



# Thematic Opportunities Portfolio - Newsletter



## Dear Investor,

The current quarter is usually a strong one for the travel and tourism industry. The marriage season, Diwali and New Year are the major contributors to this observed trend. The long-term theme of the portfolio invests in companies which benefit from the increased potential and the changing spending patterns of consumers, within a broadly defined space of “consumption”. We have Mahindra Holidays and Resorts India (MHRIL) – a vacation ownership model, as a part of the portfolio since inception and will highlight some salient features of MHRIL.

**Vacation Ownership:** India with its rising per capita income has a huge market for the vacation ownership. As per World Economic Forum, it is expected that India will have more than 30 million high income households with INR 55 Tn annual consumption by CY2030. The vacation ownership penetration in India is 2% versus 11% in a developed market like US indicating significant headroom for growth.

**Geographic Reach:** MHRIL has a wide coverage in India and abroad with 143 properties – 80 in India, 22 in Southeast Asia, 33 in Europe and 8 in US. Apart from the existing resort expansion, the expansion in the geographic reach would come through resort additions as well as exchange programs. The exchange program “Horizons” started in 2018 gives access to 176 destinations and 430 hotels to Club Mahindra members.

**Inventory / Room Keys addition:** The CAGR growth rate for number of keys was 7.3% during FY15 – FY23 and it is expected to grow at a CAGR of 10.6% for the period FY23 – FY30. MHRIL plans to have a portfolio of 10,000 keys by FY2030 compared to 4,940 keys in FY2023 and 2,813 keys in FY2015. MHRIL has been scouting for resort leases and built-to-suit resorts. The following projects are underway:

- Greenfield projects – working on 2 projects – Ganpatipule and Theog with a potential to add 390 keys.
- Acquisition – acquired a resort in Jaipur with 72 keys.
- Expansion of existing resorts – expanding properties in Goa and Jaipur and adding 230 keys.

**Membership additions:** MHRIL has been focusing on membership additions by evolving the product portfolio to cater to a larger set of customer segments. There have been products with long tenures – 10 to 25 years and short-term products of 3 to 4 years. The membership base for MHRIL is 289,688 as of September 2023. The member addition was 4,881 in Q2FY2024 (11% YoY growth).

We believe that with strong additions in membership base, customised product offerings, expanding geographical reach and addition in number of keys, MHRIL would remain an important player in the vacation ownership space in India.

(Source: Company Presentation)

## Monthly Updates:

GST collection for October 2023 is at INR 1.72 Tn, making it the second highest monthly collection with a 13% YoY growth. The average gross monthly collection in the fiscal FY2024 till now stands at INR 1.66 Tn. (Source: Press Information Bureau)

## Portfolio Changes:

There are no changes in the portfolio, however we have increased the weights of the following:

1. MHRIL – increased by 1% to 5.5%. The reasons are the strong key additions, new offerings to capture more customers and sustained traction in the new membership base.
2. TVS Motor – increased by 0.5% to 5%. The reasons being strong traction in the 2W scooter sales and 2W EV sales. The new product offerings across the product portfolio – bikes, scooters and 3Ws would augur well for revenue growth.

Priyank Chandra  
Portfolio Manager  
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## Thematic Opportunities Portfolio Snapshot

Characteristic	Return on Capital	Expected Earnings Growth (FY23-FY25)	Avg. Market Cap (INR Bn)	Price Earnings Ratio (FY25)
TOP	16.78	27.86	1,051	30.40

Data Source: Bloomberg & Ace Equity; Data as of 31<sup>st</sup> October 2023. ROCE/ROE are average of last 5 Years.

## Performance as on 31<sup>st</sup> October 2023

Period	TOP	BSE 500 TRI
1 Month	-2.23	-2.86
3 Months	-0.43	-1.42
6 Months	12.09	10.89
Since Inception (16/11/2022)	10.12	7.66

Benchmark is BSE 500 TRI. The portfolio is spread across different market capitalization; hence BSE 500 TRI is chosen as benchmark. The performance related information provided here is not verified by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document. Source: Internal & BSE

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