

Mahindra Holi.&Resor

Operator: Ladies and gentlemen, good day and welcome to Mahindra Holidays & Resorts India Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manoj Bhatt, MD and CEO. Thank you, and over to you, sir.

Manoj Bhatt – MD & CEO: Good evening, everyone, and welcome to the Mahindra Holidays Q2 FY27 earnings call. Joining me is our CFO, Rajiv Vimal. I will quickly outline our progress against the strategy and our priorities before Rajiv takes you through the financial results.

To recap, our strategy was to scale our core business by enhancing the guest experience while building a new luxury leisure hospitality offering. For the core business, we were focused on strengthening and building our Keystone proposition, which we launched about nine months ago, widening and adding more premium resorts over a period of time, and ensuring greater availability for our guests. In line with this, we saw progress on all fronts in Q2. We saw higher resort utilization and premiumization in our product portfolio, while we continued to invest in our network.

Our new product, Keystone, offers greater simplicity, flexibility, and enhanced privileges. If I look at the quarter, the total sales value, including upgrades, grew 6% year-on-year to 141 crores, while the upgrade value grew 26% to 83 crores. Upgrades are really a reflection of the confidence our members have in the product, and that is strong growth which we have seen continuously over many quarters. Our average unit realization, including upgrades, grew 43% to 13.4 lakhs. From this perspective, we saw growth overall, growth in upgrades, and growth in AUR. Therefore, it has been a good quarter on many fronts.

This upgrade opportunity is supported by our base of about {? 3 lakh 2 thousand, 3 lakh 3 thousand ?} members. If I look at the breakup of how we added members, organic and digital channels contributed 66% of member additions in the quarter. Clearly, we are sustaining the momentum from referrals, which is again an indication of the strength of the program and the satisfaction of the members. Digital is also a new channel in which we have been investing for some time.

The premiumization we have seen is supported by the holiday experience, which has become better for most of our members as we look at the scores from a satisfaction perspective. Overall, this has been a satisfactory quarter.

The other area which we have discussed in the past is our resort transformation, or portfolio transformation, journey. In Q2, we transformed two existing properties, and both are open. There are about five transformations underway as we speak. With our continued focus on the existing parts of the portfolio, based on guest feedback and ratings, we continued on that journey. Overall, during the quarter, we exited six resorts, taking the network to 5,762 keys across 106 resorts in September. Overall, there was a net reduction of 103 keys in the quarter. While these exits and ongoing transformation limit near-term visibility, overall, we are on track to add about 1,000 gross keys in the next six months. That is the current plan. As they come on stream, they will broaden holiday choice and improve availability for members.

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

During the quarter, occupancy also grew by 220 basis points to 75.6%, and our resort revenue grew by 15%, which is the highest it has been in the last eight quarters. Our journey of focusing on premiumization, getting the right portfolio, and expanding the guest experience is showing results.

The new metric which we have started tracking is T-RevPAR across our portfolio. As of September end, it was up 6% year-on-year to 8,777 rupees per room. To me, this is indicative of the basic yield going up across our properties.

Beyond the near-term additions, our objective to reach 10,000 keys by FY30 is very much on track. Currently, we have 8 ongoing Greenfield and Brownfield projects and, in terms of our funnel, we have 85% visibility on the FY30 target. This larger, better-quality network will provide a broader base for resort-led revenue growth in the future.

Coming to our investments on the capital side, we are allocating capital both to scale up the network and to improve quality. H1 capex was about 312 crores. This is supporting some of the resort transformation and new inventory projects. This is sharply up from 166 crores a year ago. To summarize, this investment will support both VO income and income from stays, food and beverage, and experiences of various kinds, including spa and wellness. To me, this is a journey which will start bearing results over the next few quarters.

From a technology and AI perspective, there are multiple areas where we are using AI capabilities, with one focus being how we improve guest engagement across both service and operations. If I look at the various initiatives around paperless check-ins, WhatsApp billing, and other tools where we are using technology to anticipate guest needs and serve them better, I think that is also progressing very well.

Quickly coming to our international operations, HCR delivered a stable performance compared to the same quarter last year, although it continued to report a net loss amid a challenging Finnish economic environment. Overall, the Finnish economy is doing better than it was a year ago, and as the quarters progress, some of that will possibly translate into better results in terms of growth in the HCR business. That is something which we will monitor as we go along.

Consolidated PAT grew 17% year-on-year, reflecting the financial performance. In H2, our focus is on execution. The first priority is adding capacity, which I spoke about in relation to the 1,000 keys. The second is accelerating Keystone sales and upgrades. To me, that is one area where there are some interesting developments in new channels and so on. Lastly, we are working on operating efficiency because, even today, for example, we have 442 keys under renovation which are not contributing anything to revenue.

Overall, this is where our focus will be over the next two quarters. Looking ahead, we will continue to progress on our core business while developing our luxury offering. To me, that is the journey which will play out over the next few quarters. With that, I will hand over to Rajiv Vimal for the financial review.

Rajiv Vimal – CFO: Thank you, Manoj, and good evening, everyone. Let me briefly take you through the financial performance for Q2 FY27.

Mahindra Holi.&Resor

At a standalone level, total income grew 4% year-on-year to 395 crores, supported by double-digit growth in resort revenues and broadly stable membership income. EBITDA stood at 124 crores versus 141 crores last year, and PAT stood at 43 crores versus 52 crores last year, down 12% and 16%, respectively, reflecting the impact of growth-linked costs.

Holiday Club Resorts recorded 8% revenue growth to 36.5 million euros, with EBITDA of 1.7 million euros compared to 1.3 million euros last year. The net loss remained at 0.3 million euros amid continued challenges in Finland. The HCR loss in the Indian books, including interest and forex, was 18 crores versus 27 crores last year in Q2.

At a consolidated level, total income grew 9% to 819 crores, and EBITDA increased 5% to 194.8 crores. PAT rose 17% to 19.7 crores.

Our standalone balance sheet continues to provide financial flexibility for expansion and transformation. As of September end, deferred revenue stood at 5,828 crores, and the cash balance stood at 1,329 crores. Our focus remains on funding planned growth and improving operating efficiency. With that, we would be happy to open the floor for questions.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question is from the line of Yash Mehta from JKP Capital. Please go ahead.

Yash Mehta – JKP Capital: Good afternoon, sir. I have a few questions. Firstly, how is the Keystone portfolio performing across the Ebony, Ivory, and Jade membership categories? Which offering is attracting the strongest customer interest? What are management's expectations for membership sales and realizations for FY27?

Management: Thank you. Good evening, Yash. Your question was about the mix which we are seeing. We have about 3 or 4 quarters of data, but if I look at what is emerging from the data, our 10-year Ivory product is where we have the maximum membership. Overall, the 10-year product is the most preferred product mix among customers today, followed by the 5-year product. Both of these together constitute about 80% of the portfolio.

To me, the journey of Keystone involves two things. First, from a sales perspective, there was initially a phase of familiarization, with people understanding what the product was because it was different from our previous products. This included both internal and external teams, followed by a period of acceleration, which we are continuing to see now in sales growth.

The second aspect was upgrades. It is a product which is well-liked by existing members, and we have seen good upgrade momentum in that product. If I look at upgrades, they have grown roughly 25-27% from a Q2-to-Q2 perspective.

As we look at the current net member addition, which is what we report, I expect that over the next 1 or 2 quarters we should see that number increasing because we are seeing traction. We do not provide guidance on exactly where we would be, but that is a quick overview of what you wanted to

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

know. Does that answer the question, Yash?

Yash Mehta – JKP Capital: Understood. Yes, perfect. Can you also share the extent of room inventory that remained non-operational during Q2 FY27 due to refurbishment? How did this affect occupancy and resort revenue? When are these rooms expected to return to operations?

Management: Currently, there are about 442 keys under renovation. We expect some of them to start coming back as early as Q3, and some will come back in Q4. The majority of them should return in Q3 and Q4. I do not have an immediate calculation of the revenue impact because our revenue model is a combination of membership income and ASF, along with some other elements of resort revenue. Therefore, I do not have a calculation, but overall, we expect this to be beneficial in Q3 and Q4.

Yash Mehta – JKP Capital: Understood. Given the geopolitical uncertainty in West Asia and rising inflation, are you anticipating any moderation in travel demand during Q3? Considering the importance of the December holiday season, could these factors affect near-term performance or expansion plans?

Management: Yash, I think there are two parts to the question. Because of the West Asia crisis, airfares have gone up. We are seeing some limited impact on occupancy in destinations where people would typically fly. However, more people are taking driving holidays, and that is compensating for it.

In our model, we are not very dependent on overseas travelers. From that perspective, we do not see a major impact of the West Asia crisis on occupancy, even in Q3.

On your other point, we have seen some impact on certain projects because the cost of delivering those projects has increased in some cases. There have also been delays in some other areas. These factors are affecting openings to some extent. We are focusing on how to execute those projects as we enter Q3 and Q4, but we are not pulling back on any of our plans based on the current situation.

Yash Mehta – JKP Capital: Understood. Lastly, with investments being directed towards both new developments and existing resort upgrades, how are you prioritizing capital allocation? Is the current focus more on capacity expansion or improving returns from operational properties?

Management: Most of our capital will go towards building new resorts if I take a longer-term view. If I look at the split, probably 70% of our capital will go towards new resorts and about 30% will go towards improving existing resorts. That is the broad sense of how we are thinking about capital allocation.

Yash Mehta – JKP Capital: Understood. That is all from my side. Thank you very much, and all the best for the future results.

Management: Thank you.

Operator: Thank you. Participants, you can press “*” and “1” to ask a question. The next question is from the line of Naveen Kaushik M from Ithought PMS. You may go ahead.

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

Naveen Kaushik M – Ithought PMS: Am I audible? Hello?

Management: Yes, Naveen, we can hear you clearly. Go ahead.

Naveen Kaushik M – Ithought PMS: Good afternoon, sir. Congratulations on a great set of numbers. I have a couple of slightly elementary questions. If I look at the FY26 annual report, we reported a certain amount of deferred revenue to be recognized in less than 1 year. If I take that amount, which was around 580 crores, and divide it by 4, I arrive at approximately 150 crores. However, if I look at H1, the run rate for vacation ownership revenue has fallen slightly short of this number. I wanted to clarify my understanding. Is this how I am supposed to look at the number? Does that mean that in the second half we will make up for this minor shortfall, or is the recognition model different?

Management: Naveen, I do not have the exact details on this. Is it possible for us to connect with you offline and clarify this? Rajiv or someone from his team will connect and clarify the question.

Naveen Kaushik M – Ithought PMS: Sure. That is all I had from my side. Thank you.

Operator: Thank you. The next question is from the line of Nishita from Sapphire Capital. Please go ahead.

Nishita – Sapphire Capital: Hello. Am I audible?

Management: Yes, we can hear you, Nishita.

Nishita – Sapphire Capital: I had one question. I wanted to understand what our revenue split between H1 and H2 generally is.

Management: I think there are two ways to look at it. In our VO business, membership revenues are allocated equally across quarters and depend on whatever growth comes during the year. Therefore, that part is relatively non-seasonal. Similarly, ASF income is also probably non-seasonal. Both of them contribute about two-thirds of our revenue.

The other piece, which is the remaining 33%, typically contributes 35–40%, depending on variations in a specific quarter. Therefore, the split is probably 35–40% in the first half, followed by 60–65% in the second half. That is one way to look at it.

Nishita – Sapphire Capital: Understood. Thank you very much.

Operator: Thank you. The next question is from the line of Shreyans Kathani from SG Securities. Please go ahead.

Shreyans Kathani – SG Securities: Good afternoon. I had a couple of questions. The first one is about increasing our keys over the next six months and going forward. In terms of our sales force, I would believe that we will also start increasing member additions. Should we expect a proportional increase in the sales force, or are we already geared up for that? In the past, we used to do more additions while spending the same amount on sales and marketing on the ground. What should we expect going forward when we start adding members at a higher pace?

Mahindra Holi.&Resor

Management: Shreyans, thank you for the question. From a sales force perspective, we do not anticipate adding to it significantly. The sales force will remain roughly constant, so we do not need to add capacity for the growth estimates which we have.

On the marketing side, there might be additional investments because, as you mentioned, we are increasing keys. As we open new resorts, there could be incremental marketing spends. Lastly, linked to this is some of the rebranding we are doing for Club Mahindra. There will be some spending in Q3 and Q4.

However, those expenditures are broadly in the brand and marketing space and not really in the sales force and headcount space.

Shreyans Kathani – SG Securities: Understood. We are comfortable with the current sales expenses for at least some time, correct? Is that the right understanding?

Management: That is true. In fact, if I go back to what I said in Q2, especially in areas such as our non-member business, we have invested ahead of time. That was in anticipation of Q3 and Q4, which are typically the best quarters from a non-member business perspective.

Shreyans Kathani – SG Securities: That was actually my second question. Historically, we have seen occupancy levels of around 80%. I am trying to understand how we manage inventory for members versus non-members. Do we try to achieve higher occupancy whenever there is a shortfall in the number of members, or is 80% now the optimum number?

Management: The occupancy in this quarter is obviously not representative of our usual occupancy. Usually, our occupancy on a full-year basis is between 80% and 81%, and perhaps even higher.

The way we think about it is that there is clearly an algorithmic method of allocating inventory. We monitor member behavior because we have a very distinct pattern over multiple years in terms of booking patterns, cancellation patterns, how far in advance members book, and, if they book in advance, what the typical ending occupancy is based on the trends we have observed.

That is what we use to optimize inventory allocation. Therefore, you will see occupancy climbing as we move into Q3 and Q4, broadly speaking.

Shreyans Kathani – SG Securities: That is what I wanted to understand. I think that is all I have. Thank you.

Operator: Thank you. The next question is from the line of Soumya Raghuvanshi from Midcap Securities. Please go ahead.

Soumya Raghuvanshi – Midcap Securities: Good evening. Thank you for taking my questions. With H1 capex reaching approximately 312 crores, could management provide an update on the key projects under execution and when these investments are expected to contribute to additional room inventory and earnings growth?

Management: If I look at the current portfolio of projects, we are building a resort on our own in Ganpatipule, which we expect to open around the end of Q3 or the beginning of Q4. That is the

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

current stage of the project.

If I look at the renovation projects, we are renovating our Kumbhalgarh project. It is a complete renovation. We had shut it down, and we expect it to come online sometime in Q3.

Poovar has just opened. That was one of the other projects under renovation. Jaisalmer will probably open in Q3, which is another project we are undertaking. Gir will potentially open at the end of Q4 or early in Q1.

That is a quick overview. In terms of the amount of capex, we will probably spend almost an equal amount in the next six months to complete all of these projects.

Soumya Raghuvanshi – Midcap Securities: HCRO's profitability improved between Q1 and Q2. What were the primary drivers of this turnaround, and does management expect the improvement to continue over the coming quarters?

Management: It is a seasonal business. Q1 is the summer, or early spring, period there, which is usually the weakest quarter. Q2 is when the school holidays take place, and that is when occupancy levels increase. Therefore, you see better performance. Q3 is again a softer quarter, and Q4 is typically their biggest quarter. That is the seasonality at HCRO.

Soumya Raghuvanshi – Midcap Securities: How does the company plan to position and scale Signature Resorts? What will differentiate these properties from the existing Club Mahindra portfolio in terms of customer profile, experience, and overall branding?

Management: It is a completely different proposition. First of all, it is in the luxury segment. Therefore, from a benchmarking perspective, the benchmark for that property is very different from that of the existing Club Mahindra properties.

We are looking to create something which, from a targeting perspective, is targeted towards families and tribes. That is the positioning we have chosen: a luxury resort for families and tribes. By this, we mean that everyone understands the concept of family, but "tribe" today refers to groups of friends traveling together, or 2–3 friends and families traveling together. There are multiple new definitions of what is considered a family. Therefore, it will be that kind of offering.

The second point is that we are making it experience-forward and discovery-based. By that, we mean that it will be filled with rich experiences, allowing our guests to discover them at their own pace. To me, that is the second theme we are building.

The third theme is how we build a local element, from the design onwards, through elements around F&B and experiences. These are clearly the three major themes.

In terms of the targeted ARR, we are looking at about 20,000 ARR. Therefore, it is a segment which is very different from the current positioning of our existing offerings.

Soumya Raghuvanshi – Midcap Securities: My last question is about the 350 keys exited last quarter. What kind of guest feedback did the company receive, and how is management incorporating this feedback into its portfolio rationalization and expansion strategy?

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

Management: We conduct a variety of customer surveys at different touchpoints, and based on those we receive 2 or 3 scores. We receive post-holiday feedback and verbatims. Today, we also have a tool, which is an AI-based tool, that can scan the verbatims and literally rank resorts based on customer sentiment.

We used this information to assess some of the arrangements we have exited. Consistently, 2 or 3 issues emerge. One is the quality of the infrastructure, and the second is the quality of service. These issues come through in various forms; I am simplifying the explanation.

Based on this, we decided that there would be a minimum quality standard for resorts in our network, and that is why we started exiting these keys. This year, we are on track to probably exit about 650 keys in total. Last year, we exited roughly 400-odd keys.

With that, a large part of the journey of moving away from resorts with lower customer ratings will be largely complete. From now on, I think it will be more of a normal inventory expansion which we will see.

Soumya Raghuvanshi – Midcap Securities: That is all from my side.

Operator: Thank you, Soumya. Participants, you can press “*” and “1” to ask a question. The next question is from the line of Dhwanit Savla from Savla Family Office. Please go ahead.

Dhwanit Savla – Savla Family Office: I had two questions. The first is about our roadmap to reaching 10,000 keys by 2030. We already have certain projects in the pipeline. After executing these projects, how many keys will we have, and what is the plan to expand from that point to reach 10,000 keys? Have we already earmarked locations where we want to open resorts?

My second question relates to HCRO. A few quarters ago, I believe we discussed reviewing the entire business proposition. Have we made any progress on that front?

Manoj Bhatt – MD & CEO: Dhwanit, on the first question about 10,000 keys and the plan, I mentioned this in my opening statement. If you look at the 10,000-key journey, based on the currently identified funnel—which means there is a location, an initial view on the number of keys, and a commercial proposition—we are on track to achieve about 85% of that target as we stand today.

Clearly, we have 3 more years to go. To achieve the remaining balance of 1,500 keys, we will have to find more options, which would happen over the next 3 years. Does that answer your first question, Dhwanit?

Dhwanit Savla – Savla Family Office: This will be gross, correct? Or will this figure be net of the removal of resorts which are not performing well?

Manoj Bhatt – MD & CEO: No, what I am giving you is net. Whatever I am giving you is net.

On the second point, from an HCRO perspective, you are right: we said we would conduct a strategic review. The strategic review is in progress as we speak. As soon as we reach any conclusions, we will come back, but at this point it is in progress.

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

Dhwanit Savla – Savla Family Office: I have a small follow-up on the HCRO business. Is the net loss primarily due to a significant foreign exchange impact, which is making the numbers look adverse in our report, or is the business itself also not performing well this quarter?

Manoj Bhatt – MD & CEO: First of all, the forex impact this year is minimal overall. Last year, we did see some forex impact, largely because some of the loans we had taken to buy this asset were euro-denominated, and the euro moved adversely last year. This year, there has been no significant impact from forex.

From the perspective of the overall impact, we are looking at multiple factors. One is the interest cost on loans. There is the standalone HCRO number, and when we translate it into Ind AS, there is a lease accounting impact. Therefore, we are seeing the impact of all three when we look at international operations, which are largely HCRO.

Dhwanit Savla – Savla Family Office: Thank you very much, sir. I will get back in the queue.

Operator: Thank you. The next question is from the line of Pehal Sharma from DD Capital. Please go ahead.

Pehal Sharma – DD Capital: Thank you for the opportunity. I have a couple of questions. My first question is that, with the membership base exceeding 3 lakh, how have member retention, referrals, and engagement levels evolved compared to Q2 FY26? Has the expanding member base resulted in higher resort utilization?

Management: From that perspective, I will pick up referrals first. Referrals are our biggest channel for new sales, and typically, in any given quarter, 40–50% of new sales come through referrals. That has been a consistent trend over multiple quarters.

As I said in my opening statement, this reflects that current members are happy to provide referrals and enable sales to people known to them. That is the first point.

Second, if you look at our net reported number, there are 2 or 3 elements. One is cancellations, which have also been quite stable. I do not think there has been any change. The last element is retirements, where the membership is ending. All of these together result in the net number.

I do not think we have seen any change in the trend, except that overall, cancellations have started coming down and retention has started going up. If I look at retention over 12 months, which is one of the metrics we measure, it is up from about 11% in terms of the number. That is something which has improved over the last 4. That provides some color on how member behavior has evolved across these segments.

Pehal Sharma – DD Capital: Understood. My next question is about management's strategy for identifying emerging resort destinations. We have 8 resorts in the pipeline and development initiated across 5 locations. What are the expected timelines for these properties to become operational?

Management: On timelines, as I said, we expect most of the current pipeline to add up to 1,000 keys over the next 2 quarters. This includes both our own projects and partner-led projects. That

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

addresses the timeline question.

In terms of how we choose destinations, we look at it from 2 perspectives: source markets and destination markets. We then filter it by the distance from a source market or from the nearest airport. Ideally, we prefer a distance of anywhere between 2 and 4 hours. Obviously, the closer, the better.

In terms of destinations, we typically have 3 classifications. One is established—

Manoj Bhatt: Destinations which everybody knows. Then there are emerging destinations, which usually become established over a period of 4 to 5 years, and then there are pioneering destinations.

To me, we are constantly assessing the entire portfolio from that perspective. That is what I was referring to when I discussed the funnel. We have evaluated the funnel and ensured that these criteria are met.

If I look at the mix, the spread of better connectivity, both from a flight and a road perspective, is opening up more destinations every year. That is something we continuously monitor.

There is also external data which we obtain from various sources, such as the most searched names and destinations. We layer all of that on top.

Pehal Sharma – DD Capital: Understood. My last question is about how non-member bookings, corporate events, and MICE activities are contributing to resort revenue. Does management see an opportunity to increase their share in the overall revenue mix?

Manoj Bhatt: As I was answering one of the previous questions around inventory and inventory allocation, we look at the member booking pattern and then decide how much inventory should be allocated to non-members.

What we are seeing is that, as we become more popular from a non-member perspective and reach out to corporates and others, we are seeing growth in the corporate and MICE segments as well. To me, this is clearly a growth area, but it is still a very small fraction of what we do today. It could potentially become a significant growth area in the future as we add more resorts.

Operator: Understood, sir. Thank you. Ladies and gentlemen, you may press “*” and “1” to ask a question. The next question is from the line of Suhani Singh from ROS Capital. Please go ahead.

Suhani Singh – ROS Capital: Good evening. I have 2 or 3 questions. Following the exit of certain properties that did not meet the company’s quality standards, how much portfolio rationalization is expected? What impact could this have on the member-to-room ratio and resort-level profitability?

Manoj Bhatt: The member-to-room ratio will continue to improve because, as I have said in the past, our member addition will be focused, while inventory addition will be as I was articulating, {? 10,000 ?}.

Mahindra Holi.&Resor

Overall, while we will undertake rationalization, which might affect some of the metrics for a quarter or 2, if I take a longer-term view, the member-to-room ratio will continue to improve. I have spoken about this in the past as well: it will keep going down as we add more rooms.

Suhani Singh – ROS Capital: With investment being directed towards both new developments and existing resort upgrades, how is management prioritizing capital allocation? Is the current focus more on capacity expansion or improving returns from operational properties?

Manoj Bhatt: I had just answered this question. I said that 70% is potentially towards new capacity, and 30% is towards improving the current portfolio.

Suhani Singh – ROS Capital: How has the company's cost structure evolved during Q2 FY27, particularly employee expenses, marketing costs, and resort operating expenses? Are there any opportunities for further operating leverage as the business scales up?

Manoj Bhatt: Suhani, that is a very broad question. Overall, I think there are 3 or 4 areas in which we are investing.

First, we are investing in capabilities. We are building a loyalty program, an experience ecosystem, and the non-member business, and we are investing in those areas.

The second set of investments is related to shutting down rooms for renovation. We are obviously losing both revenue and profitability during that period. That is the second leg of investment.

The third leg of investment is that new properties generally do not make money immediately. That is the third leg of investment.

When I consider all of these, our overall growth capital invested across these 3 areas would be about {? 9 to 15 crores ?} in any given quarter. That is the broad sense I can give you. Each of these line items is moving differently every quarter.

Suhani Singh – ROS Capital: That really helps. Thank you for answering.

Operator: Thank you. The next question is from the line of Varun Mishra from SK Capital. Please go ahead.

Varun Mishra – SK Capital: Thank you for the opportunity. Could you elaborate on the trends in deferred revenue and membership income recognition during the quarter?

Manoj Bhatt: I will pass that question to Rajiv.

Rajiv Vimal – CFO: We can connect offline for any details on deferred revenue, but to give you an overall view, 65% of our sales comes from the VO business, of which the majority comes from the deferred revenue bucket. As of September end, we had {? 5,800 crores ?} in the deferred revenue bucket.

Varun Mishra – SK Capital: What has been the trend in new member acquisition costs for Q2? With the company increasing its focus on the premium membership segment, are we seeing any improvement in acquisition efficiency for the overall customer base?

Report is AI-generated and may contain inaccuracies.

Mahindra Holi.&Resor

21 October 2026

Manoj Bhatt: I will answer it this way. If I compare our cost of acquisition with a year ago, it has reduced as a percentage. This is a journey we continue to pursue because it is a function of both cost and revenue. We are targeting a sustained reduction in the cost of acquisition.

Varun Mishra – SK Capital: For resorts, resort income grew in this quarter, while EBITDA and PAT declined, although revenue has been increasing. What were the key factors? Is something causing margin pressure?

Manoj Bhatt: As I mentioned, if you look at our numbers, we are making investments in future growth, investments in the transformation of resorts, and investments in new resorts which are not initially profitable. There are also some changes, such as GST and the solar subsidy. All of these are currently dragging performance down.

Over a period of time, we should see some of these factors being resolved. For example, as the renovated resorts come back, we should see that impact disappear. As the volume increases in some of the activities we are undertaking, we should see improvement. Therefore, there are multiple levels to this in terms of margin levers as we move forward.

Varun Mishra – SK Capital: Can we expect H2 to be somewhat more profitable?

Manoj Bhatt: H2 is typically more profitable for us in any case, and Q2 is usually our worst quarter.

Varun Mishra – SK Capital: One last question from my side. How has cash generation evolved from H1, particularly in relation to the increased capital expenditure you mentioned? Do we expect internal accruals to be sufficient, or are we planning to raise debt?

Rajiv Vimal – CFO: Cash generation for the H1 period is in line with H1 last year, while we have invested almost double the capex compared to last year. Our cash balance stands at almost {? 1,300 crores ?}. We are going to rely on internal accruals for future expansion as well as transformation.

Varun Mishra – SK Capital: That helps. Thank you very much. All the best.

Operator: Thank you. Due to time constraints, this will be the last question. I now hand the conference over to Mr. Manoj Bhatt for closing comments.

Manoj Bhatt – MD & CEO: Thank you, everyone, for joining the call. I know there are a couple of follow-ups, so please reach out to us and we will address those questions. There was a question around deferred revenue accrual, as well as another question seeking details on that. We will try to answer those questions offline. Thank you for joining the call, and we look forward to the next quarter.

Operator: Thank you. On behalf of Mahindra Holidays & Resorts India Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.