

KEY INDIAN PLAYERS

Club Mahindra
Country Vacations
Royal Resorts
Holiday Inn
Avalon Resorts
Averina Beach Club
Clifftop Club Resort
VITS (Formerly Lotus Suites)
Country Inn

out a report called "The Spectrum of Leisure Real Estate Products in India". "Based on our research, demand for timeshare hotel product in India is likely to grow at 16% per annum from 2006 to 2015, facilitated by supply growth of approximately 12% per annum over the same period," he added.

Currently the timeshare industry in India comprises of over 4,600 timeshare units and 250,000 households representing approximately 241,330 timeshare weeks. There are around 40 players—large and small—operating around 80 resorts in India. But this number is poised to grow as most of the existing market players are busy expanding their inventories to match up to the demand-supply gap, with some even going for international acquisition and expansion. "We currently have 52 properties (out of which seven are timeshare) within India, Dubai and Sri Lanka of which six of them are under development. Last year alone we had acquired 25 properties. We intend to add another hundred



"AIRDA WAS SET UP TO ENSURE ETHICAL AND DISCIPLINED GROWTH OF THE INDUSTRY, SAFEGUARDING INTERESTS OF BOTH INDUSTRY AND CONSUMERS ALIKE"

BS RATHOR, CHAIRMAN & PRINCIPAL ADVISOR, AIRDA

properties in the next 5 years of which at least 50% are expected to be international acquisitions in countries such as Poland, London, Thailand, New Jersey, Malaysia, South Africa, Russia, New York, Oman, South America, Mexico, Egypt and Singapore," says Rajeesh Reddy, chairman and managing director, Country Club India Ltd, one of the growing timeshare players in India. The company also offers various club facilities to its timeshare members.

Mahindra Holidays & Resorts India Limited (MHRIL) which runs its flagship brand Club Mahindra Holidays had earlier announced its plan to invest US\$100 million to double its inventory from 800 to 1,500 apartments. The company will reach that figure through a combination of acquisitions, construction of new properties and development of existing sites in India as well as overseas markets such as China and South Africa. "It is through being consistent to the Mahindra values that we have built a business model that provides resilience and growth. Our assured income streams from our member base provide the resilience and the widespread acquisition network, which includes a variable cost franchisee sales network tapping tier II towns, gives us a strong growth impetus," says Ramesh Ramanathan, managing director, MHRIL.

Club Mahindra claims to have over 60% market share with about 96,000 member families and 30 operational resorts. It has gone public last month to raise up to US\$62 million. The company's marketing head Aniruddha Haldar says their business and revenue models are unique and differentiated. "We have been able to set up from an initial capital infusion of Rs28 crore a business with a balance sheet which has zero debt, 1261 apartments, Rs485 crore of securitizable portfolio, Rs100 crore plus of reserves and over Rs685 crore of future income (sitting in the bal-



ance sheet). The Business model is one with strong upfront cash flows and an assured income stream." Haldar adds the inherent assured income component allows them to weather downturns much better than others, and their upfront growth has seen increase at a 4 year CAGR of 76%.

Smaller players like Cambay Family Holidays which has a member base of 1800 with six operational timeshare properties are also on an expansion spree. "We are planning to add another 8 to 10 properties in next 5 years with a target of 30,000 vacation owners," says Sanjay Gupta, chairman, Cambay Family Holidays. Currently, the company has timeshare properties at Ahmadabad, Gandhinagar, Jaipur, Kollam and Gurgaon with plans to open new properties at Neemrana, Jodhpur, Udaipur and Dahej (Gujarat).

Domestic timeshare players have realised the advantage of developing resorts at new and unexplored destinations as the land prices are cheaper there. These locations hold immense potential to become future hot leisure destinations. Though Goa, Kerala and Rajasthan have always been the most sought after destinations for leisure travellers, many of the unknown locations such as Yercaud in Tamil Nadu; Pondicherry; Alibaug and Lavasa in Maharashtra; Vizag; northern part of Kerala; and some parts of Uttaranchal and Madhya Pradesh are seeing lots of new developments.

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AKSHAY KULKARNI, DIRECTOR, CUSHMAN & WAKEFIELD