

27th October 2026

MHRIL/SE/26-27/62

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 second quarter and half year ended 30th September 2026

Further to our letter(s) dated 5th October 2026, 21st October 2026 and in compliance with Regulation 30 read with Part A, Para A (15)(b) of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 second quarter and half year ended 30th September 2026 held on Wednesday, 21st October 2026, which concluded at 05:23 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

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Mansi Laheri

Company Secretary

Membership No.: A21561

Encl.: a/a



“Mahindra Holidays & Resorts India Limited

Q2 FY '27 Earnings Conference Call”

October 21, 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 Mahindra Holidays & Resorts India Limited Q2 FY '27 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, this conference is being recorded. I now hand the conference over to Mr. Manoj Bhat, MD and CEO. Thank you. And over to you, sir.

Manoj Bhat: Good evening, everyone, and welcome to Mahindra Holidays Q2 F '27 Earnings Call. Joining me is our CFO, Rajiv Vimal. I'll quickly outline our progress against the strategy and our priorities before Rajiv takes you through the financial results.

Our strategy to recap was to scale our core business by enhancing guest experience while building a new luxury leisure hospitality offering. For the core business, I think what we were focused on was strengthening and building our Keystone proposition, which we have launched about 9 months back, widening and getting more premium resorts over a period of time and ensuring greater availability for our guests.

In line with the same, we saw progress on all fronts in Q2. So we saw that there was higher resort utilization. We saw premiumization in our product portfolio, while we continue 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 INR141 crores, while the upgrade value grew at 26% to INR83 crores. And upgrades are really a reflection of the confidence our members have in the product and that's a strong growth, which we have seen continuously over many, many quarters. Our average unit realization, including upgrades, grew up by 43% to INR13.4 lakhs.

So if I look at from this perspective, we saw growth overall. We saw growth in upgrades, and we saw growth in AUR. So it's been a good quarter on many fronts from that perspective. This upgrade opportunity is supported by our base of about 3,03,000 members. If I look at the breakup of how we have added members, organic and digital have contributed 66% of member additions in the quarter. So clearly, we are seeing that we are sustaining the momentum from referrals, which is again an indication of the strength of the program and the satisfaction of the members.

And of course, digital is something which is a new channel, which we have been investing in some time. The premiumization, which we have seen, is supported by really the holiday experience, which has become better for most of our members as we look at the scores from a satisfaction perspective. So overall, from that perspective, this has been a satisfactory quarter.

The other area which we have talked about in the past is our resort transformation or the portfolio transformation journey. In Q2, we transformed 2 existing properties, and I think they are both open. I think there are about 5 transformations underway as we speak. If I look at from a continued focus on exiting parts of the portfolio based on guest feedback and ratings, we continue on that journey.

So overall, during the quarter, we exited 6 resorts, taking the network to 5,762 keys across 106 resorts in September. So overall, there was a net reduction of 103 keys in the quarter. While these exits and ongoing transformation limit near-term visibility, I think overall, we are on track to add about 1,000 gross keys in the next 6 months. That is the current plan. And as they come on stream, they will broaden holiday choice and improve availability for members.

During the quarter, occupancy also grew by 220 basis points to 75.6%. And our resort revenue grew by 15%, which is, I think, the highest it has been in the last 8 quarters. And so really, our journey of focusing on premiumization, focusing on getting the right portfolio and also focusing on expanding guest experience, I think that's something which is showing results.

The new metric which we have started tracking is TRevPAR across our portfolio. As of September end, it is up 6% Y-o-Y to INR8,777 per room. And 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 F'30 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 F'30 target. This larger, better quality network will provide a broader base for resort-led revenue growth in the future.

Coming to the investments. On the capital side, we are allocating capital to both scale up the network as well as improve the quality. H1 capex was about INR312 crores. This is supporting some of the resort transformation and the new inventory projects. This is sharply up from INR166 crores a year ago.

To summarize what this investment will support is both from a VO income as well as income from stays, food and beverage and experiences of various kinds, including spa and wellness. And to me, this is the journey which will start bearing results as we go into the next few quarters.

From a technology and AI journey, I think there are multiple areas where we are using AI capabilities with one focus, which is about how do we improve guest engagement across both service and operations. If I look at the various things around paperless check-ins, around WhatsApp billing, around various tools where we are using it to anticipate guest needs and serve them better, I think that's also going very well.

Quickly coming to our international operations. HCRO 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 where it was a year back. And I think as the quarters progress, some of that will translate possibly into better results in terms of growth in the HCRO business, but that is something which we will monitor as we go along.

Consolidated PAT grew 17% year-on-year, reflecting the financial performance. H2, I think our focus is on execution. The first thing is about adding capacity, which I spoke about 1,000 keys. Second is actually accelerating Keystone's sales and upgrades. And to me, that is one element where there are some interesting developments in new channels and so on and so forth.

And lastly, I think working on operating efficiency because even today, for example, we have 442 keys, which are under renovation, which are not contributing anything to revenue. So overall, I think this is where the next 2 quarters are focused on. Looking ahead, I think we will continue to progress on our core business while developing our luxury offering. And to me, that is a journey which I think will play out over the next few quarters.

With that, I'll hand over to Rajiv Vimal for the financial review.

Rajiv Vimal:

Thank you, Manoj, and good evening, everyone. Let me briefly take you through the financial performance for Q2 FY '27. At a standalone level, total income grew by 4% year-on-year to INR395 crores, supported by a double-digit growth in resort revenues and broadly stable membership income. EBITDA stood at INR124 crores versus INR141 crores last year and PAT at INR43 crores versus INR52 crores last year, down by 12% and 16%, respectively, reflecting the impact of growth-linked costs.

Holiday Club Resorts recorded 8% revenue growth to EUR 36.5 million with an EBITDA of EUR 1.7 million compared to EUR 1.3 million last year. The net loss remained at EUR 0.3 million amid continued challenges in Finland. The HCRO loss in the Indian books, including interest and forex is, at INR18 crores vis-a-vis INR27 crores last year in quarter 2.

At a consolidated level, total income grew by 9% to INR819 crores and EBITDA increased 5% to INR194.8 crores. PAT rose by 17% to INR19.7 crores. Our standalone balance sheet continues to provide financial flexibility for expansion and transformation. As of September end, the deferred revenue stood at INR5,828 crores, and the cash balance stood at INR1,329 crores. Our focus remains on funding planned growth and improving operating efficiency.

And with that, we would be happy to open the floor for questions.

Moderator:

Thank you very much. First question is from the line of Yash Mehta from JKB Capital. Please go ahead.

Yash Mehta:

So I've got a few set of questions. So firstly, like how is the Keystone portfolio performing across Ebony, Ivory and Jade membership categories? And like which offering is attracting the strongest customer interest? And like what are the management's expectations for membership sales and realizations for FY '27?

Manoj Bhat:

So your question was about the mix, which we are seeing. So I think it's about 3 or 4 quarters data. But if I look at what is emerging as data is that our 10-year Ivory product is where the maximum membership is. And overall, the 10-year is the most preferred kind of product by customers today, followed by the 5-year product. And both of these put together is about 80% of the portfolio.

To me, the journey of Keystone was something which I think we are seeing 2 things. One is from a sales perspective, I think initially, there was a phase of familiarization and people understanding what the product is because it was different from our previous products, and that includes internal and external teams, followed by a period of kind of acceleration, which we are actually continuing to see now in sales growth.

The second thing was -- is really upgrades. So it is a product which is well liked by existing members, and we are seeing good upgrade momentum in that product. So if I look at upgrades, they have grown almost roughly about 25% to 27% from a Q2 to Q2 perspective. So I think that's where we are.

As we look at the current kind of net member addition is what we report. I do expect that over the next 1 or 2 quarters, we should see that number increasing because I think we are seeing traction. We don't give guidance on exactly where we would be. But that's where I think I'll give you a quick color on what you wanted. Does that kind of answer the question, Yash?

Yash Mehta: Understood. Yes, yes. Perfect. And also, like can you share the extent of like room inventory that remained non-operational during the Q2 FY '27 due to the refurbishment? And how did this affect occupancy and resort revenue? And lately, when are these rooms expected to return to operations?

Manoj Bhat: So currently, there are about 442 keys, which are in renovation. I think we expect that some of them will start coming in as early as Q3 and some of them will come into Q4. That's the majority of them should come back in Q3 and Q4. I don't have an offset of revenue impact, but because our revenue model is a combination of membership income and ASF and obviously, some other elements of resort revenue. So there is I don't have a calculation. But overall, I think we see that coming up being a beneficial in Q3 and Q4.

Yash Mehta: Understood. Understood. And also due to the given geopolitical uncertainty in West Asia and rising inflation across, so are you guys anticipating any moderation in travel demand during the quarter 3 of the year? And like considering the importance of the December holiday season, so could these factors affect in near-term performance or expansion plans?

Manoj Bhat: So Yash, I think there are 2 parts to the question. So because of the West Asia crisis, I think airfares have gone up. So what we are seeing is some destinations where people would typically fly in. I think we are already seeing some limited impact on occupancy. But I think what has helped us is I think more people are doing driving holidays, and so that's really compensating for it.

In our model, we are not very much dependent on overseas travelers. So from that perspective, we don't see a major impact of the West Asia crisis on occupancy even going into Q3. To your other point, I think where we have seen some impact is on some of the projects because the cost for delivering the projects have gone up in some cases. So that is something which and there have been delays on some other areas. So those are impacting openings a bit, which is one thing we are focusing on as we go into Q3 and Q4, how do we execute on those projects, but we are not pulling back on any of our plans based on the current situation.

Yash Mehta: Got it. Got it. And like lastly, so with investments being directed towards, sorry.

Manoj Bhat: Go ahead. Go ahead, Yash.

- Yash Mehta:** Yes. So with investments being directed towards both the new developments and the existing resort upgrades, so like how are you guys prioritizing capital allocation? Is the newly focused currently more on capacity expansion or improving returns from operational properties?
- Manoj Bhat:** So I think most of our capital will go to build new resorts, if I take a more longer-term view. And I think, - so if I look at the split, probably 70% of our capital will probably go towards new resorts and about 30% will go towards improving existing resorts. So that's the quick sense of how we are thinking about capital allocation.
- Moderator:** Next question is from the line of Navin Koushik M from ithought PMS.
- Navin Koushik M:** Am I audible...
- Manoj Bhat:** Yes, Navin, we can hear you clearly. Go ahead.
- Navin Koushik M:** Congratulations on a great set of numbers. I just have a couple of questions, slightly elementary. So if I went through the FY '26 annual report, so we reported a certain amount of deferred revenue that is to be recognized like less than 1 year. So if I kind of take that amount, which is around INR580 crores and I divide by 4, I end up getting somewhere around INR150 crores, right?
- But H1, if I see the run rate for the vacation ownership like revenue that has fallen slightly short of this number. So just wanted to clarify my understanding. So is this how I'm supposed to look at the numbers? So does that mean that in second half will kind of make up for this minor shortfall? Or is the recognition like more which is different?
- Manoj Bhat:** So Navin, I don't have the exact details on this. So is it possible that we connect with you offline and clarify this? Rajiv or someone from his team will connect and clarify this question.
- Navin Koushik M:** Yes, sure.
- Moderator:** Next question is from the line of Nishita from Sapphire Capital.
- Nishita:** Hello, Am I audible?
- Manoj Bhat:** Yes, we can hear you, Nishita.
- Nishita:** Yes. So I just had one question. I wanted to understand generally what is our revenue split between H1 and H2?
- Manoj Bhat:** So I think if I look at really 2 ways to think of it. In our VO business, I think the revenues are-membership revenues are allocated equally across quarters and depends on whatever growth which comes during the year. So that is relatively not seasonal.
- Similarly, ASF income is also probably not seasonal. So both of them contribute about 2/3 of our revenue. I think the other piece, which is the last 33%, I think typically, we would see a 35% to 40% depending on whatever specific quarter variations. And so it's a split of probably 35% to 40% in the first half, followed by 60% to 65% in the second half. That's one way to look at it.

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

Shreyans Gathani: I had a couple of questions. The first one was on we're going to start increasing our fees, I believe, from in the next 6 months and going forward from there. So in terms of our sales force, I would believe like we'll start increasing the member additions also. So should we expect a proportional increase in the sales force? Or are we already geared up for that? Because like in the past, we used to do more additions and we just spend the same amount in sales and marketing on the ground. So what should we expect going forward when we start adding members at a higher pace now?

Manoj Bhat: So Shreyans, thank you for the question. So if you look at from a sales force perspective, we don't anticipate adding seasonally. And so because what would that will remain roughly constant. So we don't need to add capacity for whatever we are trying to do in terms of some of the growth estimates which we have. I think on the marketing side, I think there might be additional investments, which we will do because specifically since you mentioned also that we are actually increasing keys. And so as we open new resorts, there could be incremental marketing spends, which are coming in.

And lastly, I think linked to it is some of the rebranding, which we are doing to Club M. I think there will be some spending over Q3 and Q4. But those are all broadly in the brand and marketing space and not really so much on the sales force and the headcount space.

Shreyans Gathani: Got it. Okay. So we are comfortable with the current sales expenses for the next at least some time, right? Is that the right understanding?

Manoj Bhat: That's true. And in fact, if I go back to what I said in quarter 2, especially on areas like our non-member business, et cetera, we have invested ahead of time. And that is something which in anticipation because the Q3, Q4 is typically the best quarters from a non-member business, particularly.

Shreyans Gathani: Okay. Okay. So actually, my second question was on that. So we've historically also seen like occupancy levels around 80%. - like just trying to understand how do we manage our inventory for member versus non-member and like do we try to achieve that higher occupancy whenever there's a shortfall in the number of members? Or is this like an optimum number now?

Manoj Bhat: So this quarter, the occupancy is obviously not representative of our usual occupancy. I think usually our occupancy on a full year basis will be between 80% and 81% and maybe even higher. So the way we are thinking about is that I think clearly, there is an algorithmic way of allocating inventory, which is about monitoring, because we have a very distinct pattern on member behavior over multiple years in terms of just booking patterns, cancellation patterns, how much in advance they book.

And then if they book in advance, then what is the typical ending occupancy based on whatever trends we have. So that is what we use to optimize from an inventory allocation perspective. And so you will see occupancy climbing as we go into Q3 and Q4, broadly speaking.

Moderator: Next question is from the line of Soumya Raghuwanshi from [Nirma] Securities.

Soumya Raghuwanshi: with half year capex reaching approximately INR312 crores, could management provide an update on the key projects under execution? And when are these investments expected to contribute to additional room inventory and earnings growth?

Manoj Bhat: So if I look at the current portfolio of products, so we have a resort, which we are building on our own in Ganpatipule, which is we are expecting that we will open around Q3 end, maybe Q4 beginning. It's at that stage.

If I look at the renovation projects, so we are renovating our Kumbhalgarh project. That was a complete renovation, we had shut it down. Again, that should come online somewhere in Q3 is what we know.

In terms of some of the other projects, Poovar has just opened, which is one of the other projects which was under renovation. Jaisalmer will open probably again in Q3, which is one more project which we are doing. And Gir will open potentially Q4 end, Q1 early. and in terms of the number of capex, I think we will probably spend almost an equal amount in the next 6 months to complete all of these projects.

Soumya Raghuwanshi: Okay. All right. The HCR's profitability improved between Q1 and Q2. What were the primary drivers of this turnaround? And does management expect the improvement to sustain over the coming quarters?

Manoj Bhat: So I think it's a seasonal business. So Q1 is a summer or early summer spring there, which is usually a weakish quarter. Q2 is when the school holidays and all of that comes in, and that's where I think the occupancy levels increase. So hence, you see better. Q3, again, is a softer quarter, and Q4 is typically the biggest quarter. That's the seasonality in HCRO.

Soumya Raghuwanshi: Okay. Okay. 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 offering?

Manoj Bhat: So it's a completely different proposition. So first of all, it is in the luxury segment. And so clearly, I think from a benchmark perspective, the benchmark for that property is very, very different from the existing Club Mahindra properties. We are looking to create something which is obviously targeted towards family and tribe. That's the positioning we have chosen a luxury resort for family and Tribe. By that, we mean family, everybody knows. But Tribe today means that groups of friends traveling together or 2, 3 friends and families traveling together. So there are multiple new definitions of what is considered family. So it is going to be that kind of offering.

In terms of the other point, we are making it really experience forward and discovery based. By that, we mean that it will be filled with rich experiences, which will be allowing our guests to discover them at their own pace. And so to me, that's the second theme which we are building it.

And the third one is really about how do we build a local element from a design upwards to elements around F&B, and elements around experiences. So clearly, these are the 3 big themes.

And to look at that, I think from a targeted ARR, we are looking at about INR20,000 ARR. So it's really a segment which is very, very different from the current positioning of our current offerings.

Soumya Raghuwanshi: Okay, sir. All right, sir. Sir, last question from my end. What kind of guest feedback did the company receive regarding the 350 keys exited last quarter? And how is management incorporating this feedback into its portfolio rationalization and expansion strategy?

Manoj Bhat: So we do a variety of customer surveys at various touch points. And based on that, we get 2, 3 scores, right? So we get a post-holiday feedback. Then we get verbatims. And today, we have a tool which actually, it's an AI-based tool which can scan the verbatims and literally rank resorts based on customer sentiment. So that's what we have used to look at some of these arrangements, which we have exited.

And consistently, I think 2 or 3 things. One is the quality of the infrastructure. And the second is obviously quality of service. They come out in various forms. I'm simplifying it in terms of my explanation. Based on this, we said that there is a minimum quality which we will have for resorts in our network, and that's where we started exiting these keys. And this year, we are on track to probably exit about 650 keys in total.

And last year, we exited roughly about 400-odd keys roughly. With that, I think the large part of the journey of moving out from lower customer rating resorts is going to be largely done. And from now on, I think it will be more of a normal kind of inventory expansion, which we will see.

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

Dhvaneet Savla: I had 2 questions. First is on our road map to reaching 10,000 keys by 2030. We already have certain projects in pipeline. So after the execution of the said projects, at what keys will we be standing? And what is the plan for going ahead from expanding from that point to reaching 10,000 keys. Have we already had earmarked places where we want to open resorts? And my second question is with regards to HCRO. A few quarters ago, I think we had spoken with regards to reviewing the entire business proposition. Have we made any progress on that front?

Manoj Bhat: So, Dhvaneet, what was the first question?

Rajiv Vimal: First question on 10,000 keys and the...

Manoj Bhat: Sorry, I had mentioned it in my opening statement. So if you look at the 10,000 key journey, based on the current identified funnel, which means there is a location, there is an initial view on number of keys. There is a commercial proposition. I think we are on track to hit about 85% of that target as we stand today. And clearly, we have 3 more years to go. And so to hit the remaining 1,500 keys balance, that is, we will have to find more options, which would happen in the next 3 years. Does that answer your question on the first one, Dhvaneet?

Dhvaneet Savla: Gross, right? We were looking (inaudible 35.14) or will this figure be net of removals of resorts, which are not doing that great.

- Manoj Bhat:** I'm giving you is net. Whatever I'm giving you is net. So and the second is from an HCRO perspective, you're right, we said we will do a strategic review. The strategic review is in progress as we speak. And I think as soon as we reach any kind of conclusions on that, we will come back. But at this point, it's in progress.
- Dhvanet Savla:** All right. Sir, just a small follow-up on the HCRO business. I just wanted to know that is there the net loss which is there? Is there a massive foreign exchange impact due to which these numbers look adverse in our report? Or it is just that the business is not performing that this quarter?
- Manoj Bhat:** So there are -- so first of all, I think the forex impact this year is minimal overall. But last year, we did see some forex impact, largely because of some of the loans which we had taken to buy this asset, which were euro-denominated and the last year, the euro moved adversely. This year, there has been no significant impact of forex.
- So I think from a perspective of the overall impact, I think we are looking at the impact coming through multiple things. One is there is interest cost on loans. There is a standalone HCRO number. And then when we translate into Ind AS, there is a lease accounting impact. So we are getting the impact of all 3 when we look at international operations, which is largely HCRO.
- Moderator:** Next question is from the line of Pahel Sharma from DD Capital.
- Pahel Sharma:** I have some couple of questions with me. My first question is that with the membership base exceeding 3 lakhs, so like how have member retention, referrals and engagement levels evolved compared to Q2 FY '26? And has the expanding member base resulted in higher resort utilization?
- Manoj Bhat:** So I think, so from a perspective of I'll pick up referrals first. Referrals is our biggest channel for new sales. And typically, in any given quarter, it is between 40% and 50% of new sales are coming through referrals. And that's been a consistent trend over multiple quarters. So as I had said in my opening statement that, that really reflects that the current members are happy to support in terms of giving referrals and enabling sales to people known to them. So that's the first one.
- Second is, if you look at our net reported number, I think there are 2, 3 elements there. One is cancellations, which also have been pretty stable. I don't think there's been any change. And last one is retirements, which is membership is ending. And so all of them put together get you to the net number.
- I don't think we have seen any change in trend, except overall, I think 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, that's up from about 11% in terms of number. So that is something which has improved over the last 4. So that's a bit of color on how member behavior has happened across these segments.

Pahel Sharma: Understood, sir. my next question is that what is management's strategy for identifying emerging resort destinations and with 8 resorts in the pipeline and development initiated across 5 locations. So what are the expected time lines for these properties to become operational?

Manoj Bhat: So on time lines, as I said, that we expect that most of the current pipeline will add up to 1,000 keys over the next 2 quarters. Now that I'm including our own projects as well as partner-led projects. So that is whaton the time line question.

In terms of how do we choose destinations, I think we look at it from 2 perspectives. What are the source markets and what are destination markets. And then we would filter it by distance from a source market or from a nearest airport. Ideally, we would prefer anywhere between 2 to 4 hours is the preferred destination. Obviously, the lower, the better.

I think in terms of destinations also, we typically have 3 classifications. One is established destinations, which everybody knows. Then there are emerging destinations which usually become established in a period of 4 to 5 years. And then there is pioneering destinations. So to me, that whole portfolio, we are looking at it constantly from that perspective. And that is where I was talking about, if I look at the funnel, I think that is how we have evaluated the funnel and made sure that these criteria are met.

And to me, if I look at the mix, I think with the spread of better connectivity both from a flight as well as from a road perspective, I think it is opening up more destinations as we speak every year. And that's something we continuously keep monitoring. And then there is obviously external data, which we get from various sources about, for example, what are the top search names, destinations and so on and so forth. So we layer all of that on top.

Pahel Sharma: Understood. Sir, my last question is like how are non-member bookings, corporate events and MICE activities contributing to resort revenue? And also, does management see an opportunity to increase their share in the overall revenue mix?

Manoj Bhat: So as I was answering one of the previous questions around inventory and inventory allocation, I think what we try and do is, obviously, we would look at what is the member booking pattern and then decide on how much allocation goes to nonmembers. What we are seeing is that as we are becoming more popular from a nonmember perspective. And as we are kind of reaching out to corporates and others, I think we are seeing growth coming in the corporate and MICE segment also.

And so to me, clearly, this is something which is a growth area, but it is still a very small fraction of whatever we do today. But this is going to be potentially a big growth area in the future as we add more resorts.

Moderator: Next question is from the line of Suhani Singh from ROS Capital.

Suhani Singh: So I just had 2, 3 questions. So following the exit of certain properties that did not meet the company's quality standards, how much portfolio rationalization is expected? And what impact could this have on the member-to-room ratio and resort level profitability?

- Manoj Bhat:** I think the member-to-room ratio will continue to improve because as I've said this in the past, our member addition is going to be focused while inventory addition is going to be, as I was articulating, 10,000. So overall, I think while we will do rationalization, which might impact some of the metrics for a quarter or 2. But if I take a longer-term view, member-to-room ratio will continue improving. And that's something which I have spoken about in the past also that I think it will keep going down as we add more rooms.
- Suhani Singh:** Okay. So with investments being directed towards both new developments and existing resorts upgrade, how is the management prioritizing- capital allocation? And is the focus currently more on capacity expansion or improving returns from operational profit?
- Manoj Bhat:** I think I just answered this question, and I had said that 70% is towards potentially new capacity and then 30% is about improving the current portfolio.
- Suhani Singh:** And how has the company's cost structure evolved during Q2 FY '27, particularly employee expenses, marketing costs and resort operating expenses? And if there are any opportunities for further operating leverage as the business gears up?
- Manoj Bhat:** So Suhani, that's a very broad question. I think overall, - I think there are 3 or 4 things we are investing in, right? So one is we are investing in capabilities. Now whether that is to build ,we are building a loyalty program, we are building an experience ecosystem. We are building the non-member business finance. We're investing in that.
- Then the second set of investments is really when we actually shut down rooms for renovation, I think we are obviously losing revenue and profitability both. So that's the second leg of investment. And the third leg of investments is usually new properties don't make money immediately. So that's the third leg of investments. When I consider all of these, right, I think our overall growth capital, we would have invested across these 3 would be about anywhere around INR9 crores to INR15 crores in any given quarter. So that's a broad sense I can give you -each of these line items is moving differently every quarter.
- Moderator:** Next question is from the line of Varun Mishra from SK Capital.
- Varun Mishra:** A couple of questions from my end. So sir, could you elaborate the trends in deferred revenue and recognition membership like income during the quarter? Like how is it?
- Manoj Bhat:** I'll pass that question to Rajiv.
- Rajiv Vimal:** So we can connect offline for any details on deferred revenue. But just to give you an overall view, 65% of our sales is coming from the VO business, out of which majority of the portion is coming in from the deferred revenue bucket. And as of September end, we've got INR5,800 crores as the deferred revenue bucket.
- Varun Mishra:** All right. And sir, what has been the trend in terms of new member acquisition, like the acquisition cost for Q2, like for this quarter? And like with the company increasing focus in the premium membership segment, are we seeing any improvement in terms of like acquisition efficiency for the overall customer base?

- Manoj Bhat:** I think I'll answer it this way. If I look at our cost of acquisition compared to a year back, I think as a percentage, it has reduced. And I think that's a journey we continue to be on because it's a function of both cost and revenue. And that's something we are targeting that there should be a sustained reduction in cost of acquisition.
- Varun Mishra:** Okay. And like, sir, for resorts, like the resort income grew like in this quarter, like on a standalone EBITDA and PAT has declined, but like the revenue has been increasing. So like what were the key factors? Maybe like is this something which is causing margin pressure? Or like could you elaborate on that?
- Manoj Bhat:** That's what I was mentioning that if you look at our numbers, I think there are investments we are making on future. There are investments we are making on transformation of resorts. There are investments like new resorts, which are not profitable initially. And then there are some changes like GST and some solar subsidies. All of these are kind of dragging it down currently.
- And over a period of time, I think we should see some of these come through for example, as the renovated resorts come back, we should see that disappear. As volume goes up in terms of some of the activities we are doing, I think we should see that improve. So I think there are multiple levels to this in terms of margin levers as we go forward.
- Varun Mishra:** Okay. So can we expect, let's say, H2 to be a bit profitable? Or how is it?
- Manoj Bhat:** H2 typically is more profitable for us in any case. And Q2 is usually our worst quarter.
- Varun Mishra:** All right, sir. And like one last question from my end. So how has the cash generation evolved like, let's say, from H1, particularly in relation to the increasing capital expenditure, which you mentioned we're making. So like do we expect any internal accruals to like should that be sufficient? Or are we planning to raise debt or something like that?
- Rajiv Vimal:** So the cash generation for the H1 period is in line with H1 last year. And we have invested almost double the capex of what we've invested last year. Our cash balance stands at almost INR1,300 crores. So we are going to rely on the internal accruals for future expansion as well as transformation.
- Moderator:** Due to interest of time, this will be the last question. I now hand the conference over to Mr. Manoj Bhat: for closing comments.
- Manoj Bhat:** Thank you, everyone, for joining the call. I know there are a couple of follow-ups, and please do reach out to us, and we'll address those questions. I think there was a question around deferred revenue accrual, and then there was another question from the details around that. So we will try and answer those offline. But thank you for joining the call and see you next quarter. Thank you.
- Moderator:** Thank you. On behalf of Mahindra Holidays & Resorts India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.