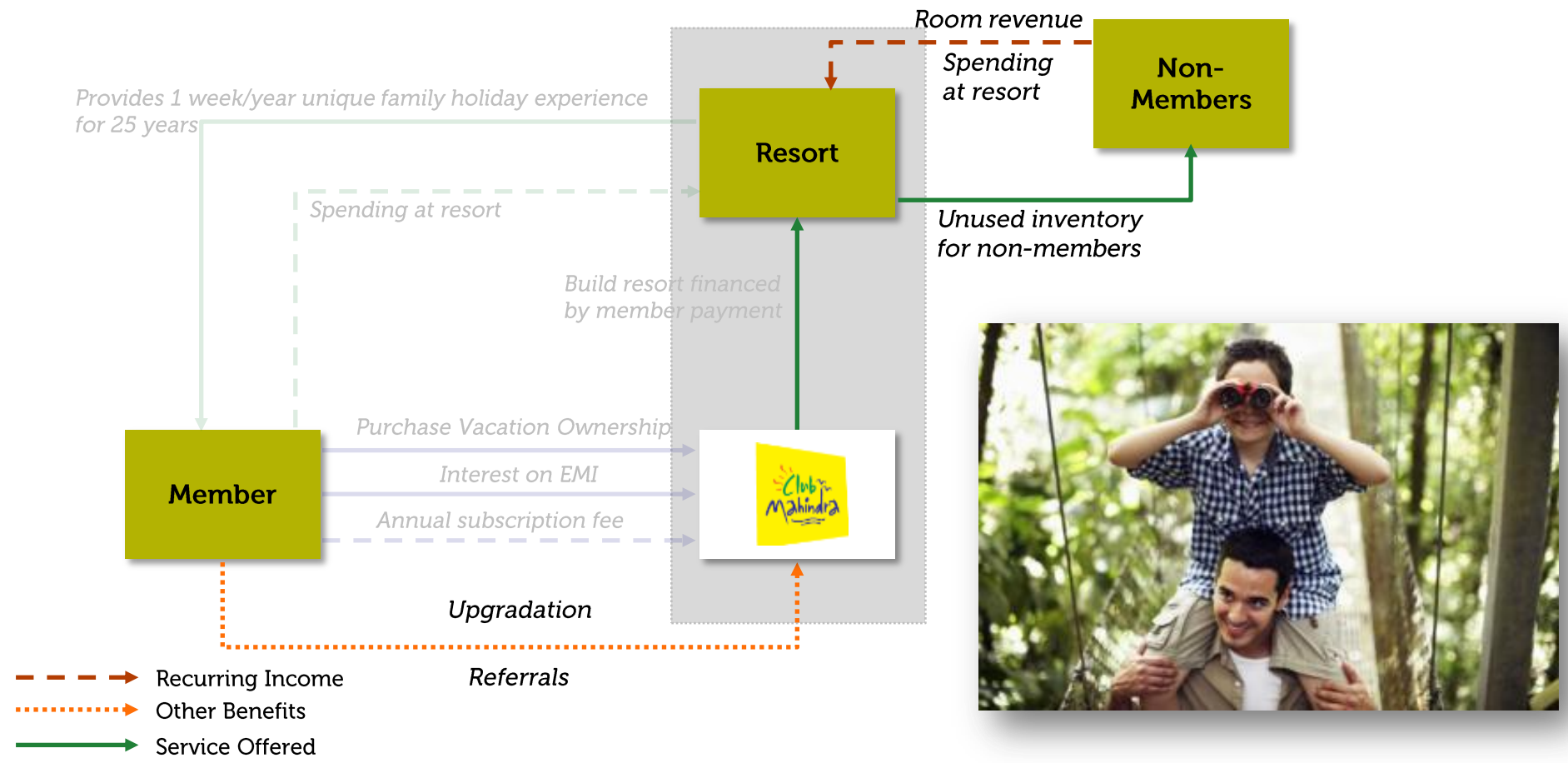


- - - - - → Recurring Income
- — — — — → Fixed Payment
- — — — — → Service Offered



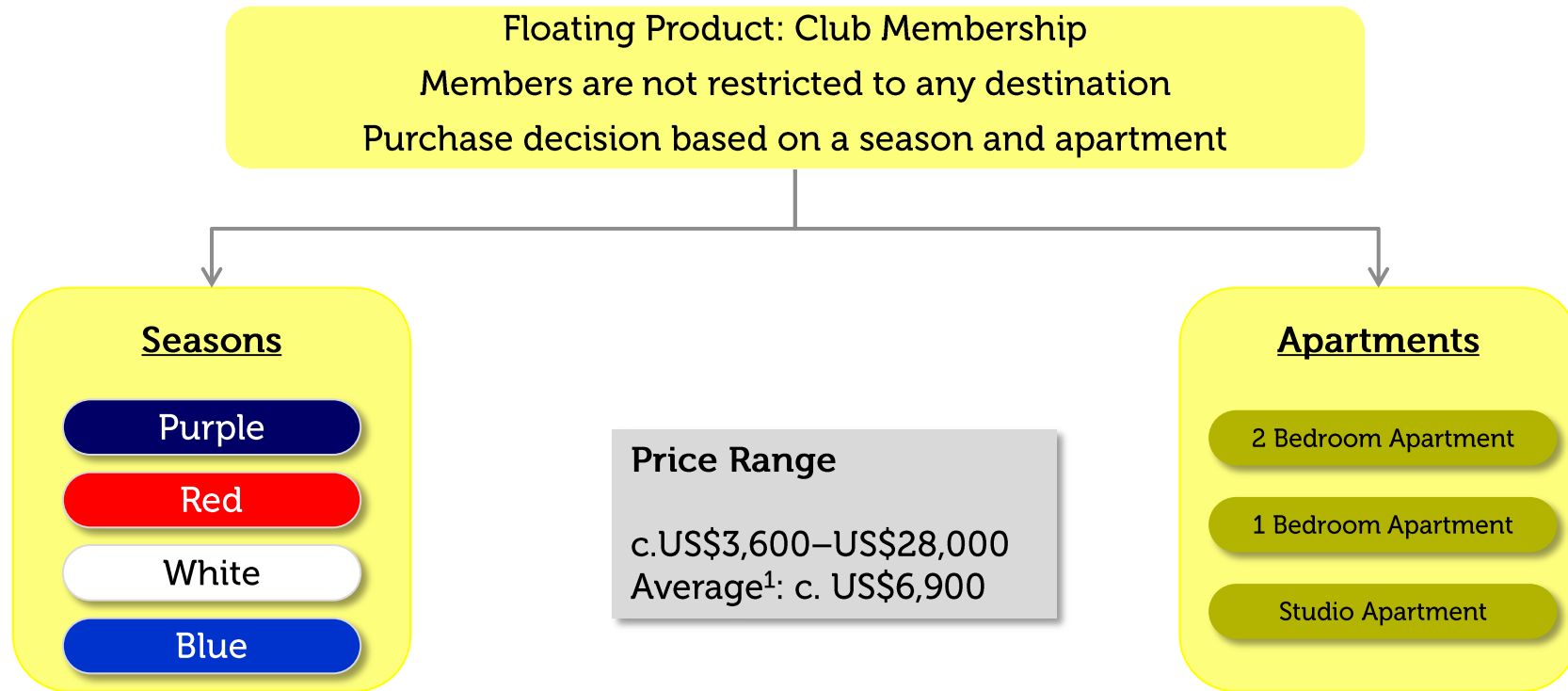
* Increase linked to inflation index

Other Opportunities In Our Business



Opportunity to reuse memberships after 25 years

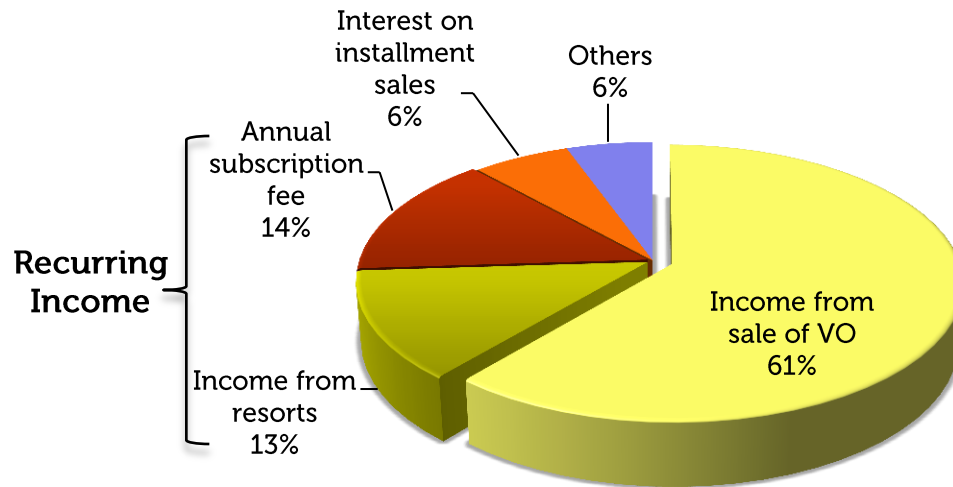
Product Features



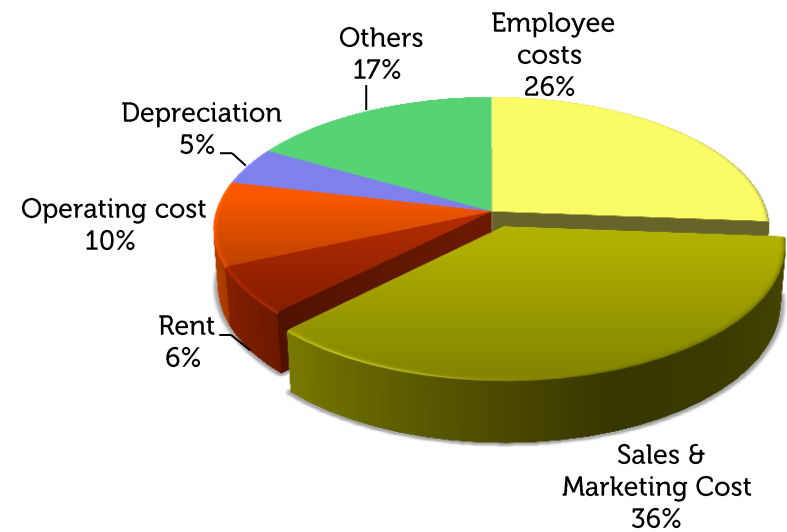
- Split the week – shorter Holidays
- Accumulation and Advancement – better planning
- Gifting the week – better usage
- Transfer of membership
- Exchange with RCI – wider choices

How We Earn And Where Do We Spend

How we earn



Where do we spend



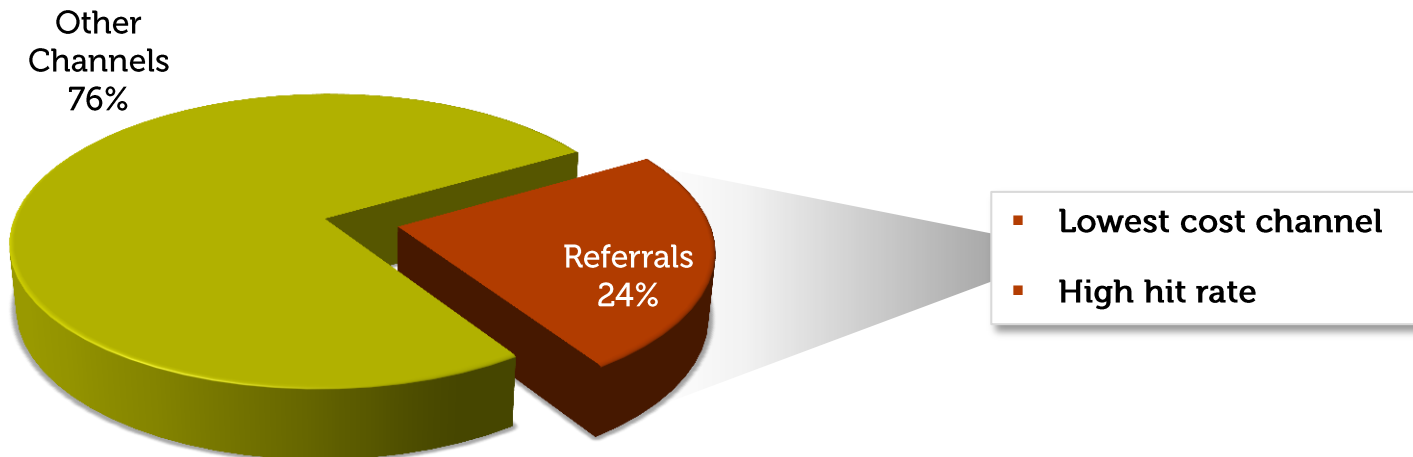
Recurring income from resorts and ASF to increase with growth in member base

Sales and marketing costs to reduce through increase in referral and onsite sales

How We Acquire Our Members

- Direct – Permission based
- Holiday World
- Online
- Referrals
- Onsite
- Advertisements

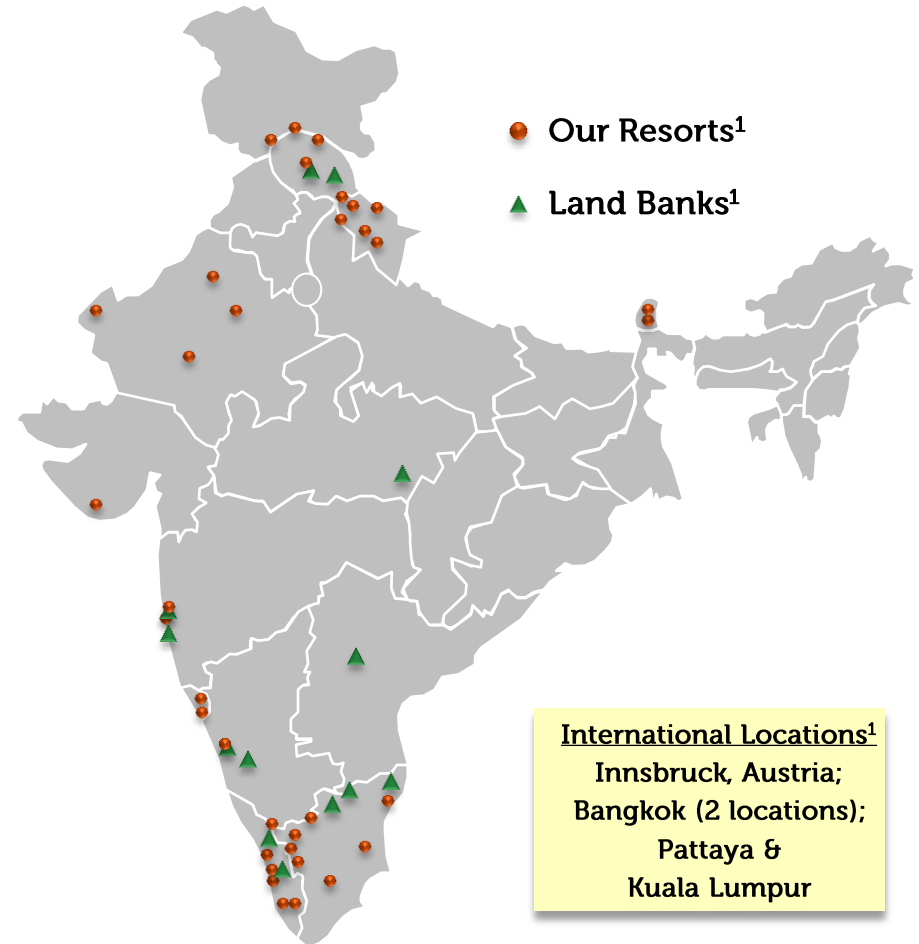
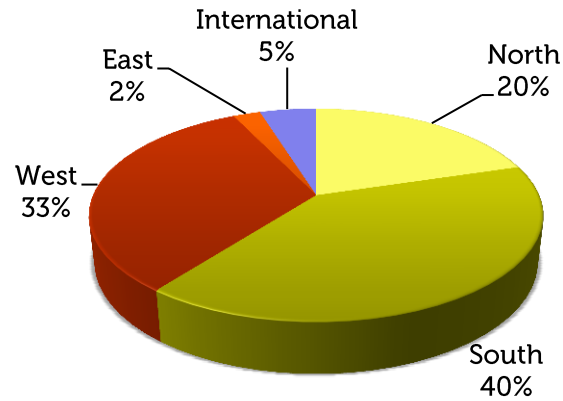
Lead Generation Channels Mix (FY12)



We leverage our scale & growing member base to reduce acquisition costs

Our Resorts And Land Bank

Room Inventory Distribution¹



Land Bank

- Land bank across strategic locations

Unique competitive advantage

1) As on Dec 31st 2012

How We Add Our Resorts



	Recent Updates	Strategy
BUILD	<ul style="list-style-type: none"> 964 rooms (43% of inventory) 4 ongoing greenfield projects - Virajpet, Shimla, Goa, Kanha Expansion in Munnar 	<ul style="list-style-type: none"> Prefer to own and build a majority of our resorts Focus on building large 300-400 room resorts Create the unique "Club Mahindra" holiday experience Leverage land bank
LEASE	<ul style="list-style-type: none"> 741 rooms (33% of inventory) 	<ul style="list-style-type: none"> Look to enter into long term leases Lease only full properties Attractive high demand destinations
BUY	<ul style="list-style-type: none"> 537 rooms (24% of inventory) Recent additions include Bangkok (77 rooms), Shimla (80 rooms), Jaisalmer (74 rooms) and Goa (106 rooms) 	<ul style="list-style-type: none"> Acquire properties which fit our standards International properties in select geographies where Indians go Exploring locations such as Dubai, Sri Lanka, South East Asia

"Go Where Indians Go"

Our Team – Rich Varied Experience



Mr. Arun Nanda Chairman

- Chairman and Director of Mahindra Holidays and Resorts India Limited (MHRIL)
- Part of the Mahindra Group since 1973 and has since held several important positions within the group

Mr. Rajiv Sawhney Managing Director and CEO

- 32 years of experience in telecom and FMCG
- Rajiv was part of the core team that built the Telecom business of Hutchison in India. He was later the Country Head of the Hutchison Telecom business in Thailand and Indonesia
- Prior to joining MHRIL, he headed telecom business of the Essar Group in India & Africa and was on the board of Vodafone-Essar
- Alumnus of IIM Bangalore

Mr. Alope Ghosh Chief Financial Officer

- 23 years of experience across telecom and IT having worked with Reliance Communications, Tech Mahindra, Apple Computers and i2 Technologies
- Associate Member of the Institute of Company Secretaries of India and the Institute of Cost & Management Accountants of India

Mr. Rohit Malik Chief Sales Officer

- 16 years of experience in sales across Financial Services & Insurance sectors
- Worked previously with GE – SBI cards, ICICI Prudential Life Insurance and Bharti – Axa Life Insurance



Our Team – Rich Varied Experience

Mr. Indranil Chakraborty
Chief Marketing Officer

- ~21 years of experience spanning FMCG Marketing & Sales in both domestic and global markets
- Indranil has worked with Hindustan Unilever, Build-A-bear Workshop and Tata Teleservices where he was Vice President and Head - Strategic Marketing & Revenue Planning
- Alumnus of IIM Lucknow

Mr. Sujit Paul
Head – Member Relations and Customer Services

- 17 years of experience in Operations and Customer Service in the ITES, financial services and insurance sectors
- Prior to joining MHRIL, he was with TATA AIG General Insurance Company
- Sujit has also previously worked with GE Capital International Services, Intelenet Global Services, Perot Systems and Max New York Life Insurance

Mr. Mohit Bhatia
Chief Human Resources Officer

- 30 years of industry experience across multiple industry verticals and geographies
- Previously worked with Johnson & Johnson, Citigroup and Northern Trust
- Post Graduate in HR from Mumbai University

Section III

Our Key Strengths



Club Mahindra – Primed For Growth



1

Underpenetrated
"consumer"
market

- Rising disposable incomes and changing dynamics of travel in India
- Over 7x headroom for growth

2

Market leadership

- Our scale in member base provides us with significant upside opportunities for growth through referrals

3

Track record of
execution

- Added 33,470 members between Jan-11 to Dec-12 (13% CAGR)
- Added 781 rooms (gross) since Dec-11

Club Mahindra – Primed For Growth



4

Demonstrated growth and profitability

- 3Y (FY09-FY12) revenue CAGR of 14%
- Profitable business model with high EBITDA margin (26% in FY12)

5

Strong brand

- India's No. 1 Holiday Brand
- Globally, brands have rarely been built in VO
- 90% of Club Mahindra resorts, rated on TripAdvisor have a rating of 4 and above (on a scale of 5)

6

"Mahindra" parentage

- The Mahindra Group is amongst India's largest industrial houses at US\$15.9bn¹
- Mahindra & Mahindra Ltd. is amongst the Forbes List of The World's 2,000 Biggest Public Companies in 2012

1) Based on revenue at exchange rate of 1US\$ = INR 52.36

Key Strengths Of Our Business Model – “Always In The Money”



Recurring income streams

- Recurring income from annual subscription fee
- Recurring income from spend at resorts
- With growth in member base, recurring income streams form a large share of total revenue

Mixed use model

- Our mixed use model allows us to build ahead of the curve and rent out unused inventory to non-members
- Higher occupancy and a key driver of margin expansion

Upgrade opportunity

- Satisfied members bring in upgrade business
- Members upgrade on account of room size, season and number of weeks

Reuse value kicker

- Opportunity to reuse memberships after 25 years

Low capital intensity

- Upfront member payment finances capex for resort
- “Debt-light” model

Section IV

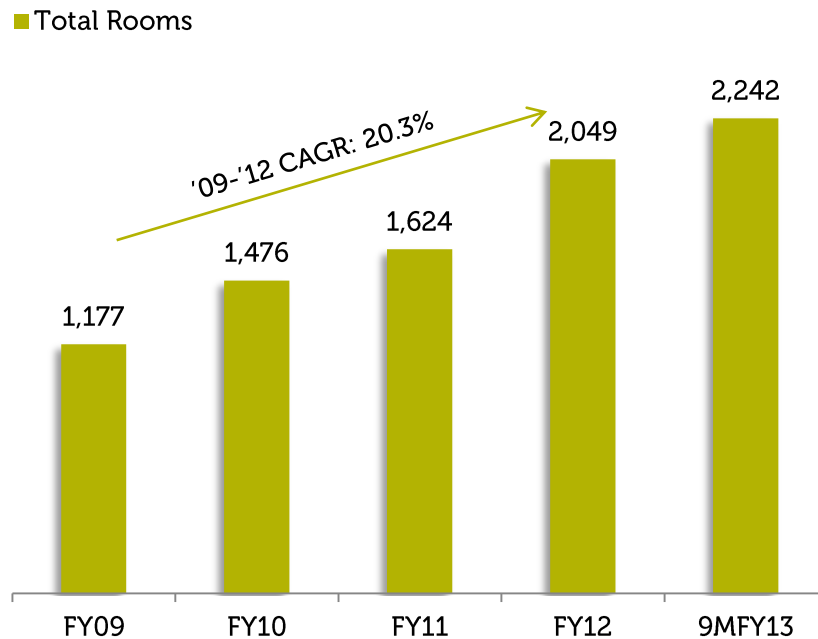
Delivering On Promises



✓ Inventory And Member Base

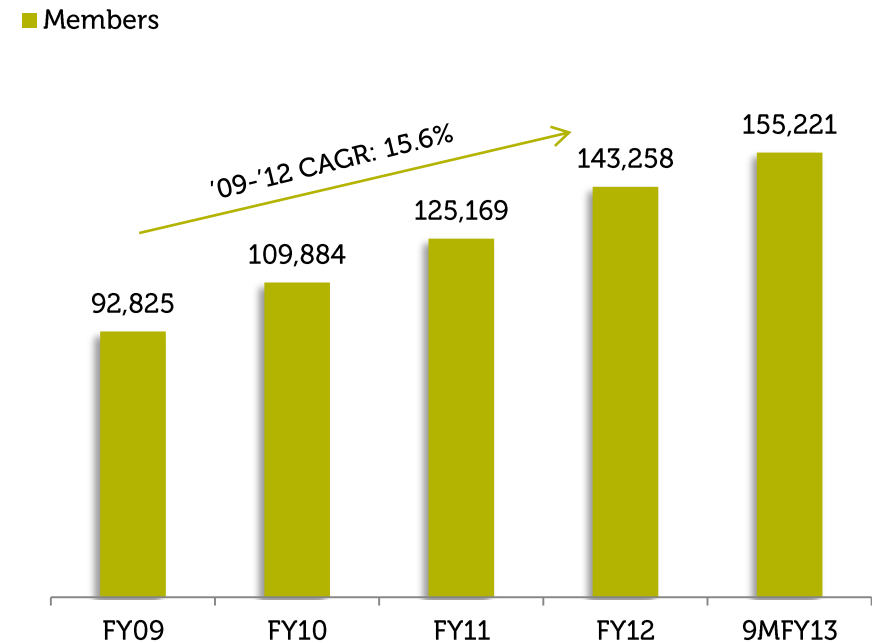


Delivering on promise of rapid inventory addition



- Overcome historical room inventory issues
- 781 rooms added (gross) since Dec-11

Sustained growth in member base



- Widening the geographic spread to acquire members

✓ Enhancing The Member Booking Experience



Find out Resorts which are available on your preferred dates!

▲ **Coorg, Kodagu Valley**

Check In : 19/02/2013 Check Out : 21/02/2013

Apartments	Description	Qty.	Days Used	Status
STU	A Studio Apartment can accommodate a maximum of 3 Adults	1	2	Fast Filling

Proceed To Book!

▲ **Yercaud, Lake Forest**

Check In : 19/02/2013 Check Out : 21/02/2013

Apartments	Description	Qty.	Days Used	Status
STU	A Studio Apartment can accommodate a maximum of 3 Adults	1	2	Rooms Available

Proceed To Book!

~40% of our bookings are done through our interactive online portal which was Nil in December 2011

4 Enter People Travelling ▲

You can travel with maximum 16 Adults. Choose your options

Adults (12 Years and above) Children (Below 12 Years Old)

5 Enter Room Preference ▲

You are eligible for 16 adults and you will be travelling with the equivalent of 3 adults (2 children below 12 yrs = 1 adult).

Persons Selected 0 adults Eligible 16 adults Persons Travelling 3 adults Reset

Room Type	Max Allowed	Description	Rooms Selected	Persons Selected	Inventory Consumed
TNT	2.00	A Tent can accommodate a maximum of 2 Adults	<input type="text" value="0"/>	0	0
HU	2.00	A Hotel Unit can accomodate a maximum of 2 Adults	<input type="text" value="0"/>	0	0
STU	3.00	A Studio Apartment can accommodate a maximum of 3 Adults	<input type="text" value="0"/>	0	0
1BR	4.00	A One Bedroom Apartment can accommodate a Maximum of 4 Adults with Privacy for 1 Couple	<input type="text" value="0"/>	0	0
Total Inventory Consumed*					0
Inventory balance after booking confirmation					0.40

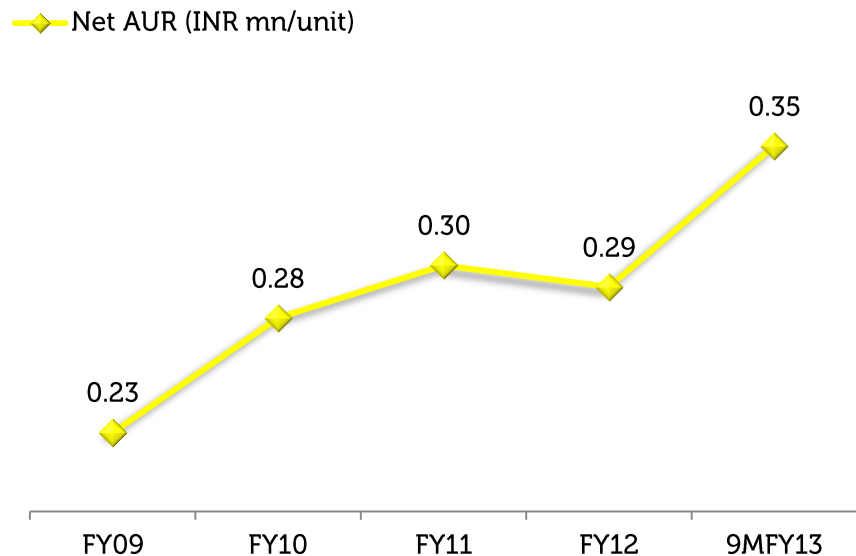
*Note: The total inventory consumed is an indicative value rounded off to one decimal

Check Availability / Alternates

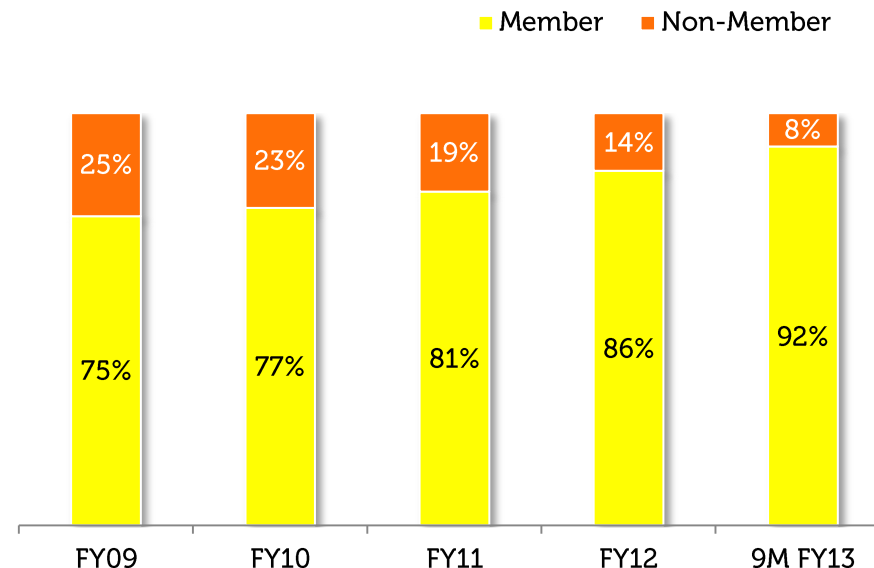
✓ Positive Trends In Sale Price And Occupancy



Average Unit Price (Net AUR)



Occupancy Split Between Member And Non Member

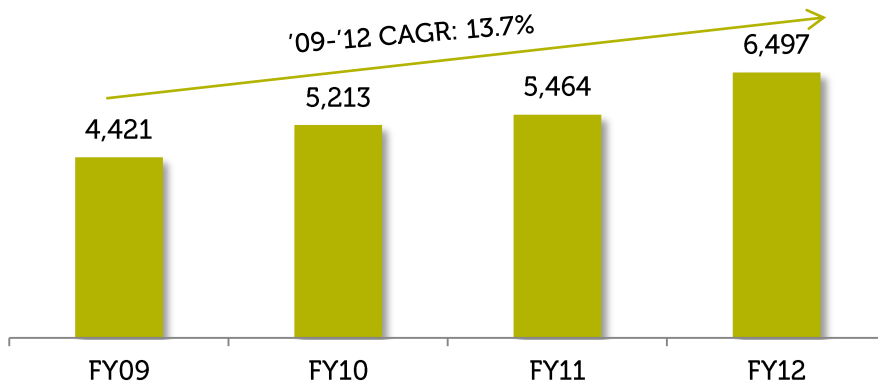


- Member value increasing (Q3FY13 AUR is INR 0.38mn/unit)
- Upgradation
- Reopening of Purple season
- Number of room nights occupied grown from 210,917 in FY09 to 393,156 in FY12 (~1.9x growth)
- FY12 Occupancy at 78% as compared to FY09 occupancy of 75%
- 81% occupancy for 9MFY13
- Potential to tap the non-member occupancy opportunity

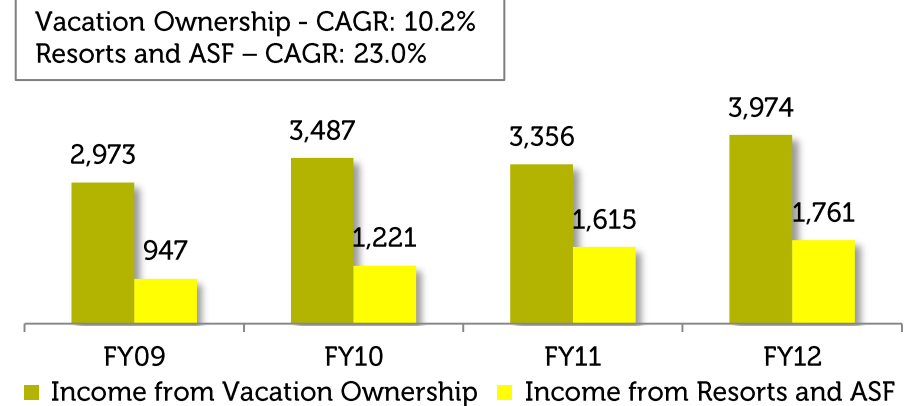
✓ Sustained Revenue Growth



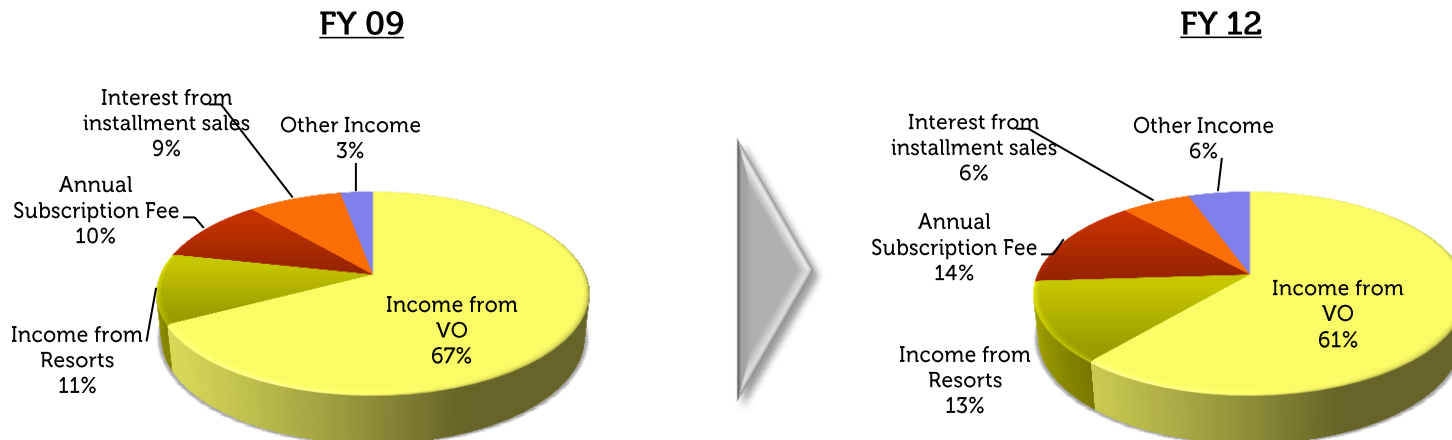
Total Revenue (INR mn)



Segmental Revenue Growth (INR mn)



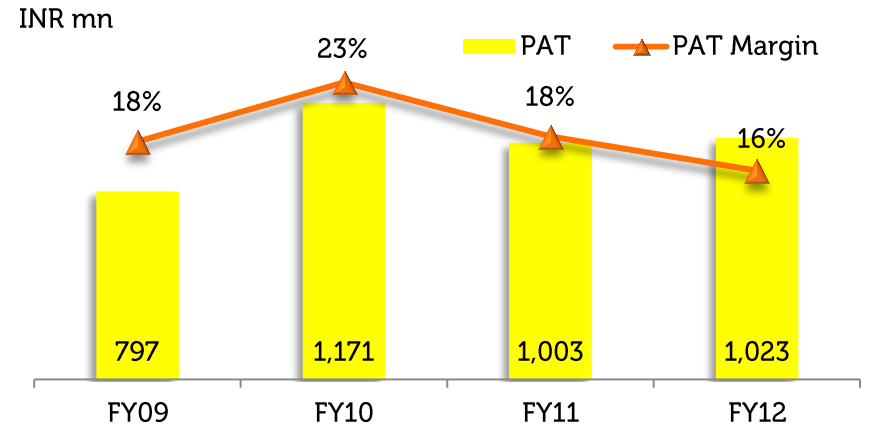
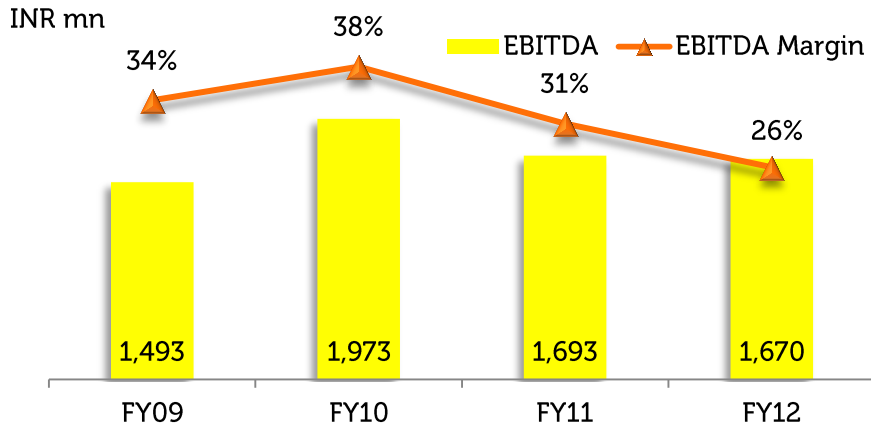
Revenue Mix Movement – Recurring Income Streams Increasing In Share



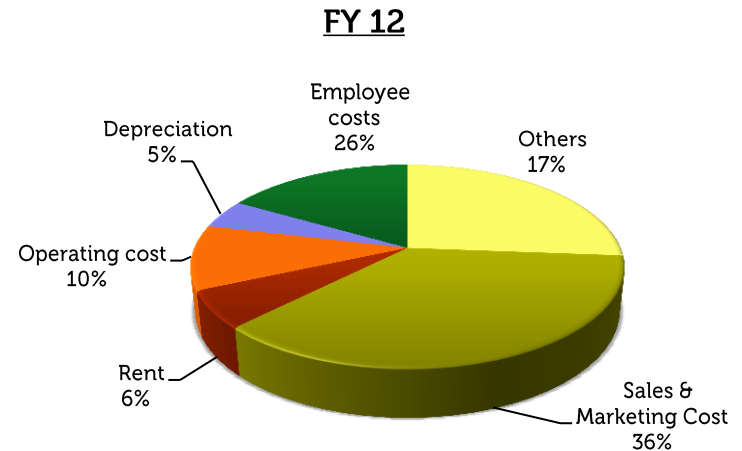
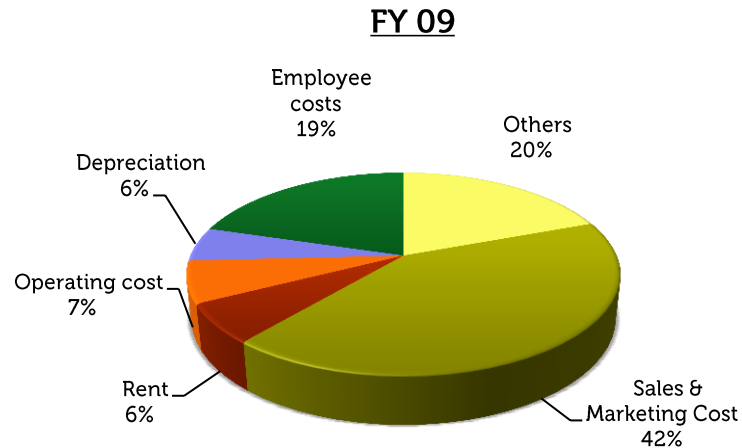
Margins And Cost Levers



Margin drop due to cancellation policy, reduction in non-member occupancy and pre-operating losses in new resorts



Cost Mix Movement



Section V

Where Are We Headed



Our Strategic Priorities



"Member First"

- Priority to keep members satisfied, non-member booking only if room inventory is unused
- Provide an end-to-end unique holiday experience
- Focus on the flagship Club Mahindra product

Invest in room inventory

- Build – Leverage land bank for greenfield resort projects with 300-400 rooms/ resorts
- Lease – Long term leases for complete properties in high demand tourist locations
- Acquire – Continue to evaluate acquisition opportunities of properties that fit our standards across domestic and international locations

Lower customer acquisition costs

- Leverage our satisfied and growing member base for increasing sales through referrals
- Reduce advertising spends through expensive channels like print

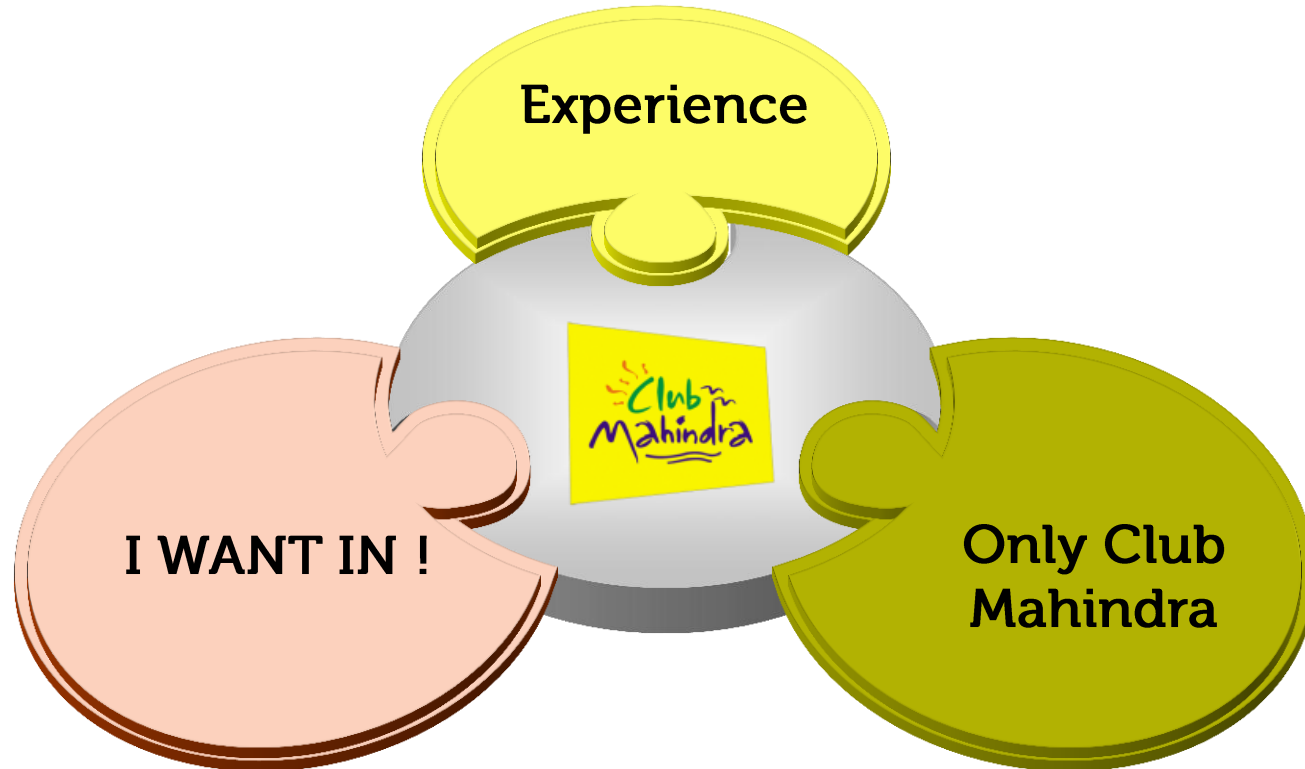
Invest in technology

- Online booking system enhances customer experience
- Currently ~40% of our members book through this system directly
- Continue to leverage technology to understand and track our customers better

A "PULL" Brand



Unmatched family holiday experience



Aspire to be a part of a special community

Think Holidays –
Think Club Mahindra



Section VI

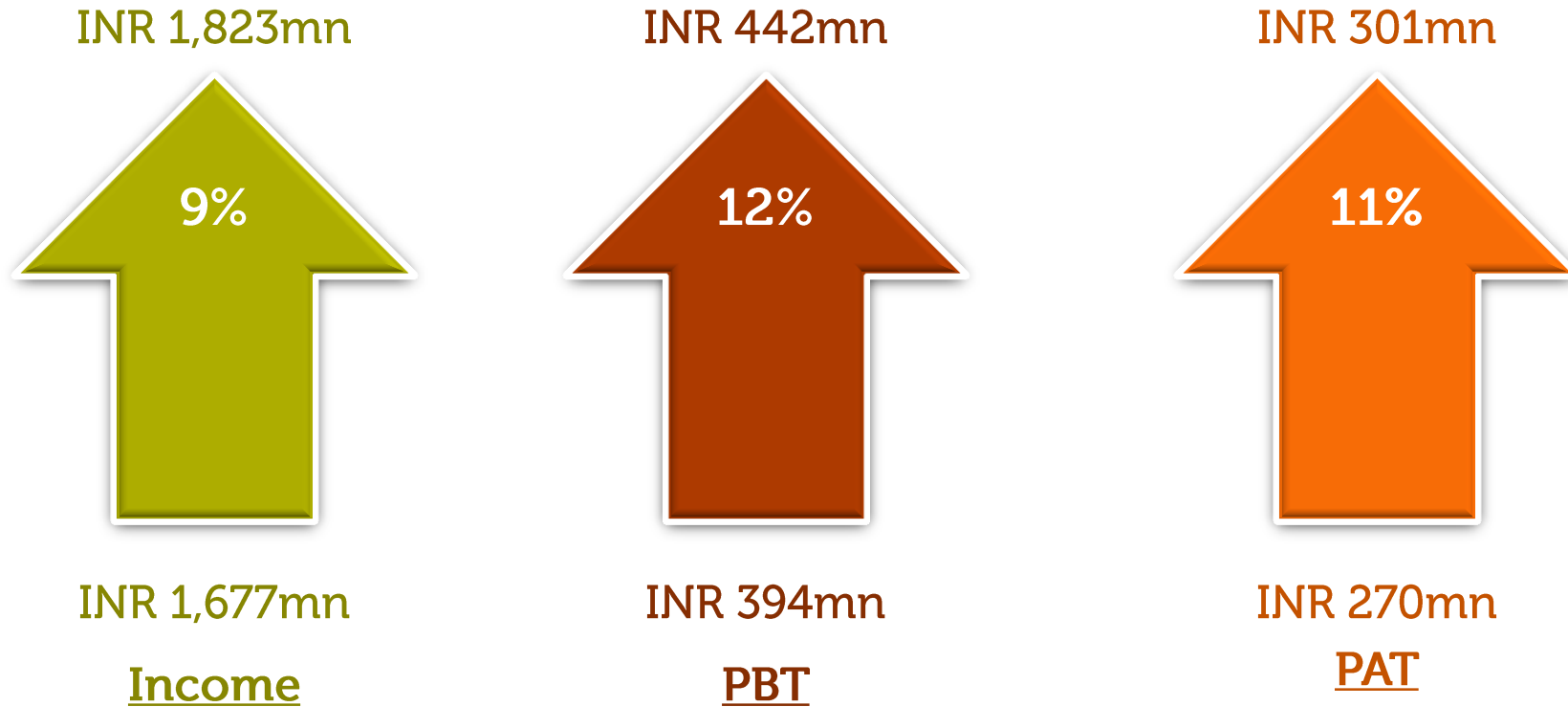
Q3FY13 Results Snapshot

Highlights – Q3 2013

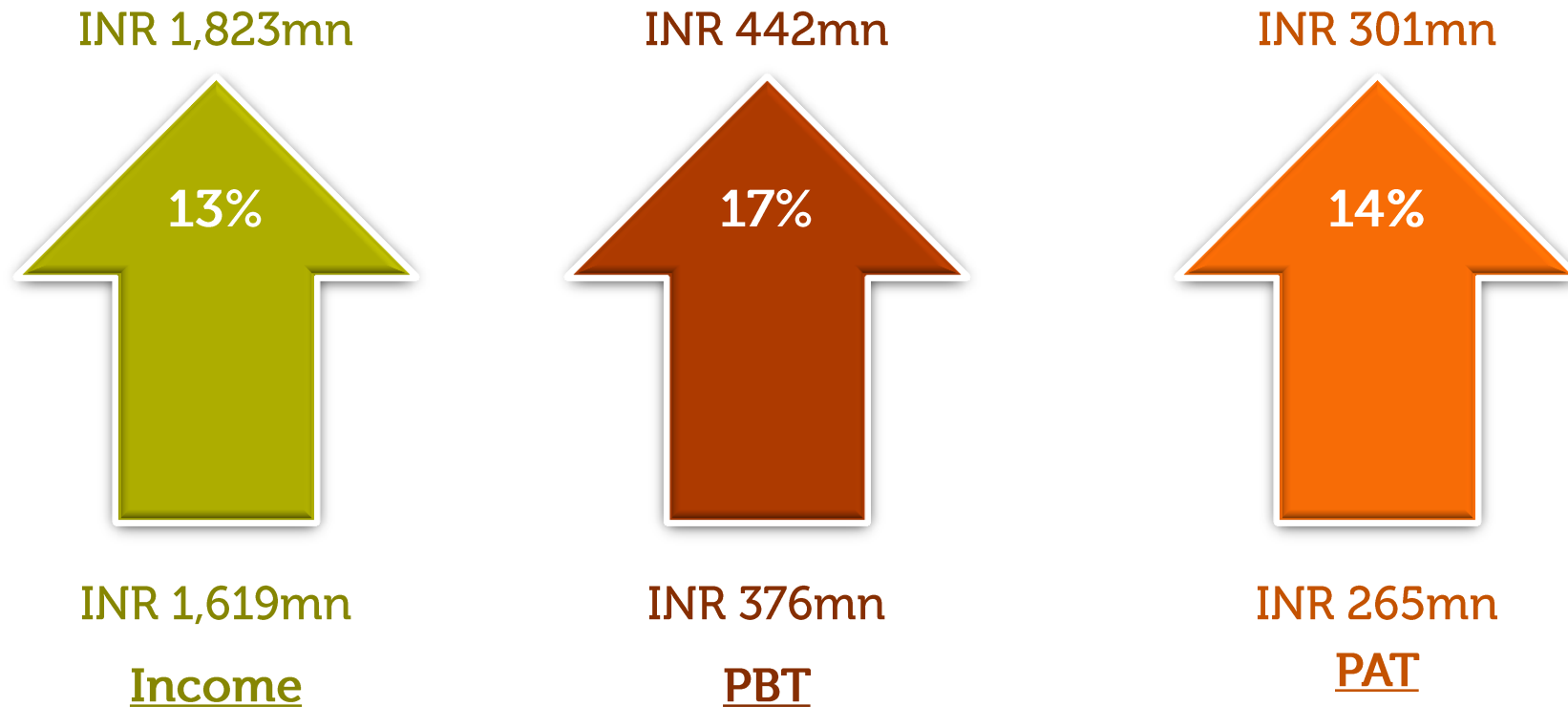


- Total income at INR 1,823mn vs INR 1,619mn in Q3'12 (Growth 13% YOY)
- PAT at INR 301mn vs INR 265mn (Growth 14 % YOY)
- Diluted EPS at INR 3.58 in Q3'13, up from INR 3.15 in Q3'12
- Added over 4,000 members during the quarter
- Cumulative membership base moves to 155,221

Q3 '13 Vs Q2 '13 (Q-O-Q)



Q3 '13 Vs Q3 '12 (Y-O-Y)



Summary of Results



Key indicators (no.)	Q3 '13	Q3'12	Y-O-Y	YTD 13	YTD 12	Y-O-Y
New Members - added	4,021	4,659	-14%	11,963	12,621	-5%
Cumulative Members	155,221	137,790	13%	155,221	137,790	13%

Key indicators INR mn	Q3 '13	Q3'12	Y-O-Y	YTD 13	YTD 12	Y-O-Y
Income	1,823	1,619	13%	5,117	4,439	15%
Expenses	1,381	1,243	11%	4,013	3,489	15%
PBT	442	376	17%	1,104	951	16%
PAT	301	265	14%	761	674	13%

Key indicators %	Q3 '13	Q3'12	YTD 13	YTD 12
PAT %	16%	16%	15%	15%
ROCE % (excludes def income)	28%	26%	23%	22%
ROCE % (includes def income)	9%	9%	8%	8%
EPS (Basic-non annualized) INR	3.59	3.16	9.07	8.05
EPS (Diluted-non annualised) INR	3.58	3.15	9.05	8.03

Profit & Loss Statement



Particulars (INR mn)	Quarter ended			Nine months ended		Year ended
	Dec-12	Sep-12	Dec-11	Dec-12	Dec-11	Mar-12
Income from operations	1,724	1,519	1,445	4,712	4,004	5,738
Other Operating income	66	127	144	299	328	477
Other Income	33	31	30	107	107	150
Total income	1,823	1,677	1,619	5,117	4,439	6,366
Employee expenses	367	379	310	1,089	869	1,264
Sales & Marketing expenses	460	406	456	1,341	1,297	1,836
Depreciation and amortisation expenses	54	53	50	158	151	203
Other expenses	499	444	426	1,426	1,172	1,607
Total expenditure	1,381	1,283	1,243	4,013	3,489	4,911
PBT	442	394	376	1,104	951	1,455
PAT	301	270	265	761	674	1,046

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