28th July 2026

MHRIL/SE/26-27/40

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: MHRIL

BSE Limited
Floor 25, PJ Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 533088

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call for the first quarter ended 30th June 2026

Further to our letters dated 8th July 2026 , 23rd July 2026 and in compliance with Regulation 30 read with Part A, Para A (15)(b) of Schedule III of SEBI (Listing Obligation and Disclosure Requirements) 2015 ("SEBI Listing Regulations") and other applicable provisions, if any, of the SEBI Listing Regulations, please find enclosed herewith the transcript of Earnings Conference call for the first quarter ended 30th June 2026 held on Thursday, 23rd July 2026, which concluded at 4:55 p.m. (IST).

In compliance with Regulation 46(2) of the SEBI Listing Regulations, this intimation and the transcript of the aforesaid conference call is also hosted on the website of the Company and can be accessed at https://www.clubmahindra.com/investors/financials/con-call-transcript

Kindly take the same on record.

Thanking you,

For Mahindra Holidays & Resorts India Limited

MANSI SHASHWAT LAHERI

Digitally signed by MANSI SHASHWAT LAHERI
Date: 2026.07.28 13:21:25 +05'30'

Mansi Laheri
Company Secretary
Membership No.: A21561

Encl.: a/a

"Mahindra Holidays & Resorts India Limited

Q1 FY27 Earnings Conference Call"

July 23, 2026

MANAGEMENT: **MR. MANOJ BHAT – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED**
MR. RAJIV VIMAL – CHIEF FINANCIAL OFFICER – MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Mahindra Holidays & Resorts India Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the 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 an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manoj Bhat, MD and CEO; and Mr. Rajiv Vimal, CFO. Thank you, and over to you, sir.

Manoj Bhat: Good evening, everyone, and thank you for joining us today for the Mahindra Holidays Q1 FY27 Earnings Call. Joining me on the call is our CFO, who just recently joined us, Rajiv Vimal. Our results, investor presentation and press release have been uploaded to the stock exchange and to our website, and I hope you have had the opportunity to review them.

As we enter FY27 and report on our Q1 numbers, I want to repeat our focus. I think we had said that we would improve availability and widen our network. That was our first priority. The second priority was improve customer experience by improving resort quality.

The third one was actually strengthen our membership proposition by launching Keystone and popularizing it. And the last one was using technology to build a more efficient and an experience-led business. I think these were the 4 priorities for us as we entered the year.

As I look at it today after the Q1, let me first turn to Keystone. If I look at our product, Keystone, I think it is stabilizing at a level which is in line at a gross sales level with the previous product. If I look at the sales value, it's up 22% year-on-year to INR154 crores. One of the things we had mentioned was that we will premiumize the product and the combination of price actions as well as the mix has moved the average unit realization by 73% to INR14.4 lakhs during the quarter.

One of the heartening things about this is also that our upgrade value moved up 58% to INR89 crores. Now upgrade reflects the confidence of existing members and also talks about the relevance of the new product and in terms of their satisfaction with the experience they've had in the resort. And that kind of adoption rate and that kind of growth is a very healthy sign that we are doing the right things in terms of customer experience for our members.

If I look at the mix, I think that is also evolving positively. A majority, about more than 40% of our sales are now coming from the 10-year product, which is the Ivory as we call it, and that is the middle segment. That's the really biggest segment which we have today.

If I turn to the resort business, I think it also remains strong. I think revenue -- resort revenue grew 10% year-on-year to INR126 crores. This is despite about 400 keys, which are under renovation and not available for revenue generation. To put it in context, the same number a year back in the quarter 1 was close to 0.

And so to me, this is something which really is a testament to the effort we are trying to put in, in terms of looking at resort experience because this is the key component of resort experience. If I look at the occupancy metric, it improved to 86.7% during the quarter, reflecting sustained demand across the network.

It was obviously helped by some of the geopolitical events, including foreign travel being limited for a while, especially to some of the more popular destinations around India. The other thing was we remain on track on the inventory addition. If I look at the FY27 number, we expect to add about 1,000 keys at the gross level. And this is across multiple destinations.

To give you an example of some of the destinations we are adding, we expect to add resorts in Jodhpur, in Ganpatipule, in Maharashtra, in Darjeeling, a place near Kolkata, in Jawai, in Dal housie and a host of other destinations. So -- and with several of them being entirely new holiday destinations, I think one thing we are missing is we are going to add a resort in Goa also.

So I think there's a lot of growth planned. However, in this quarter, I think because of some constraints on material availability as well as some of the places to work was disturbed. I think some of the additions for the quarter have moved to the second quarter. And that's what -- if you look at the number -- net number, it actually does not reflect this addition. It will come in the later quarters.

The other thing which we did during this quarter, which we have always talked about and have been doing consistently, is we have exited more than 300 keys towards the end of the quarter. And that's in line with our policy of moving away from inventory alliances and associate inventory where the quality parameters are not being met, and that's something which we do consistently.

During the course of the year, we actually expect to exit another 300 to 400 keys over the course of the next 3 quarters, in line with that. I think while some of these could -- especially in this quarter, one of the reasons the occupancy is high is because we have so many resorts under transformation. But -- so it's a short-term impact, positive impact on occupancy. But I think in the long term, we are working towards a better member experience and long-term strength for our brand.

I think the other area which I want to talk about is technology. I think we have rolled out multiple initiatives across the value chain across sales, booking, check-in feedback, member engagement. To give you an example, I think we have put in a booking recommendation engine, which is brand new.

We have implemented paperless check-in in a few resorts, and it will be rolled out across the system. We have integrated guest feedback systems and AI-enabled sentiment across resorts, which give us real-time information on what's happening on the ground. And to me, these are initiatives which are intended to improve consistency and personalization for our guests.

I think the other element I want to cover because I've got this question from multiple people is the journey of our profitability from last year Q1 to this year Q1. And if I look at our profits, really, I think it's down by about INR22 crores compared to Q1 of last year. However, it is more or less in line with Q4 of the last year.

So if I look at the journey and the delta of about INR22 crores, about 30% is coming because, as I mentioned, there are about 400 keys, which are generating no revenues today. And there is some cost already in the system. So about 30% of that variance is coming from the transformation journey.

Another 20% or so is coming from new resorts. A lot of our new resorts were added towards the end of the financial year last year. And I think it takes a couple of quarters for them to stabilize and start coming up to profitability. About 25%, which is about INR5 crores or so is really because we have built more our capability and branding.

I think these are the 2 things we did. And this is in line with our rebranding and repositioning and also adding some capabilities as we move into new areas, especially around experiences and some parts of the nonmember business. So those are the broad reconciliations.

In my mind, I think as we think about going into the future, while Q2, obviously, is the weakest quarter for the industry, as we approach the H2, I think we expect 2 or 3 things to happen. One is the 400 keys, renovated keys will come back into the system that should really help in terms of more availability and improved performance for us.

The second thing, as I mentioned, is inventory will start coming as we go forward. And I think we are also approaching the 2 best quarters, which will be Q3 and Q4. And the last one is from our perspective, some of the newer resorts, which we have taken up now, I think will start generating profits.

There is an element of regulatory, which is the GST law changes and some changes, especially in Maharashtra, which -- on solar usage, which is also impacting profitability, but that, I think, will continue because that -- those are kind of regulatory changes. But to me, that's the journey. I think -- so again, to repeat, from Q1 to Q1, these were the 2, 3 or 4 major items. But if I look at Q4 to Q1, it's -- we are already in the baseline from a stand-alone perspective.

A little bit about our European business. I think the European business, if I look at it, I think there was an increased loss of about, give or take, INR20 crores compared to Q1 of last year. This is our Holiday Club Finland business. As I mentioned in the past, I think it is going through a bad phase in terms of the demand cycle. And we have mentioned before that we are conducting a strategic review, and that's in progress as we speak.

To me, in summary, I think we continue on our goals. There are some near-term cost pressures in the current quarter, which, as I mentioned, over a period of time, we should be able to -- especially in the second half, we should be able to see some improvement on that. And to me, this is part of the journey of transformation, which we are undertaking.

With that, I will hand it over to Rajiv Vimal for his comments on some more details on the financial performance.

Rajiv Vimal: Thank you, Manoj, and good evening, everybody. Let me briefly take you through the financial performance for the quarter. At the stand-alone level, the total income grew by 3% year-on-year to INR424 crores.

Revenue growth was supported by strong resort performance and broadly stable vacation ownership income. Sequentially, the stand-alone financials remained stable. Total income was up 4% versus quarter 4 FY26, while EBITDA remained stable at INR142 crores, broadly in line with the previous quarter.

PAT stood at INR54 crores compared with INR55 crores in quarter 4 2026, and this is excluding the impairment charge in the previous quarter. At a consolidated level, the total income grew by 5% year-on-year to INR774 crores. Year-on-year profitability is lower due to the reasons outlined by Manoj earlier.

Our balance sheet remains strong. Deferred revenue stands at INR5,825 crores, and the cash balance stands at INR1,420 crores. This provides us significant financial leverage to fund our ongoing transformation and expansion road map. In summary, the quarter reflects stable sequential performance at the stand-alone level, healthy revenue momentum, continued strength in resorts and conscious investments in growth and transformation.

With that, we would now be happy to open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Himanshu Shah from Dolat Capital.

Himanshu Shah: Am I audible?

Manoj Bhat: Yes, Himanshu. Hi, good evening.

Himanshu Shah: Sir, my first question is with respect to our Investor Day where we had given a 10-year vision FY20 to FY30 on the 3x revenue growth. That used to imply some 17%, 18% revenue CAGR over FY25 to FY30, the implied number.

This was discussed even last time also, our FY26 revenue growth was 5%. Even FY27 has started on a soft note of 3%. Do we stand by that guidance? Or it is clearly some clerical error or some other kind of error in that particular computation, or just a casual visionary statement without any backing?

Manoj Bhat: So Himanshu, I think there is nothing casual about it. So from a perspective of -- and I had said that time also, it will be back-ended. I think the articulation of the vision was that we will keep member growth limited and focused. We will focus more on broad basing and going to the more market-aligned model. We will add inventory, which will improve member-to-room ratio.

And I think that journey -- if I think of one thing which probably is deviated from where we thought we would be is probably the European performance. But I think from a stand-alone perspective, I think, as I had mentioned before, it will be back-ended.

And that's something which I think we will still stand by because I think we are seeing strong strength in the nonmember business, which grew about 30% even in this quarter. And to me, that's where we are. Now whether it would be down by 5%, 10%, those things could happen. But I think the broad journey and what we had defined remains the same.

Himanshu Shah: So the back ended, it would mean that our FY28, '29, '30 run rate would need to be significantly higher, more like 20%, 25% revenue CAGR. Do we envisage that? Because we are not adding members and members would be accounting for almost 90% of our revenues, 85%, 90%, I would presume. And that line item is not growing at all.

So would the nonmember revenue, which would be 10%, 15% currently would be growing at such an accelerated pace? Because 30% revenue growth on 10% revenue contribution is 3% what we have reported this quarter.

Manoj Bhat: So Himanshu, I think you're right. I think as I had mentioned that the member growth will be slow. And then eventually, I think there will be some member growth. And the FIT stream will go faster. If there is a change to that number, I think we will formally come back with that change. But at this time, we are still kind of targeting that number.

Himanshu Shah: Sir just a request, I would suggest if management can revisit and come back, it would be helpful because performance of FY26, '27 doesn't seem that may be achievable. In that backdrop, sir, can you just give some guidance, like what kind of revenue growth should we envisage for FY27 or at least management would be targeting?

Because a lot of the room portfolio is under renovation, transformation has been ongoing at least for 3 years. And even in the earlier MD's era also, some of the other transformation has been keeping on going. HCRO has been in transformation since acquisition last 12 years. So in that backdrop, can you just provide some revenue guidance at least for FY27 on a stand-alone basis?

Manoj Bhat: Himanshu, we have never given revenue guidance. But I think from my perspective, clearly, as I mentioned, I think H2 would be more of a strong growth coming through, which is what we expect. And as you know that structurally, there is the ASF and member income, which is going to be flattish because it is not going to grow. It's only the resort income, which will start growing and that will start reflecting in the growth numbers.

Himanshu Shah: Okay. And just on HCRO strategic review, any time lines? Should we expect that FY27, the strategic review should get over? And what exactly are we trying to -- what are the options from a strategic viewpoint of?

Manoj Bhat: I think from an HCRO perspective, there are 2 or 3 priorities, right? So one priority is to actually increase distribution because one of the challenges of the business is that occupancy is much lower than where it was a few years back. the second priority and which is -- which would mean some sort of a strategic tie-up in some terms to try and address that issue.

The second is, of course, if we feel that, that is not a viable option, I think we will look at other strategic options, including potentially some of the actions like the group has taken in the past. But it is too premature for me. And from a time line perspective, I think we expect that during the course of this financial year, we should have some clear answers on where we are headed with HCRO.

Moderator: The next question is from the line of Shreyans Gathani from SG Securities.

Shreyans Gathani: I had a few questions. So the first one is on the Keystone upgrades. So most of our new VOI is mainly coming from that. So what percentage of members at this point have upgraded? And how much do we expect that to continue in terms of the upgrades?

Manoj Bhat: So Shreyans, I think roughly, we are upgrading, I would say, about 2,000 to 2,500 per quarter, depending on the quarter because high occupancy quarters are more. And as most of these upgrades happen when they visit our resorts. And so I think it depends a bit on what is the resort -- number of members visiting the resort.

But that is a good percentage of -- so it's about 2,000 to 2,500 a quarter. And if you look at our member base, it's a small fraction. So we are not really concerned about the pace. If at all, I think I would see that how do we increase the pace of upgrades because that then brings them on to the same platform because otherwise, we have a mix of multiple types of membership at the same time. So I think does that answer your question, Shreyans?

Shreyans Gathani: Yes, yes, Okay. So basically, it's barely any -- like a very small percentage that's already upgraded of the 3 lakh members.

Manoj Bhat: Yes.

Shreyans Gathani: Okay. Okay. Sir, second question was on the renovations. So we have 400 keys going on. So what is the longer-term plan like since we mentioned of having our resorts better than what we had provided earlier.

So how -- what kind of renovation plan do we expect? And like the -- do you consider that some sort of opex, not increasing sort of revenues substantially given you're just upgrading the rooms. So what is the plan for that longer term?

Manoj Bhat: So I think as we look at upgrades, there are 2 or 3 types of upgrades, right? So one is where we do a minimal upgrade where most of the things are in place, so which is almost -- it takes a short period of time, maybe 2 or 3 months where we spruce up the rooms and work on some elements. And the other extreme is the transformation.

So for example, right now, there are 1, 2, 3, 5 -- 4 or 5 resorts under complete shutdown for renovation, which is what we call transformation. So -- which then means that we look at everything. We look at landscape, we look at reception, we look at the spa, we look at -- so I think the combination of that, I think the transformation agenda will probably be on an average, at least 2 resorts a year as we go forward.

And then this upgrade, typically, I think when we finish a round, which I think we are completing, the other types of upgrades will not be very major going forward. Transformation will be the major portion. And then -- so that's the way to look at it from an upgrade cycle perspective.

Shreyans Gathani: Got it. So what kind of expenditure do we expect like when you do a transformation like per room or sort of versus...

Manoj Bhat: See it's difficult to say. So if it's a really old resort, we could end up spending INR40 lakhs to INR50 lakhs a key, which then means that we open, we open up the MEP, we open up the rooms, we open up -- that's the full transformation. And typically, that's like if a resort is 20, 25 years old. But otherwise, you could do it as less as INR5 lakhs to INR10 lakhs a key in some other cases. Yes.

Shreyans Gathani: Got it. Okay. And on the closures, so this would be the last year of reviewing the partner resorts. Is that the right assumption?

Manoj Bhat: Yes. So by the end of this year, we expect the network to be in the shape we want it to be. So we already have plans and we have given notices. And so that's why I said 600 to 700 keys total this year will be reduced, and we'll add 1,000 plus during the course of this year. So...

Shreyans Gathani: Got it. The last question on the signature resort. So the Theog resort has been under construction, has been delayed. So any update on that? And when do we start like marketing on that and what's the strategy, if you could give some color?

Manoj Bhat: Shreyans, what we have done is we have done another study of what is the cutting edge of luxury, if you will. And I think based on that, we are making some changes to the way the resort is coming out. And so there is an element of -- I wouldn't say delay, it's about deliberation, making sure that we are getting the first product right.

As of now, I think this will be probably in the second half of F '28, somewhere in probably the fourth quarter is what we are targeting. which was originally supposed to be. So it's about -- my sense is about 3 or 4 quarters behind where we thought it would be. But we felt that it is time well spent. So we have got some of the more international consultants in to get a review of the product, and they are working on it as we speak.

Shreyans Gathani: Got it. So it's basically 1.5 years, 3Q FY28. Is that correct?

Manoj Bhat: 3 or 4Q. And just to give perspective, a lot of the civil work is done. I think that's why we are focused on the interiors and the design of the room and so on and so forth and landscaping. That's what is going on. So the civil structure is almost complete. Yes.

Shreyans Gathani: Okay. So are we looking at just that? Or are we parallelly going to start work on another resort or just start that and...

Manoj Bhat: Another resort, and I won't tell you the destination right now, but another resort is in late stages of design in terms of the layout, etcetera, which is going to be a second resort. And hopefully, that we should be able to break ground on that in this financial year if everything goes according to plan.

And then there is a third one, which is in early stages of design, which I think is something which we are working on. So I think there are 3 going on in parallel. Of course, Theog is the most advanced, followed by the second one, which, as I said, is in, I would say, mid-stages of design. And then there is a very early stage kind of the third one is also in the works.

Shreyans Gathani: Got it. And these would have faster completion time lines, I would assume, right?

Manoj Bhat: Yes. In terms of just the design process, it would be faster because as I mentioned in Theog, I think we actually did a full study of where to position the resort given the growth in the market in the luxury segment and the number of players. And that's taken us some time. I think it will be faster from that perspective. But otherwise, construction time lines typically will be 2.5 to 3 years typically for a resort of this type.

Moderator: The next question is from the line of Dhvaneet Savla from Savla Family Office.

Dhvaneet Savla: I had 2 questions. The first is on our stand-alone business. I understand that we are currently reviewing the keys and we have removed certain the keys from our portfolio this quarter, and we are planning to do so ahead.

Does that still mean that we are going to target the -- going to reach the target we had set in 2030 of 10,000 keys? And within that, now that we have more offerings in the Keystone, how are we looking at expanding, giving more options to the Keystone members to travel? Are we planning to go even beyond the target set by 2030?

And my second question is on HCRO. I know that we are still under strategic review and all. But the last quarter, you had mentioned that there were certain payment partners or channel partners you were discussing to improve the business over there. Has that gained a little bit of traction over there?

Manoj Bhat: So there are some discussions on. And so -- and of course, you know some of these discussions are prolonged and there are commercial terms and operational terms. So I think as I said, we are speaking and we are evaluating multiple options that all I can say on HCRO.

On your first question, just to give you some color, if I look at what our investment committee has approved, I think today, as we stand today in terms of the pipeline, that takes us to about 8,200, 8,300 keys. And this, I'm building some slippage because typically, from signing to closing, so our actual funnel is much larger, which has been approved.

In addition, we are evaluating about 2,500 keys, which are in early stages. So from that perspective, there is a good degree of confidence that the 10,000 keys number is still very visible. And that just gives you an indication of where we are in the process. If I look at the distribution out of this, probably some of the locations we are building.

So for example, we are currently building Undi or Ganpatipule. We are looking actively at Koyna is the next one, which we will pick up. So -- and then there are a lot of partner and leased resorts in the mix.

Dhvaneet Savla: Just a small follow-up. So you mentioned about building new resorts. I have understand that we are building one in Goa also. So can you tell us like because we have already have a lot of our portfolio in Goa and how do you arrive at a decision that you want to build another one in Goa?

Manoj Bhat: No, no. So we own 3 in Goa today. We are leasing one more. And another one we are adding is also not owned. It is managed.

Moderator: The next question is from the line of Aryan Sonthalia from AK Securities.

Aryan Sonthalia: Yes. So a couple of questions. Firstly, the employee benefit expenses and the other expenses, those rose well ahead of revenue this quarter and pushed you into a loss. So on the levels you actually control, what's the plan to bring employee and other costs back in line with revenue and get back to flat and then growing? And on the HCRO front, it has been underperforming for the past couple of years.

And in this quarter, the revenue grew 5.7%, but its loss nearly doubled to INR67 crores. So what drove the cost escalation? And where does the strategic level stand now that we are in FY27? Any plans to exit the European business?

Manoj Bhat: So let me answer the first question. First of all, that increase did not put us in the loss. There is still a profit in the India business. So as I mentioned, the reasons for some of those movements. So if you look at the other -- if I look at the broad cost items which have moved, I think there is inventory which I think increased about, give or take, INR10 crores inventory cost, which is combined in multiple line items here because we have rental, which is for the inventory we have depreciation, which is for owned and there is depreciation for the leased and then there is finance cost, which is the Ind AS accounting.

So -- and then if I look at the other areas which went up, as I mentioned, there were some GST-related impact and some solar policy changes, which was about INR3 crores when I compare to the last year. Then as I mentioned, there are some workforce cost increases, which we are investing in competency, which is about INR6 crores. There's a branding and consultancy kind of charges, which we are paying for as we are going through this MSR design, Mahindra Signature Resorts. That's about INR2 crores.

And then, of course, there were annual increments which happened in Q1, which is the quarter that shows up. So it's a combination of multiple small items. And as I mentioned, as I look forward, some of these, we are investing ahead of time. Some of these are probably -- for example, if I look at the rebranding costs, I think it will come in Q2 also and then possibly in Q3, but then it will start going down because we are going through that whole exercise.

And so some of these are kind of temporary in nature. And some of these will start producing -- because even in the transformed resort or transformation resorts, we still have costs and workforce. We can't make it down to 0. So -- but -- so the cost kind of remains, the revenue comes down. And so there's multiple reasons.

As I said, the best way to look at it is what I explained in the beginning, 30% of the profit variance has come from the transformation resorts not producing revenue. 20% of the profit variation came from the new resorts, which will start producing.

Another 25% came from the capability building and branding investment, which -- and regulatory is about 15% -- 10% to 15% of the profit variance, which is coming. And because that's how we look at the business, not particularly from that cost line perspective.

Aryan Sonthalia: A question on the dividend position. Since the AS 115 transition in 2019, the company hasn't been able to pay dividends due to the INR1,509 crores transition difference despite being profitable and cash rich. So any update on that front since we haven't heard on that matter in a while?

Manoj Bhat: So I think in F '26 -- sorry, F '27, we will be in a position of not being able to pay a dividend. I think the earliest we can probably consider a dividend is going to be F '28 at this point in time. Yes.

Moderator: The next question is from the line of Rushabh from RBSA Investment Manager LLP.

Rushabh: I just heard that you mentioned that there is some delay in the Theog resort. Can you just give some insight in terms of percentage? Is there any cost overrun in their project? In terms of percentage? Can you share anything?

Manoj Bhat: So the cost overrun will not be a significant. I think it's more about the time overrun. The cost overrun because what we are trying to do is we are kind of upgrading some of the interiors and so on and so forth and reworking. So there will be a cost overrun maybe of 5%, 10% overall, but not more than that is what we visualize at this point because of these changes we are making.

Rushabh: Okay. And what did you mention on the HCRO? I have missed it, I guess. But what is your strategic point now? Are you planning to exit or finding some -- another strategic partner? Or what is the course of action there?

Manoj Bhat: So I think I said that all options are open, and we are actually engaging someone to help us with it, whether it is partnering, whether it is -- so we'll evaluate all possible options and then come to a decision. And I also said that we expect that during the course of this year, we should come to a conclusion of what we need to do.

Rushabh: Okay. So basically, the whole point was Club Mahindra as a brand. It was very relevant, say, 10, 15 years ago. And now I understand we're trying to make it revive or make it a more premium luxury brand. But somehow, I feel that we're not able to fully leverage or capitalize whatever has happened last 4, 5 years during post-COVID travel boom. And the next 4, 5 years, I just want to ensure that how strongly are we in a position to capture our earlier legacy?

Manoj Bhat: So I think that's a good question, Rushabh. So from a perspective of the brand, I think we keep looking at feedback from our members. So I'll evaluate it from multiple perspectives, right? So first, from a member perspective, I think while -- if I look at the feedback we're getting from members -- from a resort perspective, I think we get very high satisfaction levels across the board.

On the membership, I think there were constraints and restrictions. So that's why we have introduced Keystone, which addresses most of those concerns. And that should really help in terms of addressing that. So -- and we are still adding quite a few members from a new member perspective at a significantly higher premium compared to what we were in the past. So to me, that does indicate that there is brand salience.

As I said, we are doing -- now we have started the rebranding and some spends around that to get more focus on the brand positioning in the market, which should ideally help in terms of that. If I look at the nonmember business, I think the satisfaction score are much, much better than members today. And these are, of course, a smaller subset. And the growth we are seeing, I think last year, we saw that business grow 40%, of course, off a lower base.

As I mentioned, this quarter, it has grown by 30%, which is as good as any other brand in the market in terms of the growth. So I would say there is work to do in terms of the brand, but it is not that it has lost relevance or it is about increasing the relevance and accelerating the growth rather than the brand having lost relevance. So I would just correct your question and answer it that way.

Moderator: The next question is from the line of Pranav from Rare Enterprises.

Pranav: As we are going to add more and more rooms in the model, and we are also going to be fully based in terms of member addition and we are not going to push through sales, that means that the inventory available for market-linked sales is going to be more and more as we go forward.

So can we share some strategy what you are going to do in that part of inventory? Also, can you share something which is currently showing the traction in the same? And how are the rates in that part of inventory as compared to, say, other hotels in the same area? Thanks a lot, sir.

Manoj Bhat: So Pranav, that's a good question. So if you look at -- and I gave you the growth numbers as I answered the last question. And I think if I look at the growth, I think there were 2 or 3 things which we did. One of us was -- one of the first thing was there was no awareness around that we also have a market-linked model. And I think we have created that awareness across channels and across, for example, we are now more active on the OTAs.

We are more active with the various intermediaries in the channel. We are also activating some links in the wedding mice kind of things. And these are all important because, as you said, as we add inventory, I think there's a lot of room availability, which is going to come up, which then has to be fulfilled through these channels.

The second thing on rates, I think my own sense is, it is very, very comparable today to what the member rates are. But given the fact that we give preference to members, some of the best most yielding days are not available to the FIT business today, which will change over a period of time as we have more rooms.

So given that, I think that's a good outcome. And if I look at the realization compared to last year, it has jumped about 10% and that's another focus that we'll keep moving up yield even in that business. I hope that answers your question, Pranav.

Pranav: Perfect, sir. And I must congratulate you that you have identified almost every problem in this model. And like we need to be patient. I understand that. And congratulations because I can feel the difference in resorts. Thank you.

Manoj Bhat: Thank you. Thank you, Pranav.

Moderator: The next question is from the line of Yash Jhurani from Qode Advisors.

Yash Jhurani: Just had a question on Keystone. So now, Keystone, you see, we are marketing buyback as a feature rather than disclosing it as an obligation. So that is a first for the business. So I had a few questions on the same specific line. What are the actual terms in that whole [inaudible 0:43:23], eligibility period, the pricing formula and the cap on aggregate?

Moderator: Sorry to interrupt, Mr. Yash. Your voice is not audible. There's some disturbance at the back.

Yash Jhurani: Sir, Keystone, we are marketing it as a buyback feature rather than disclosing it as an obligation, which is the first for a business. So I had a few questions under that. So what are the actual terms of the eligibility period, the pricing formula and the cap on aggregate buyback? The second one being under [inaudible 0:44:00].

Manoj Bhat: Yash, you're breaking up again.

Moderator: Your voice is breaking again. Are you using a handset?

Yash Jhurani: Were you able to hear the first question?

Manoj Bhat: First part I heard, which is what was the follow-up on that? What are the questions?

Yash Jhurani: Yes. So under the Ind AS 115, I think this would be considered as a refund liability. So how much of the INR5,500 crores of the VO that is in the deferred revenue is subject to the buyback? And the reason I ask this is to understand that what exercise rate of this kind of buyback will this tactic create a cash flow event in the company?

Manoj Bhat: So first of all, under all accounting norms, whatever you're saying is probably not valid. Secondly, I don't think we are selling it as a feature. It might be mentioned, but the main feature is probably simplified product, wider choice and you have the options to do multiple rooms. So there are a set of benefits, which we are not having in the old product.

Third is from a perspective of what we felt was that when we looked at the previous product, we had a cancellation fee, which was pretty steep. And we felt that it was probably not in the best interest of the customers. So hence, we have brought it down significantly.

And I think today, if I look at it, it's about down to, I think, a minimum of, I think, 30% and then prorated after that depends on the usage you had. And we obviously have done a check on the accounting elements. And since the proportion of cancellations is a very small number relatively, it's not that everybody is getting -- asking for a cancellation.

So to me, that also is a mitigant -- and we have analyzed something which from various perspectives. And I don't see any of the challenges you're mentioning coming through. And our cancellation rates are dipping as we speak, and our retention rates are going up every quarter.

Moderator: The next question is from the line of Aniket Bora from Namoh Stockbroker Private Limited.

Aniket Bora: I have two questions. So just wanted to understand, does non-member business somehow cannibalize the member business because the ability of receiving service to a non-member doesn't reduce the decision to take up a membership?

Manoj Bhat: So Aniket, obviously, this is -- I mean, it's a very wide spectrum of members and prospects we sell to. There will be a certain category of members who will definitely say that if it is available openly. But I think the way to think of it is, if you look at the advantages of the membership, beyond, of course, the membership amount, there are a lot of membership privileges which you get in terms of just at the resort and so on and so forth.

And I think to me, for example, in this new product, we also have breakfast included, so on and so forth. So I don't -- my opinion is that there is -- and this is -- most global models have this, that there is a viable market-aligned model and a viable membership model and mix is where the world is going, including globally. And so that's something which I think that's an evolution.

And as I said, as we add inventory, this question of availability for members and then the second question is about attractiveness for members is about really demonstrating value. And I think we are able to do that consistently, especially if you go into later years.

So for example, if somebody had bought a product 10 years back and compares it with today's prevailing rates, I think there's substantial value which is being delivered. And that's something which I think we -- a lot of people realize, a lot of the existing members realize. And that's something which will continue into the future.

Aniket Bora: Got it. Another question that I had, I understand that we are reviewing the European business. But I just wanted to get a sense. Has rupee depreciation further made it difficult to make it viable? And has that played a key role in further making the problem more difficult to solve?

Manoj Bhat: I don't know whether that is a factor. Just from a reporting perspective, of course, if you are reporting a loss, the loss increases because it's now measured in more rupees. But apart from that, I don't see that as a challenge. I think the key things here are the levers for the business in terms of occupancy increase and what is the right kind of partnership, which will help that.

The key thing is that as we look at potentially various pieces of the business, what is the right kind of solution for each piece of it. And the last one is, I think we have quite a bit of inventory from the past years.

And how do we figure out a model to monetize that inventory because technically, the company owns the inventory. And so that's something which is the third element which we are looking at. And so those are things and then who is the right partner and what is the right option for the business.

Aniket Bora: Just one more small question, if I may?

Manoj Bhat: Please go ahead.

Aniket Bora: Yes. Just wanted to understand our new plans that I see, because I'm a member myself as well -- have breakfast included, right? That's what I see in these plans. Now just wanted to understand, does that somehow reduce the net resort income in the later years to come as the membership of these two plans increase?

Manoj Bhat: So what will happen is that if you look at potentially amortizing it, yes, that will be the natural thing. But I think the way to think of it is as we will probably make it linked to some sort of a model which eventually every year, this will also go up.

So the mix across buckets is what will play out like in the current model, right? So, even membership, you can argue that it is -- as we go into the latter years, it might not be profitable. But when you look at the mix, it is profitable. I think that's the way to look at it, even the breakfast piece of it.

Aniket Bora: For a company P&L, will it be -- is the first option better? Or is the second option that we've given to customers better on a P&L basis for us? What is...

Manoj Bhat: I think we have always gone in favor of the customer. So I think the way we thought of it is that as we move down this chain and as we reduce cost of acquisition, which is reducing every quarter, I think we have to pass some of the benefits to the customer so that they find the value. And in that, we will then make -- be better off because of the volumes which will come through.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question for today. I now hand the conference over to the management for closing remarks. Over to you.

Manoj Bhat: Thank you, everyone, for joining the call. And I think if there are any questions which are unaddressed, please do write into us. We will make sure that we can address those questions. But thank you again for attending the call and having a patient hearing. Thank you.

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