

Fractional ownership picking up

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BUT the second push of the Indian yacht industry is different from its first one. The buyers in 2008, when the Indian yacht market took off, were primarily industrialists, including Adi Godrej, Sunny Dewan Wadhawan of HDIL, Vinod Mittal of Ispat Industries, and the Ruia brothers of the Essar group. In contrast, the buyer list in 2010 is dominated by professionals — fund managers, bankers, architects, BPO executives, HR heads...

The players in the Indian yacht industry are steering this change by making the yacht experience more affordable and pleasant, and by marketing the romance of sailing. So, besides outright purchase, some yacht dealers allow fractional ownership — the equivalent of the time-share scheme in tourism resorts.

For example, a 30-foot speedboat costs about ₹50 lakh. But with five owners, the effective cost reduces to ₹10 lakh a person. "In the motorboats segment, fractional ownership is picking up," says Shakeel Kudrolli, director, Aquasail, which offers such buying plans. Malabar Yachts, a dealer in Kochi, even maintains the boat and rents it out when not in use, enabling owners to make money from their own boat; some dealers even rent out crews.

Vivek Mathur, a financial analyst at a Mumbai bank who sails once a month, has one-sixth ownership of his yacht. "I was keen to buy a boat before, but was put off by the high price and maintenance cost," he says. "The time-share scheme made it convenient." Another yacht dealer Ocean Crest Marine, however, limits the number of owners of a boat to three, even two. "It's important to give people a sense of ownership," says Riyhad Kundanmal, marketing director at Ocean Crest.

The other push has come from introducing people to sailing. Companies now offer several courses in sailing, windsurfing and powerboating. Aquasail's beginner-level sailing course costs ₹15,000, and comprises a minimum of eight sessions of two hours each. Its most advanced course is a long-distance cruise and navigation course, which costs ₹2 lakh for eight sessions.

The newcomers to recreational boating include Ramesh Subramaniam, CFO of Tata Power, Uday Sinha, regional head of Pepsi, and Tarun Anand, CEO of Thomson Reuters. "Once the passion for sailing sets in, there's no looking back," says Zia Hajeer, director, Aquasail. "Our 6,000 customers include buyers and potential buyers, and those who want to learn sailing."

OM Hemrajani, principal at Genesys International, an IT company, has been a passionate sailor for years. "It helps me stay away from the hustle and bustle of city life, and it is an adventurous activity," he says. He is considering buying a double-hull catamaran, which would cost about ₹2.5 crore. Shirish Barwale, director at seed technology company Mahyco, is also thinking of buying a yacht this year. "I have been sailing actively (in learning and time-share programmes) and am considering buying one now," he says. "It's a great activity, just like golf."

Ms Dutta of Marine Solutions says the desire for yachts is not because of their oomph factor or investment potential. "People buy it for their family, relatives and friends," she says. "It helps develop closer ties."

Yacht dealers are increasingly looking to apply this thinking at the corporate level. Aquasail, for instance, rents out yachts to companies looking to offer perks to their employees, or even conduct client meetings and leadership programmes. "I have conducted more than 20 management programmes with companies like IL&FS, Reliance Trends, Novartis, CEAT, Siemens and Colgate," says Ms Hajeer.

Aquasail also conducts team-building exercises around sailing, as it twice did with Novartis employees in January. "People are becoming bored of the usual rock-climbing and other forms," says Priya Vasudevan, manager, HR, Novartis. "But sailing is evoking a positive response."

Some companies are even buying yachts, mostly through fractional ownership. "They don't want an asset on their books," says Zia. Or, they are renting. "The cost of hiring a boat for a corporate event ranges from ₹15,000 to ₹1,25,000 per hour," says Mr Kundanmal of Ocean Crest, which has about 25 corporate clients.

THE momentum the Indian yacht market had gained and lost in late-2008 is now returning. In every which way, 2008 was its best and worst time. The second edition of the Mumbai International Boat Show, held in February 2008, showcased products of about 100 exhibitors and was visited by about 5,000 high net-worth individuals (HNIs).

The growing number of HNIs attracted a number of yacht dealers and manufacturers to India. Leading players such as Ferretti from Italy, Bayliner and Azimut from the US, and Princess and Sunseeker

from the UK, appointed dealers in India. That year, dealers in India sold yachts worth ₹200 crore. "That show helped," says Ms Hajeer. "Visitors realised that even the not-so-rich could own a yacht."

The same year, Anil Ambani gifted his wife Tina a yacht reportedly worth ₹100 crore for her birthday. Christened Tian, it was seized by Customs officials soon after over a duty dispute. Still, things were looking bright for the Indian yacht market.

But in the space of about two months, it went from bright to bleak. The world economy went into a funk. And 26/11 happened. Demand dropped. But more than demand, supply contracted. Leading brands like Brunswick, Riviera and Genmar were pushed to the brink of bankruptcy. "It's not that people were not willing to buy. There was no supply," says Sujay Chohan of Ocean Blue. "Most leading manufacturers were shut, which affected supply."

Many of them are now back in business, after selling off assets and restructuring operations. India, the meantime, has also got its first yacht manufacturer: the Mahindra group. Mahindra Odyssey, a joint venture between Mahindra and Ocean Blue of India, was launched in 2009. "We expect to sell about 50 boats this season (October to May)," says Malav Shroff, CEO and managing director, Ocean Blue.

So far, the cumulative sales of the Indian yacht market have been around ₹900 crore. Given the Indian coastline of 2,700 km and the renewed momentum, market players expect this to increase by a multiple. Says Gautama Dutta, executive director, Marine Solutions: "If the necessary infrastructure is in place, this could increase to ₹10,000 crore by 2015."

The crucial missing piece in the infrastructure is marinas — the docking bay for yachts. Mumbai, India's biggest yacht market, doesn't have a marina. In fact, India got its first marina, in Kochi, only this April. Goa is expected to get one in 2011. "Marinas need a lot of clearances," says Ajay Narang, secretary of the Yachting Society of India. "And the government is still not willing to accept that there is demand for yachts in the country." The rich and the ardent, though, sail on.