



Mahindra Holidays &
Resorts India Limited

Q2FY19
Investor Presentation
29th October, 2018

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Unique
Business Model



Leadership
Position in
Vacation
Ownership

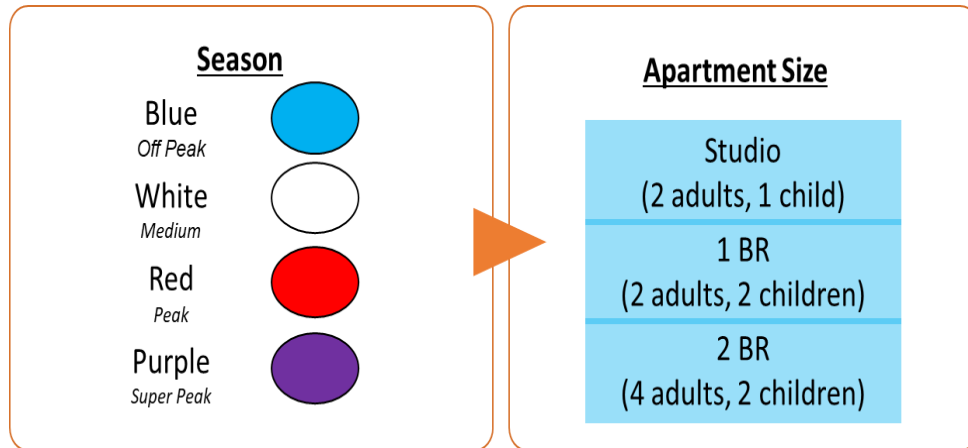


Impact of
Transition to
IND AS 115



H1FY19
Results
Update

Club Mahindra (CMH 25) Flagship Product Offering



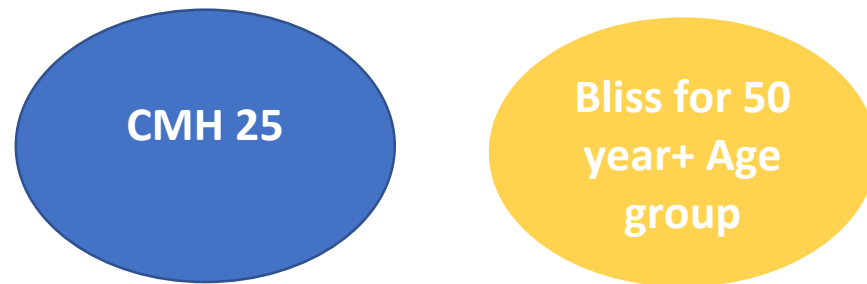
Target Profile of CMH 25 Member



28+ years of age
Married; 1-2 children (Age 3-15 years)
NCCS A+ & A

Appreciates quality family time
Takes regular vacation
Seeking variety
Plans in advance

Product Portfolio



Strategic Priorities



Sales Network and Revenue & Cost Model

Sales Network

- 124 branch offices, sales offices & channel partners
- Leads generated through Digital route, Referrals, Alliances, On-ground Events/Activities, Campaigns
- Share of pull based Digital & Referral leads stable at the 48-50% levels in FY17-FY18

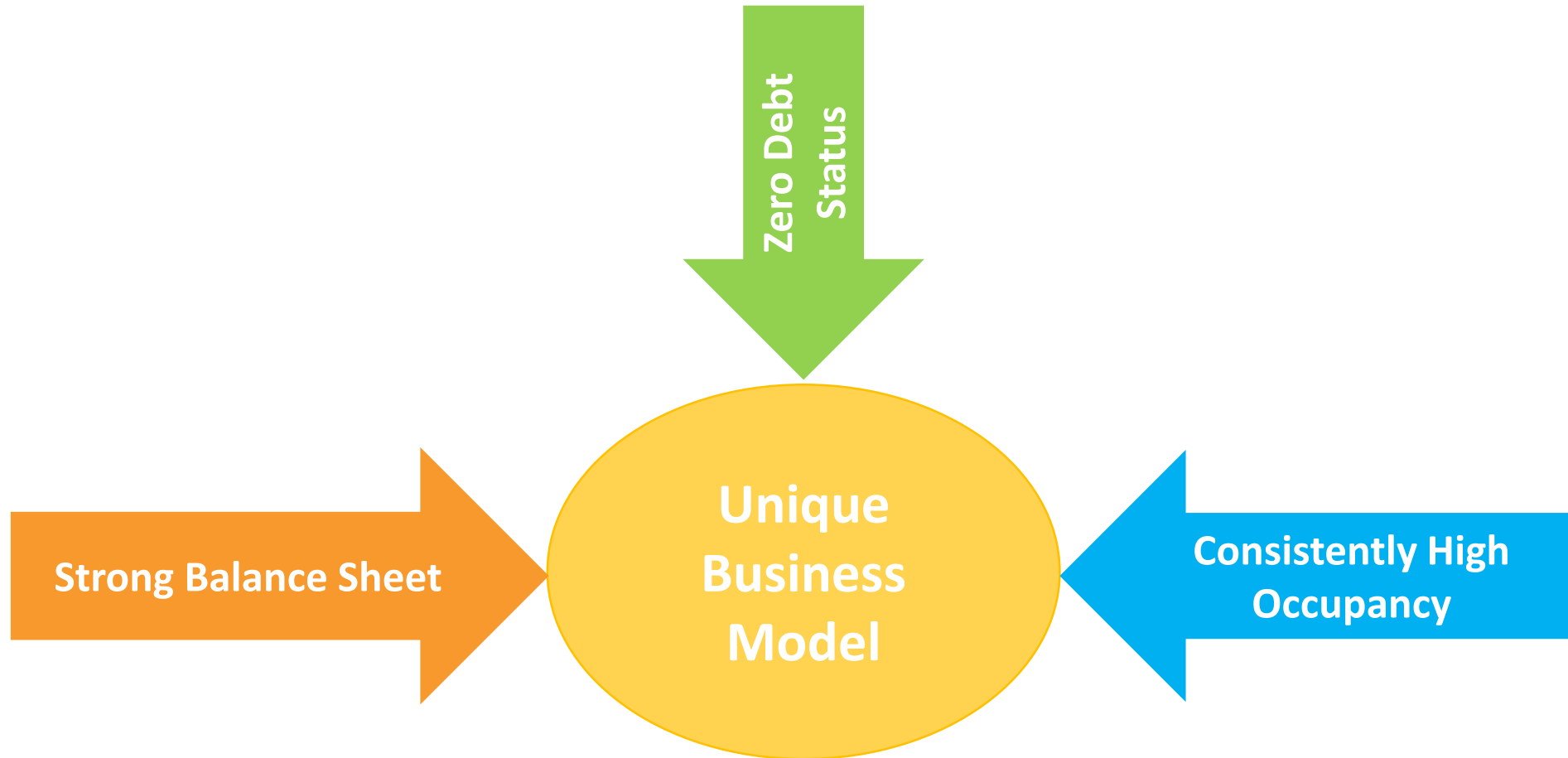
Cost Model

- Membership Fee funds building of New resorts
- ASF funds maintenance, renovation of resorts & member servicing

Revenue Model

- Vacation Ownership Income
 - Admission Fee
 - Entitlement Fee
 - Income from Upgrades
- Annual Subscription Fee
- Interest on Instalments
- Resort Income
 - Room
 - F&B
 - Holiday Activity
 - Spa & Wellness

Unique Business Model



Unique Business Model - Strong Balance Sheet

IND AS 115



**Deferred
Revenue**

Rs. 5,115 Cr

**Provides
Visibility of
Revenues**



**Strong Cash
Position**

Rs. 484 Cr

**Organic Growth
can be met
without relying
on External
Debt**



Receivables

Rs. 1,766 Cr

**Opportunity for
Inorganic
growth through
Securitization**



**Strong Asset
Base**

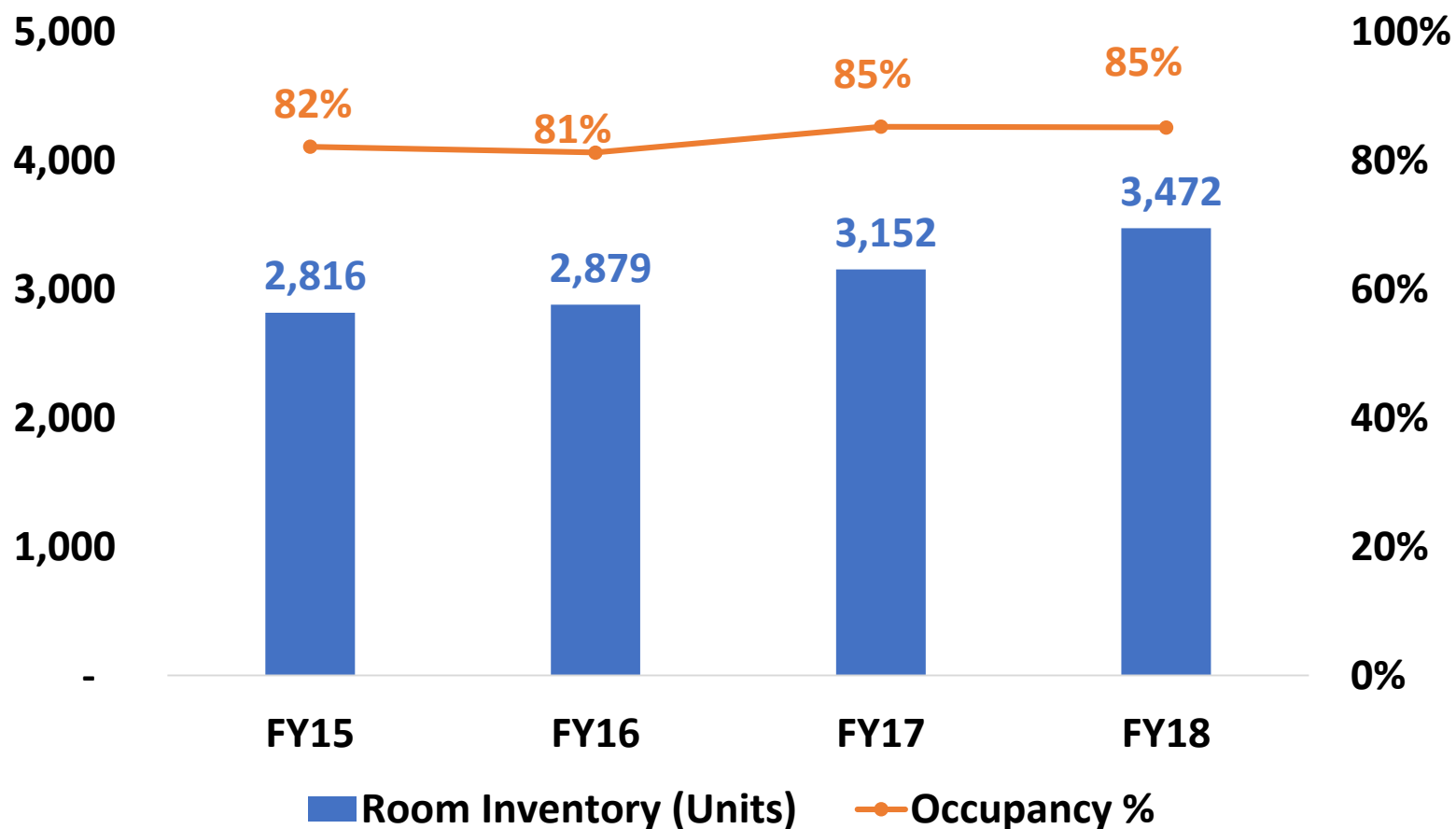
Rs. 1,803 Cr

**58 Resorts

Includes Land
Assets
Of Rs. 1,129 Cr**

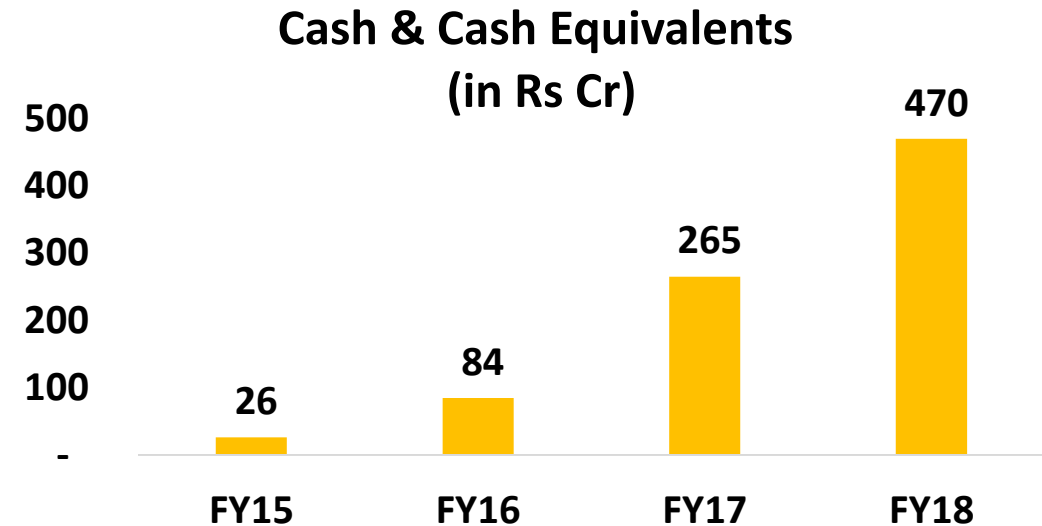
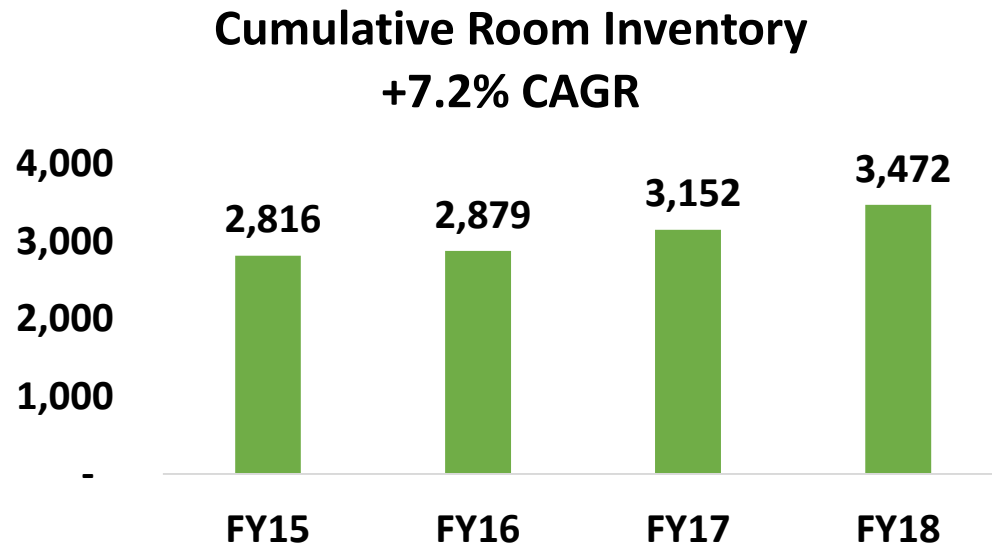
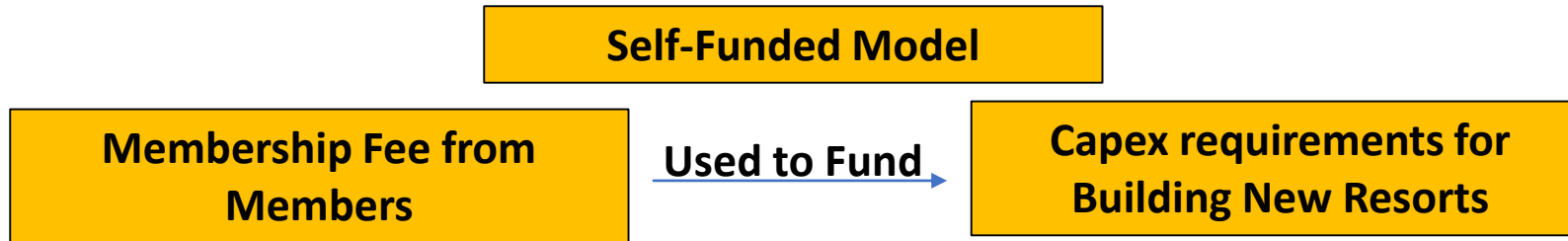
* Figures as on Sep 30, 2018

Unique Business Model - Consistently High Occupancy



High occupancy in resorts at 80%+ even with growing Inventory

Unique Business Model - Zero Debt (Standalone) Status



Cash Position Strong at Rs. 470 Cr in FY18 aided by focus on high-quality memberships with more conservative payment plans, involving higher down payments and fewer EMI

Leadership Position in Vacation Ownership

Leadership Position in Vacation Ownership

Trusted Brand

**Choice of 58 Full
service resorts for
Members**

**2.4 Lakh+ Member
base
Track record of 2
decades**

Member Engagement

**Significant Recurring
Income
streams/Revenue
Visibility**

Resort Diversity

Hill Stations

- Manali, Shimla, Naldhera, Kandaghat
- Dharamshala, Kanatal, Binsar, Mashobra
- Mussoorie, Naukuchiatal, Srinagar
- Munnar, Ooty, Kodaikanal, Coorg, Yercaud, Wayanad
- Gangtok, Baiguney, Kalimpong, Darjeeling, Namchi
- Mahabaleshwar, Lonavala, Hatgad

Beaches

- Varca, Emerald Palms, Acacia Palms - Goa
- Cherai
- Pondicherry
- Ganpatipule

Backwaters

- Ashtamudi
- Kumarakom
- Poovar
- Allepey

Wildlife

- Corbett
- Gir
- Kanha
- Thekkady

Forts & Heritage

- Kumbhalgarh
- Udaipur
- Jaisalmer
- Jaipur
- Jodhpur
- Dwarka

Cities

- Cochin
- Nadiad
- Dubai
- Kuala Lumpur
- Singapore
- Bangkok

Member Engagement In Resorts & Cities

Dreamscapes

- Wide variety of in-city experiences especially curated for members
- 2,000+ experiences available in 30 cities

Heart-to-Heart

- In-city meets include leisure & edutainment activities for members
- 10,000 members participated in FY18

Curated Vacations

- Festivals & theme-based vacation experiences for members at attractive prices

Exchange Program

- Creating choice of destinations for members for a Fee
- Members can exchange room nights for stays in top-rated hotel chains in India & abroad

Cruise Experiences

- Preferential pricing & room night exchange for cruise experiences
- Available on popular cruising routes in South Asia and South East Asia

Mobile App

- Mobile app has become preferred platform of engagement for members
- Use of Analytics for personalised recommendations

Video/Social Media

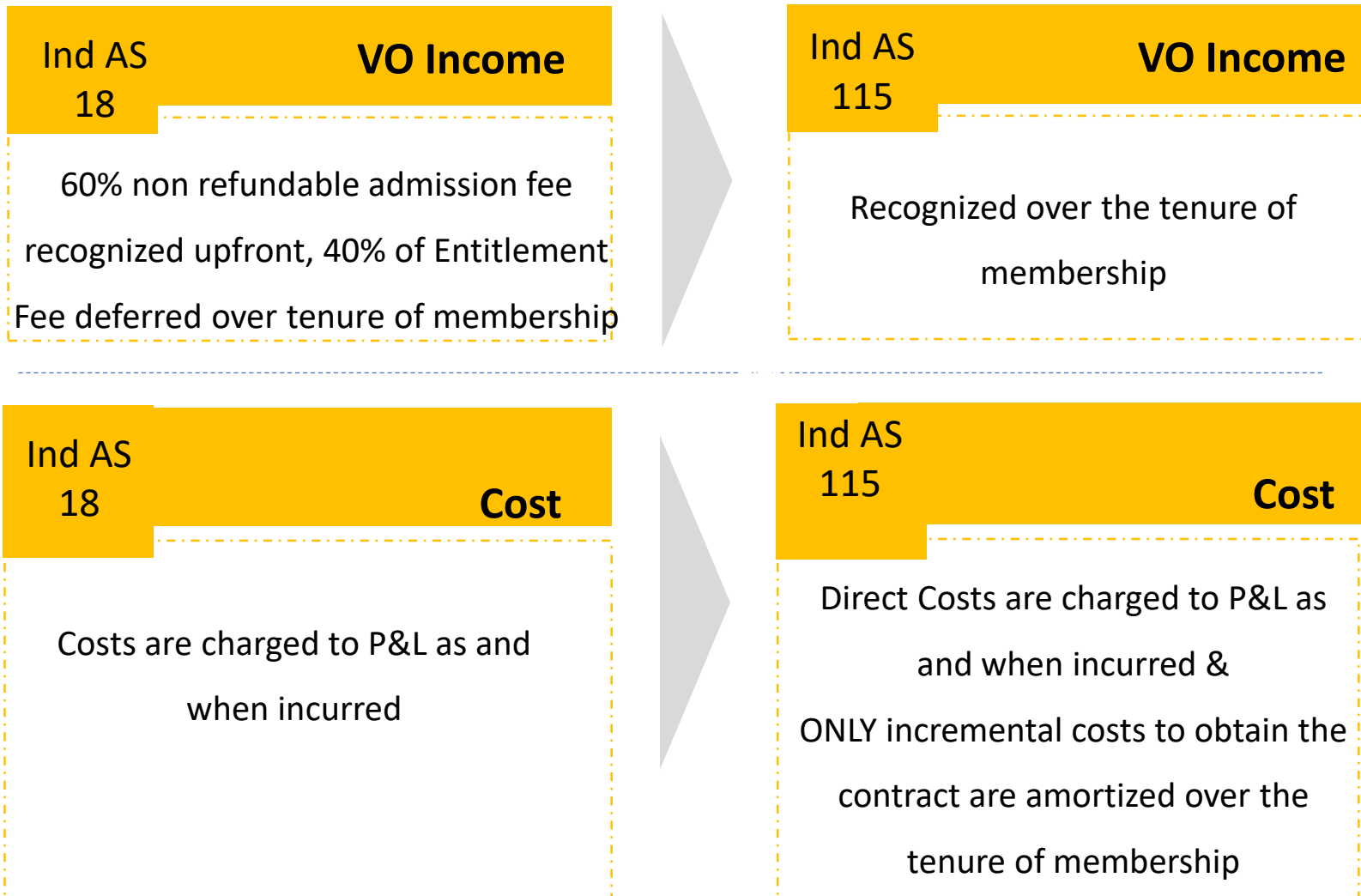
- Created video content on our resorts, offerings & experiences
- Increasing Social Media presence for engagement, positive online sentiment & faster complaint resolution

Resort Campaigns

- Curating special itineraries with activities & events in some resorts e.g. 'Rajasthan Heritage Trails'

Transition to IND AS 115

Transition to IND AS 115 – Impact on Revenue & Cost



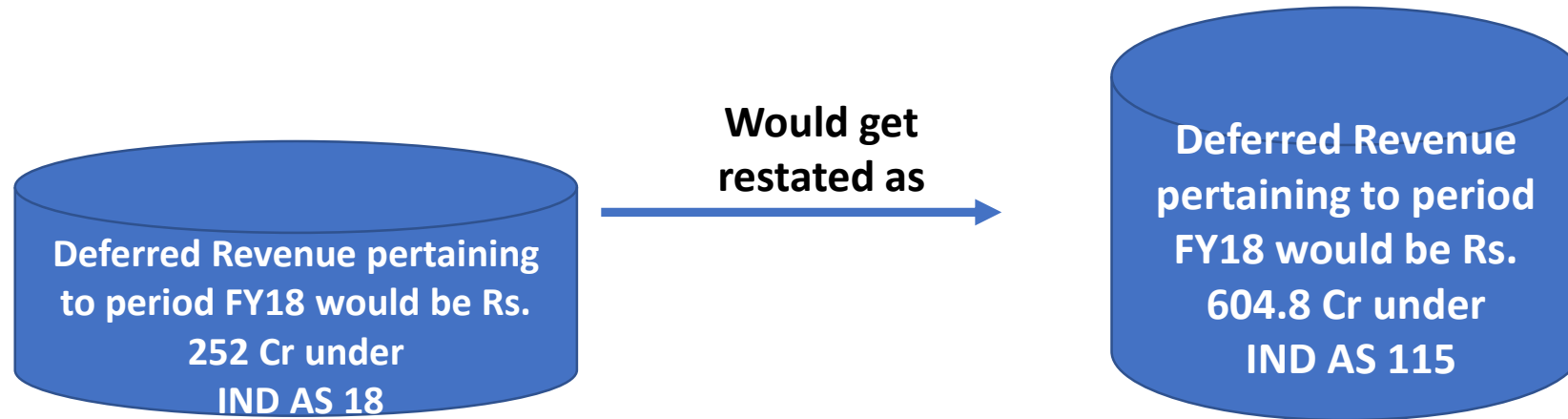
Transition to IND AS 115 – Illustrative Example

As Per IND AS 18 (60:40)						
Particulars	FY18					
New Members (Units)	~18,000					
Avg. Realization (Rs. Lakh)	~3.5					
60% Revenue Recognized in FY18; 40% over tenure of membership						
Particulars	FY18	FY19	FY20	FY21	FY42
Revenue (Rs. Cr)	378.0	10.5	10.5	10.5	10.5	Cum. 630
Deferred Revenue (Rs. Cr)	252.0	241.5	231.0	220.5	0

As Per IND AS 115 (Spread over 25 years)						
Particulars	FY18					
New Members (Units)	~18,000					
Avg. Realization (Rs. Lakh)	~3.5					
4% Revenue Recognized in FY18; 96% over tenure of membership						
Particulars	FY18	FY19	FY20	FY21	FY42
Revenue (Rs. Cr)	25.2	25.2	25.2	25.2	25.2	Cum. 630
Deferred Revenue (Rs. Cr)	604.8	579.6	554.4	529.2	0

Transition to IND AS 115 – Illustrative Example

As a result of Transition to IND AS 115, Deferred Revenue will be restated and significantly higher



Transition to IND AS 115 will result in

- All Active Contracts getting restated resulting in a significantly **Higher Deferred Revenue Balance**
- **Higher Visibility in Revenues** as 4% of Cumulative membership revenue since inception of the Company gets recognized in P&L every year

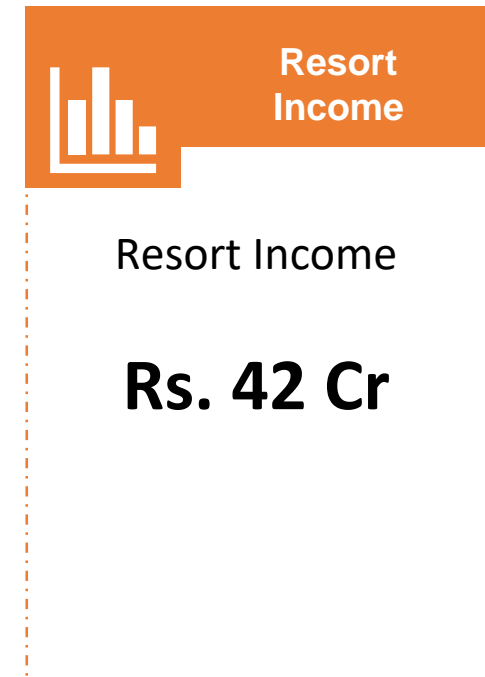
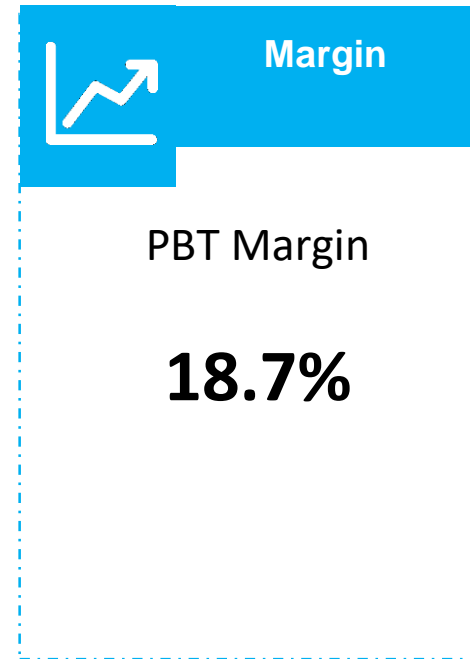
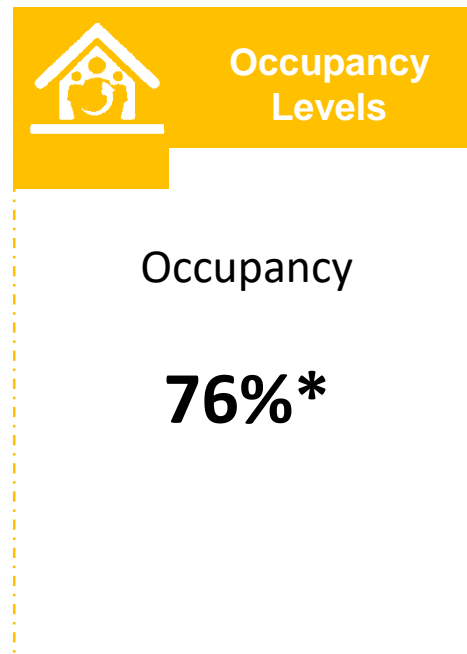
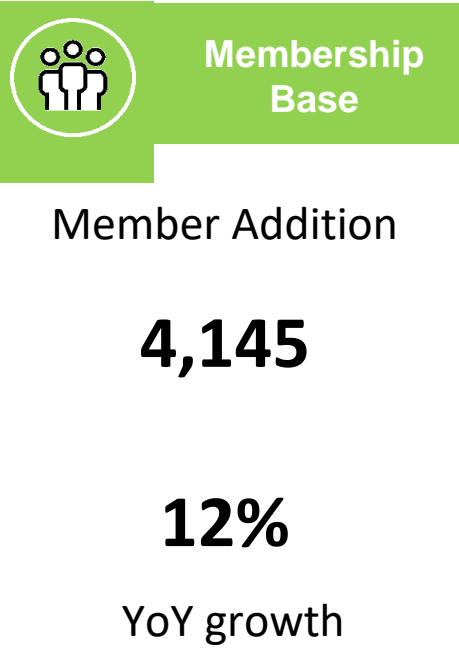


Transition to IND AS 115 – Key Takeaways

- **Income recognized equally over the tenure of membership (4% per year for 25 year product) as against 60% upfront & 40% deferred in AS 18**
- **Only incremental costs to obtain the membership are amortized over the tenure of membership**
- **Unit economics remains the same over the tenure of the membership**
- **No impact on Cash Flows**
- **95%+ of the revenues are predictable and recurring thereby significantly increasing the visibility of revenues in the Future**
- **Deferred Revenue will grow faster since 96% of sale value is deferred while the recognition in P&L (out of Deferred Revenue Pool) is 4% of Cumulative membership revenue since inception of the Company**
- **Deferred Revenue Income (in P&L) from the growing Deferred Revenue Pool, without incremental cost, will lead to improvement of profitability in the future**

Operating Performance

IND AS 18



*Low Occupancy due to unprecedented floods in Kerala & Coorg in August

IND AS 18



Membership Base

Member Addition

8,722

13%

YoY growth



Occupancy Levels

Occupancy

83%



Margin

PBT Margin

19.0%



Resort Income

Resort Income

Rs. 107 cr

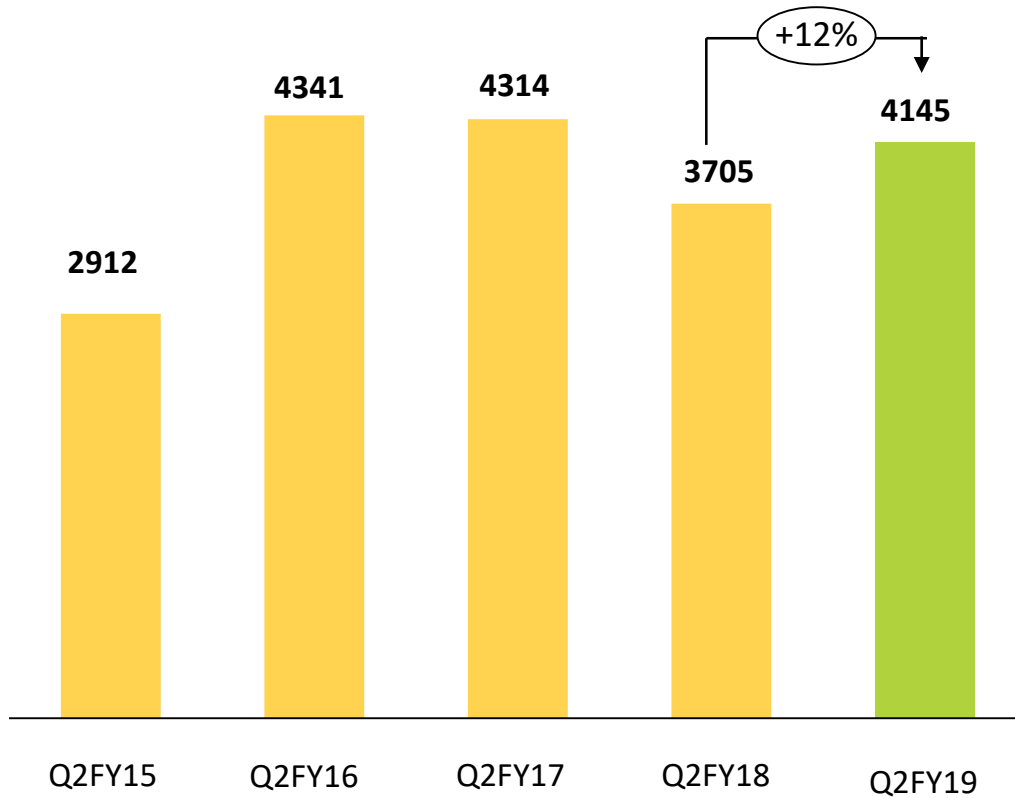
Key indicators (No)	Q2 FY19	Q2 FY18	YoY
New members - added	4,145	3,705	11.9%

Resort Details	Q2 FY19	Q2 FY18
No of Resorts	58	53
No of Rooms	3,520	3,302
Occupancy %	76%	81%
ARR (Rs)	3,857*	4,108

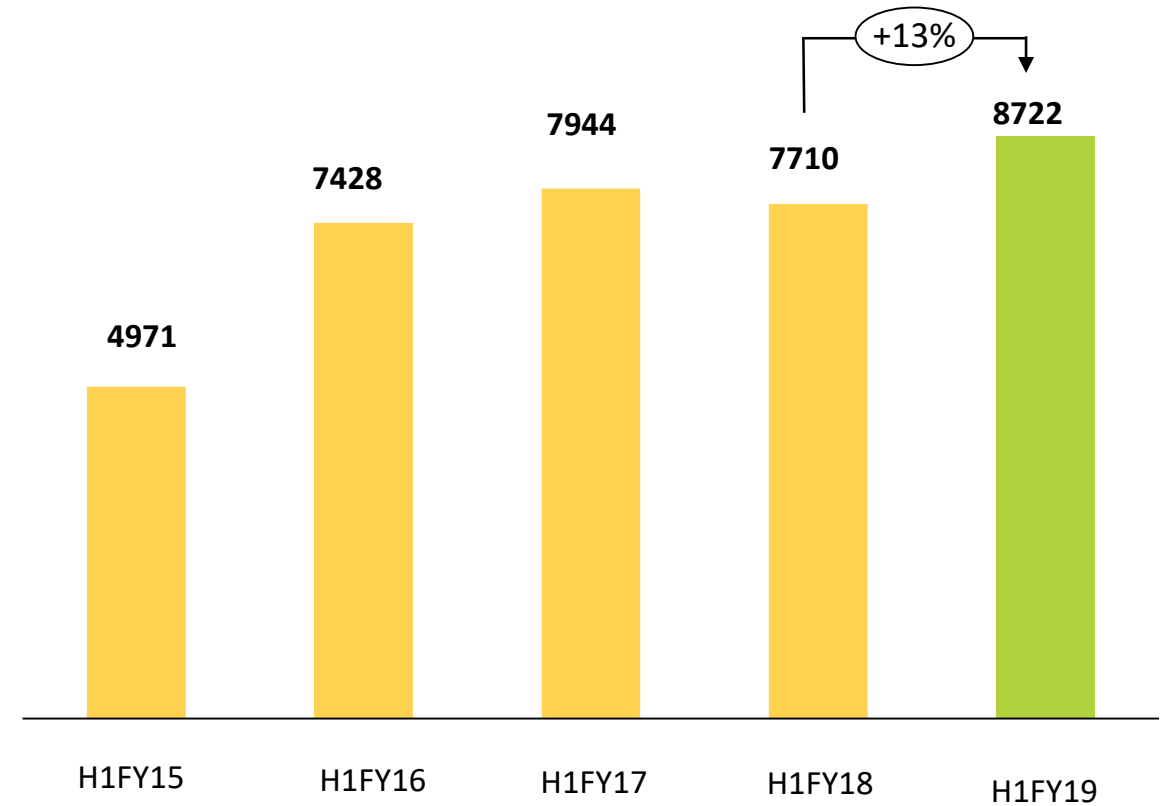
* Due to lower ARR in Kerala & Coorg Resorts

Member Additions

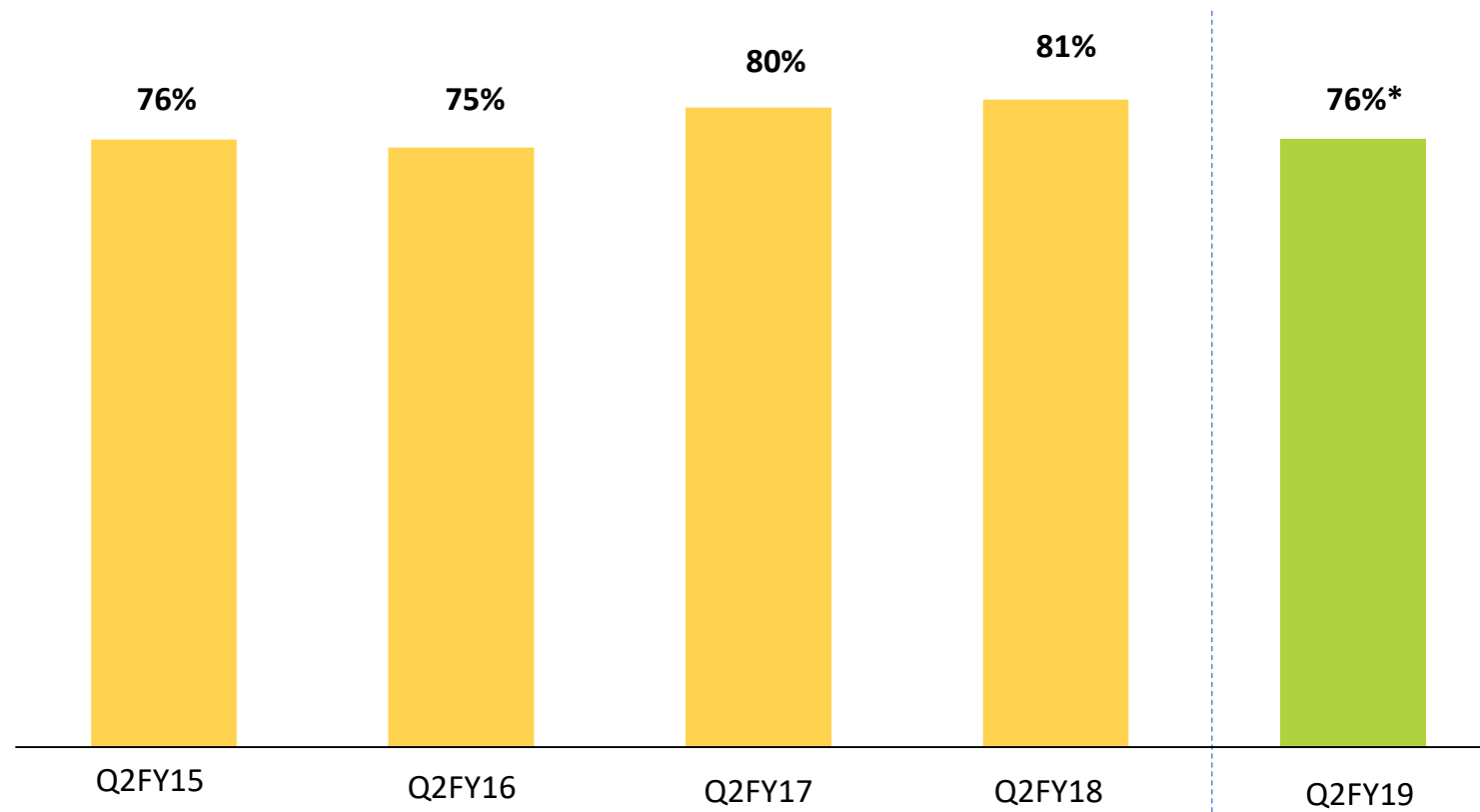
Q2 Member Addition Trend



H1 Member Addition Trend



Q2 Occupancy



***Low Occupancy due to unprecedented floods in Kerala & Coorg in August**

New Additions in Domestic Destinations



40 units in Darjeeling,
Kalimpong, Namchi



Pratap Niwas, Jodhpur
13 units added



Inventory Arrangements Orlando, USA



Vacation Village by
Parkway



Summer Bay Orlando
by Exploria Resorts

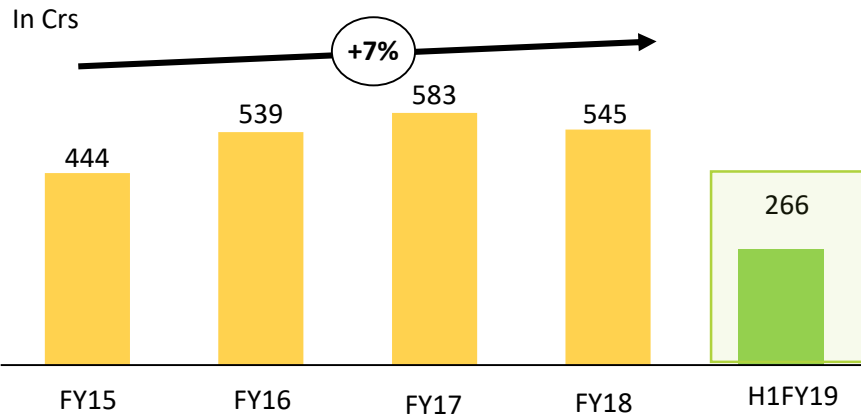


Kingstown Reef



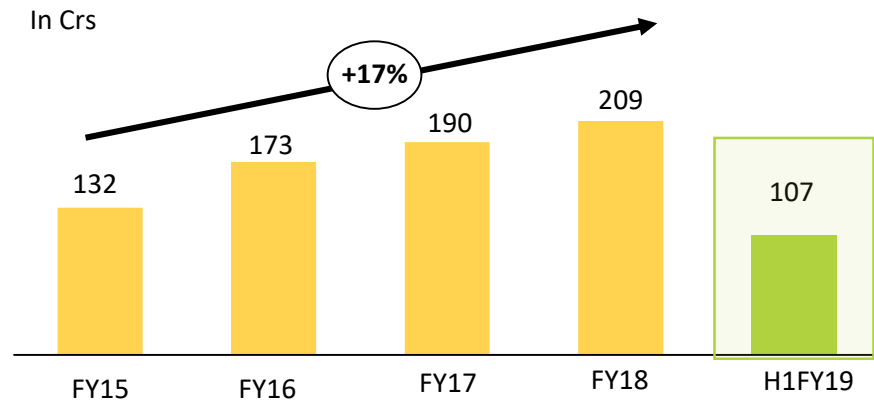
Financial Performance

VO Income

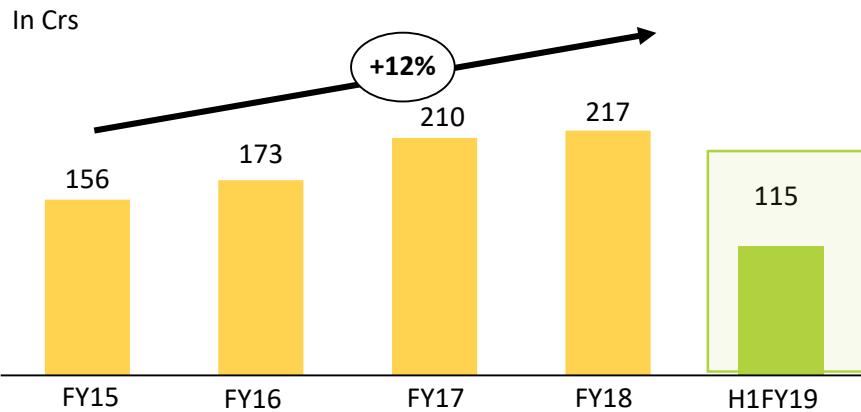


Resort Income

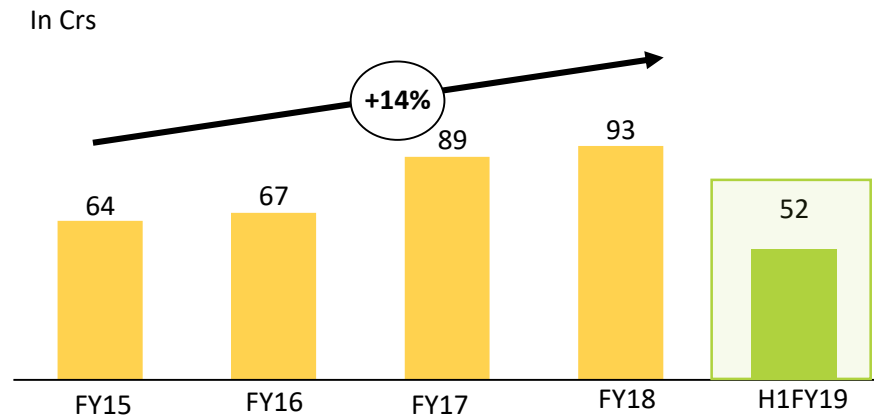
IND AS 18



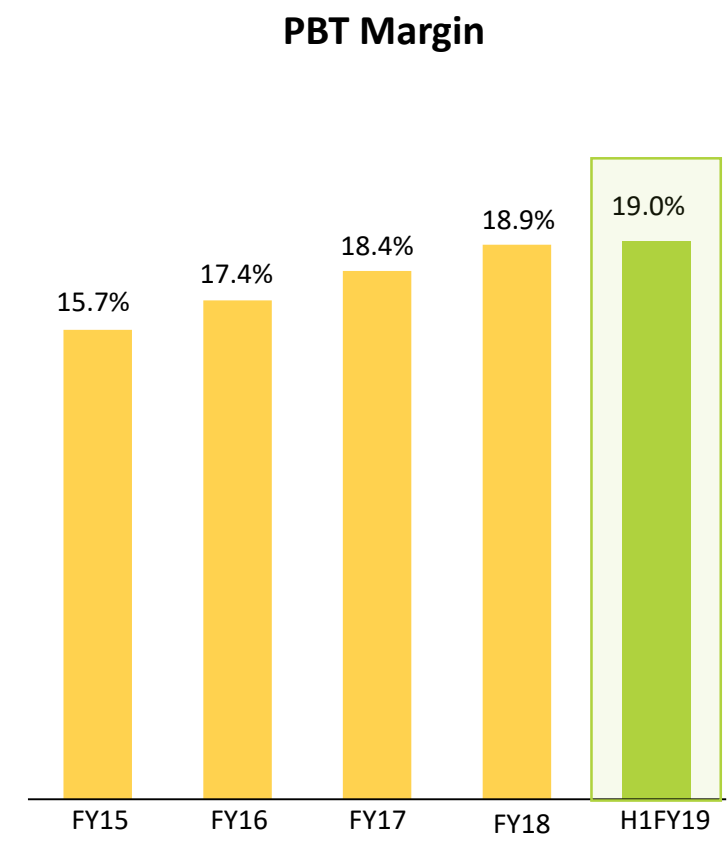
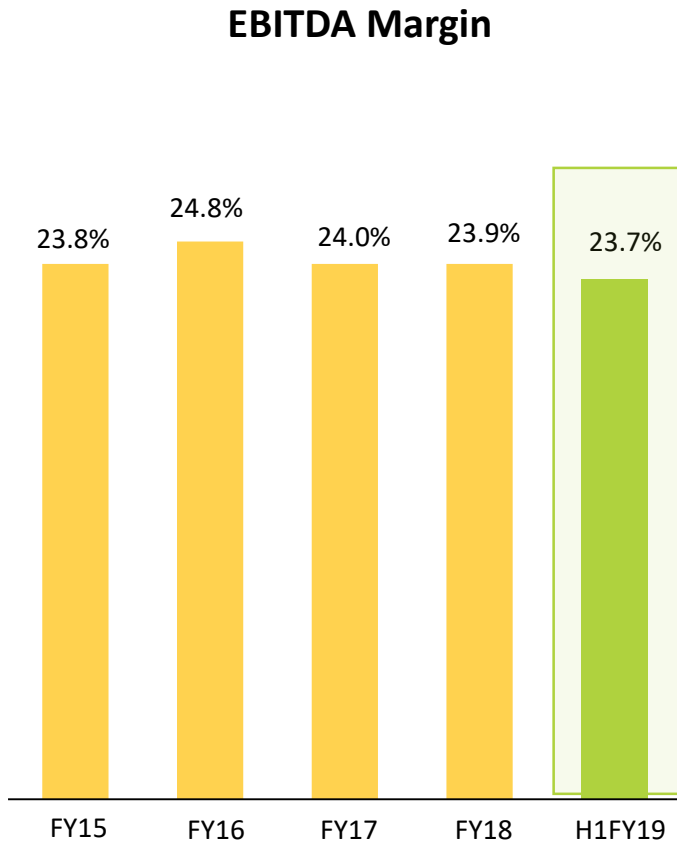
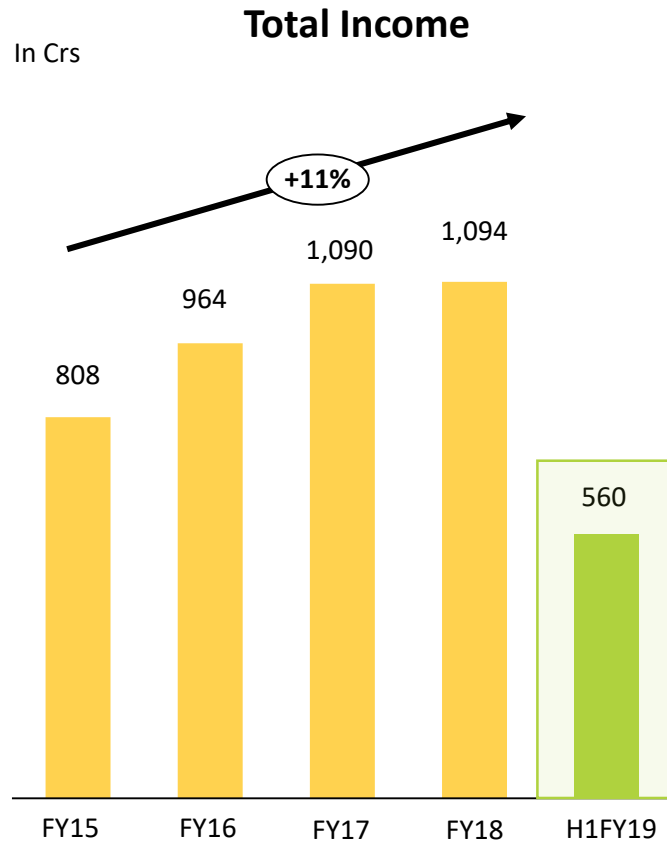
ASF Income



Interest & Others



IND AS 18



Income Break Up - Q2FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Total Income	Q2 FY19	Q2 FY19	Q2 FY18	YoY
Income from Vacation Ownership	7,260	12,100	11,497	5.2%
ASF	6,506	5,923	5,420	9.3%
Resort Income	4,247	4,247	4,636	-8.4%
<i>Room</i>	793	793	873	-9.2%
<i>F&B</i>	2,681	2,681	2,906	-7.7%
<i>Holiday Activity & Others</i>	773	773	857	-9.8%
Interest & Others	2,927	2898	2,463	17.7%
Non-Operating Income	1,271	1271	863	47.3%
Total Income	22,211	26,439	24,879	6.3%

Income Break Up – H1FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Total Income	H1 FY19	H1 FY19	H1 FY18	YoY
Income from Vacation Ownership	15,357	26,618	25,346	5.0%
ASF	12,528	11,451	10,433	9.8%
Resort Income	10,651	10,651	10,363	2.8%
<i>Room</i>	2,187	2,187	1,953	12.0%
<i>F&B</i>	6,555	6,555	6,491	1.0%
<i>Holiday Activity & Others</i>	1,909	1,909	1,919	-0.5%
Interest & Others	5,857	5,206	4,582	13.6%
Non-Operating Income	2050	2,050	1513	35.5%
Total Income	46,443	55,976	52,237	7.2%

Profit & Loss Statement – Q2FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Rs.	Q2 FY19	Q2 FY19	Q2 FY18	YoY
Revenue from Operations	20,940	25,168	24,016	4.8%
Non-Operating Income	1,271	1271	863	47.3%
Total Income	22,211	26,439	24,879	6.3%
Employee Benefit Expenses	5,864	6,351	5,470	
Finance Cost	0	-	1	
Depreciation	1,316	1,316	1,413	
Sales & Marketing Expenses	3,319	4,219	4,325	
Rent	3,313	3,313	2,551	
Other Expenses	6,138	6,305	6,237	
Total Expenditure	19,950	21,504	19,997	7.5%
Profit Before Tax (PBT)	2,261	4,935	4,882	1.1%
Profit after Tax (PAT)	1,446	3,192	3,170	0.7%

Profit & Loss Statement – H1FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Rs.	H1 FY19	H1 FY19	H1 FY18	YoY
Revenue from Operations	44,393	53,926	50,725	6.3%
Non-Operating Income	2050	2050	1512	35.6%
Total Income	46,443	55,976	52,237	7.2%
Employee Benefit Expenses	12,089	13,258	11,757	
Finance Cost	1	1	2	
Depreciation	2,634	2,634	2,840	
Sales & Marketing Expenses	7,531	9,314	9,378	
Rent	6,450	6,450	5,098	
Other Expenses	13,319	13,682	13,327	
Total Expenditure	42,024	45,339	42,402	6.9%
Profit Before Tax (PBT)	4,419	10,637	9,835	8.2%
Profit after Tax (PAT)	2,819	6,871	6,404	7.3%

Ind AS 115 – Reconciliation for Q2FY19

In Lakhs

Sl. No	Particulars		Quarter ended September 30, 2018 (Unaudited)			Quarter ended Sep 30, 2017 (Unaudited)
			As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
1.	Revenue from Operations		20,940	4,229	25,168	24,016
2.	Other Income		1,271	-	1,271	863
3.	Total Income (1+2)		22,211	4,229	26,439	24,879
4.	Expenses					
	a. Employee benefits expense		5,864	487	6,351	5,470
	b. Finance costs		0	-	0	1
	c. Depreciation and amortisation expense		1,316	-	1,316	1,413
	d. Other expenses		12,769	1,068	13,837	13,113
5.	Total Expenditure		19,949	1,555	21,504	19,997
6.	Profit before tax (3-5)		2,261	2,674	4,935	4,882
7.	Tax expense					
	- Current tax		1,475	-	1,475	1,692
	- Deferred tax		(660)	928	268	19
	Total tax expense on 6 above		815	928	1,743	1,711

Ind AS 115 – Reconciliation for Q2FY19

In Lakhs

Contd..

Sl. No	Particulars	Quarter ended September 30, 2018 (Unaudited)			Quarter ended Sep 30, 2017 (Unaudited)
		As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
8.	Profit after tax for the period (6-7)	1,446	1,745	3,192	3,170
9.	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Remeasurements of the defined benefit liabilities / (asset)	(62)	-	(62)	(35)
	Freehold land revaluation	96,339	-	96,339	-
	Income taxes related to items that will not be reclassified to profit or loss	(22,995)	-	(22,995)	12
	Net other comprehensive income not to be reclassified subsequently to profit or loss	73,283	-	73,283	(23)
10.	Total Comprehensive Income for the period (8+9)	74,729	1,745	76,474	3,147
11.	Earnings Per Share on Net Profit for the period (sl no 8) in Rupees (not annualized)				
	(a) Basic (in Rs)	1.09	1.31	2.40	2.39
	(b) Diluted (in Rs)	1.09	1.31	2.40	2.39

Ind AS 115 – Reconciliation for H1FY19

In Lakhs

Sl. No	Particulars		Half-Year ended September 30, 2018 (Unaudited)			Half -Year ended Sep 30, 2017 (Unaudited)
			As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
1.	Revenue from Operations		44,393	9,532	53,926	50,724
2.	Other Income		2,050	-	2,050	1,513
3.	Total Income (1+2)		46,443	9,532	55,976	52,237
4.	Expenses					
	a. Employee benefits expense		12,089	1,169	13,258	11,757
	b. Finance costs		1	-	1	2
	c. Depreciation and amortisation expense		2,634	-	2,634	2,839
	d. Other expenses		27,300	2,145	29,445	27,804
5.	Total Expenditure		42,024	3,314	45,338	42,402
6.	Profit before tax (3-5)		4,419	6,218	10,637	9,835
7.	Tax expense					
	- Current tax		3,202	-	3,202	3,269
	- Deferred tax		(1,602)	2,167	565	161
	Total tax expense on 6 above		1,600	2,167	3,767	3,430

Ind AS 115 – Reconciliation for H1FY19

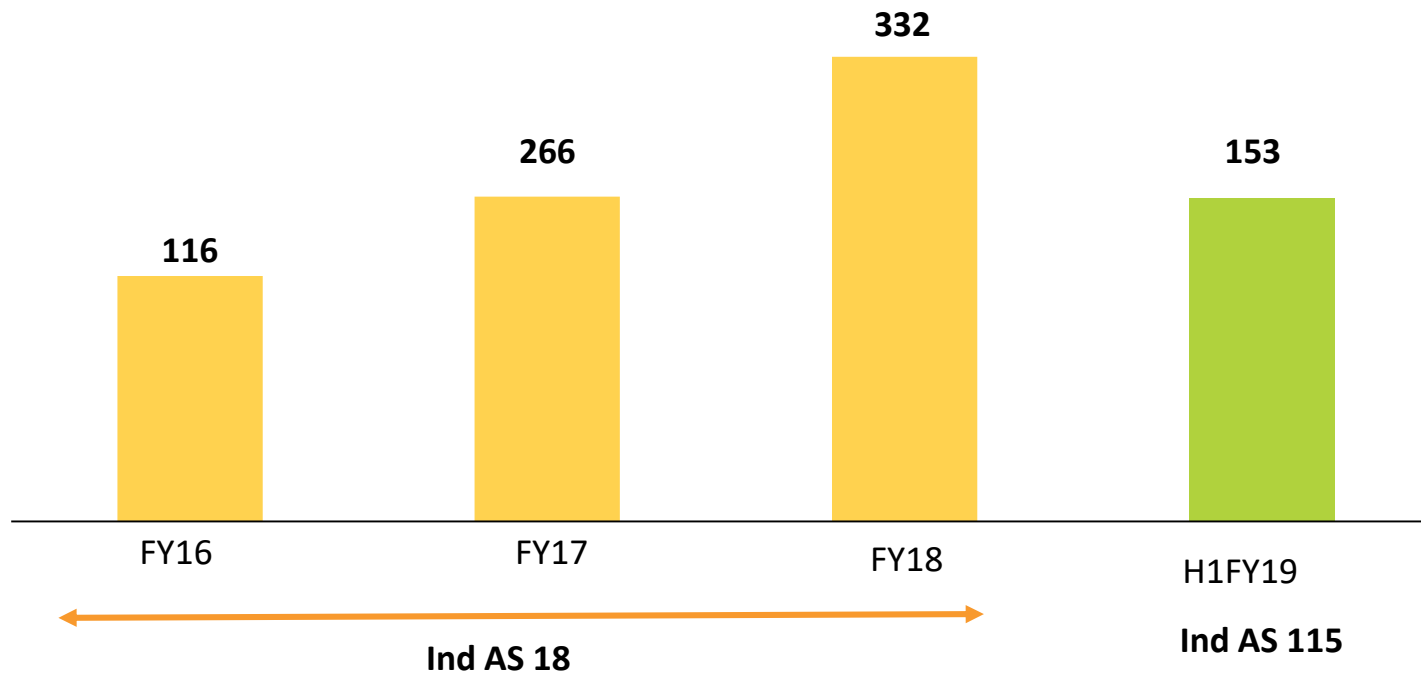
In Lakhs

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Sl. No	Particulars	Half-Year ended September 30, 2018 (Unaudited)			Half Year ended Sep 30, 2017 (Unaudited)
		As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
8.	Profit after tax for the period (6-7)	2,819	4,051	6,871	6,404
9.	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Remeasurements of the defined benefit liabilities / (asset)	10	-	10	(55)
	Freehold land revaluation	96,339	-	96,339	-
	Income taxes related to items that will not be reclassified to profit or loss	(23,020)	-	(23,020)	19
	Net other comprehensive income not to be reclassified subsequently to profit or loss	73,330	-	73,330	(36)
10.	Total Comprehensive Income for the period (8+9)	76,149	4,051	80,200	6,368
11.	Earnings Per Share on Net Profit for the period (sl no 8) in Rupees (not annualized)				
	(a) Basic (in Rs)	2.12	3.05	5.17	4.84
	(b) Diluted (in Rs)	2.12	3.04	5.16	4.82

Operating Cash continues to grow

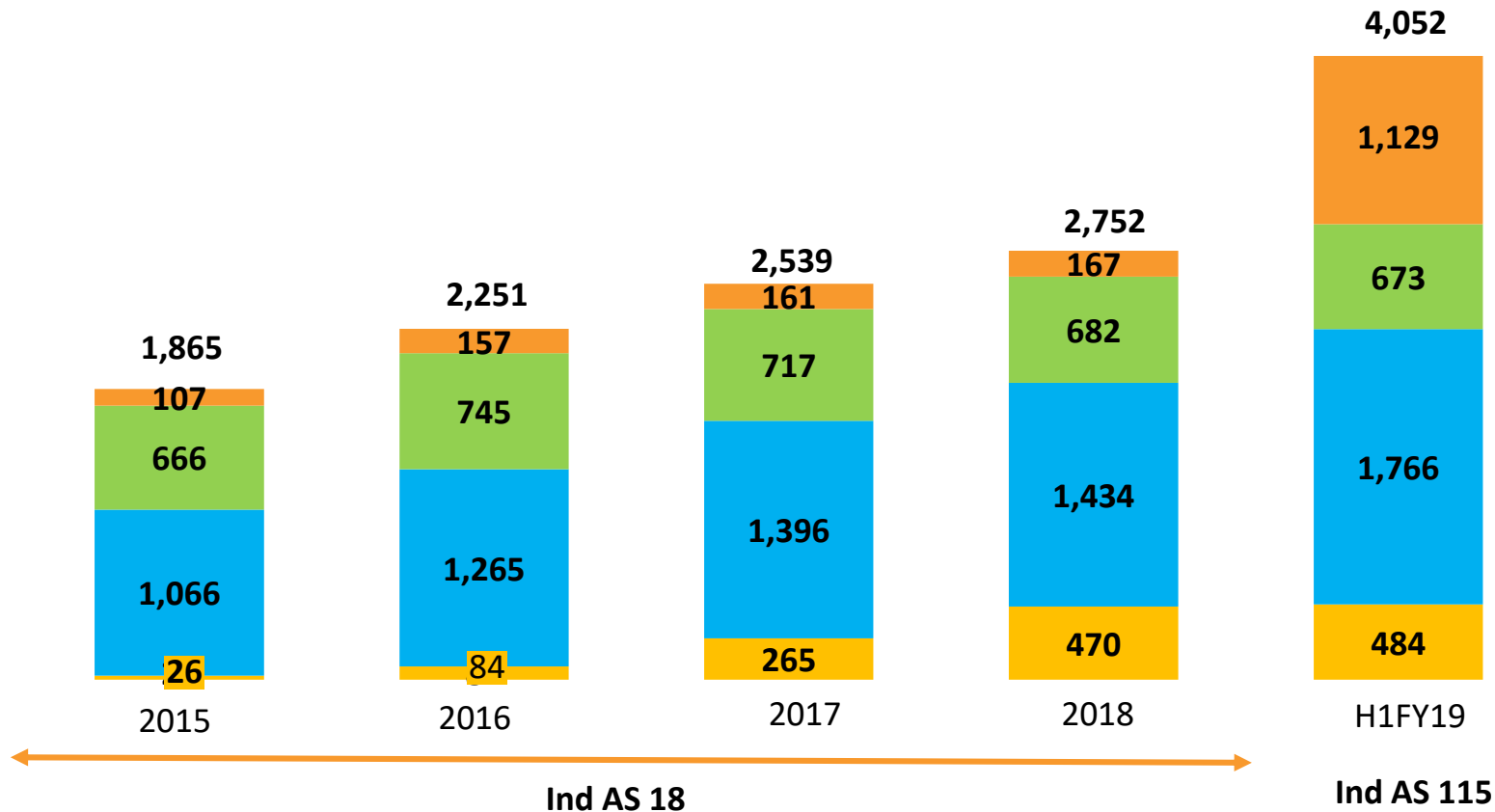
In Crs



Rs. 867 Crs
Cumulative operating
Cash in past 3.5 years

Strong Balance Sheet Position

In Crs



Land Assets Revalued & stand at Rs. 1,129 Cr

Cash growing at a healthy rate

Land Assets Other Fixed Assets (WDV) Receivables Cash & Cash Equivalents



Thank You