May 05, 2025

MHRIL/SE/25-26/13

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 fourth quarter and financial year ended March 31, 2025 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Ref: Our Letter No. MHRIL/SE/25-26/04 dated April 16, 2025

This is in furtherance to our letter No. MHRIL/SE/25-26/04 dated April 16, 2025, wherein the advance intimation of the Earnings Conference Call scheduled to be held on Friday, April 25, 2025 with Investors/ Analysts / Funds on the financial and operational performance of the Company for the fourth quarter and financial year ended March 31, 2025 was submitted to the Stock Exchanges.

In compliance with the SEBI Listing Regulations, please find enclosed the transcript of the aforesaid conference call which is also hosted on the website of the Company www.clubmahindra.com.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Mahindra Holidays & Resorts India Limited

DHANRAJ NARSAPPA MULKI
Digitally signed by DHANRAJ NARSAPPA MULKI
Date: 2025.05.05 14:39:47 +05'30'

Dhanraj Mulki
General Counsel & Company Secretary

Encl.: a/a

"Mahindra Holidays & Resorts India Limited

Q4 FY '25 Earnings Conference Call"

April 25, 2025

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

Moderator: Ladies and gentlemen, good day, and welcome to Mahindra Holidays & Resorts India Limited Q4 FY '25 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 over the conference to Mr. Manoj Bhat. Thank you, and over to you, sir.

Manoj Bhat: Thank you. Good evening, everyone, and a very warm welcome to our Q4 and full year FY '25 Earnings Call. On the call with me today, I have Mr. Vimal Agarwal, our CFO. You can find our results and investor presentation on the stock exchanges and on our company website. I hope you had a chance to go through them. I also apologize for the rescheduling. I think our meetings went over. So apologies for that, and thank you for joining the call.

Firstly, I think I'm very happy to report that our overall performance has been very, very robust, both at the quarter and at a full year level. Our quarter 4 PAT, excluding one-offs, and Vimal will talk a bit about that, for standalone is up by 61%. And at the consolidated level, it is up 12% Y-o-Y. If I look at the full year, the PAT, excluding one-offs, is up 25% at the stand-alone level and up 37% on a Y-o-Y level.

So to me, I think these numbers are very, very strong in terms of profit growth. The one-offs are related to some income tax-related refunds in the previous year and forex movements in both the years. And I think that's something which Vimal will walk you through.

The key highlight for me for this year and for this quarter has been the inventory addition. I think we continue on our strong momentum. Through the year, we have added 520 keys and 7 new managed resorts across India. So we have Bharatpur, we have Pavagadh, we have Patkote, Agra, Mysore, Ranthambore and the newest addition, our first one in Andhra Pradesh which is in Dindi. We just opened it recently.

So I think from our perspective, as I had mentioned to you guys, that is going to be our number 1 focus is about how do we increase our network so that we can service our customers very well. In addition to whatever I mentioned on the 7 resorts, we have 4 greenfield, brownfield projects, and we will commence construction of a few more this year.

And I do believe we are that at least 2 of these greenfield or maybe more will be live by this year-end. And we will commence a few more during the course of this year. Our current inventory is about 5,850 keys, and we have a very strong pipeline for the future. And our overall kind of target or mission of trying to hit 10,000 keys by FY '30, I think we are progressing very, very well on that.

If I move to the demand side, I think there are 2 approaches we are following. And I think the first one is about a strategy of premiumization and targeting the right kind of customers and pursuing a more focused and sharper approach for member addition. I think what that has resulted in is member addition has gone down.

But if I look at our average unit realizations, they are up. So if I look at the full year AUR, as we call it, is INR5.73 lakhs, which is up by 39%. If I just take Q4, I think it is about INR7.7 lakhs, which is up 82%. Mind you, this is also including upgrades because upgrades is a real measure of how our current members are perceiving what we are offering. And I think I'm happy to report that in FY '25, upgrades is also up by 14% Y-o-Y.

And also, it is contributing meaningfully to overall AUR growth. In FY '25, we've added about 12,400 members, and our cumulative member base is at 3,04,000. The one other measure we do is how many member additions are coming through the referral and digital route. That's up to about 59% in FY '25, and that's something which is continuing to remain strong.

The last one, which is a key metric for us to track is that our member-to-room ratio has improved to 52 from 56 last year. And as I had mentioned over the quarters that, that is a key goal that we ensure that availability for our members goes up.

Coming to the resorts, I think, as you well know, I think the first 2 quarters were slow for us, but I'm happy to report that resort revenue in Q4 is at INR107 crores, up by 14% Y-o-Y. And at a full year level, it is about INR396 crores, up about 8%. And I think to me, this acceleration has come from many fronts. I think, obviously, there is a volume increase in terms of number of rooms.

And then there is a consistent occupancy, which has happened throughout the course of this year. All of this has contributed very, very well to this metric on resort revenue. So, if I look at the entire quarter performance and the year performance, I think the objectives we started out with about premiumization, about inventory growth, about focusing on resort revenue improvement, I think we are hitting many of these metrics.

Overall, a few comments on the market before I pass it on to Vimal. I think the market continues to be strong. And I think from an industry perspective, it is the highest ever ARRs or ADRs and highest ever occupancy. That's where the industry is.

And I think we are seeing similar patterns. There are obviously some pockets for us like Sikkim, etc., which are not doing well because of weather and other patterns, but that, I believe, it is temporary. So overall, I think we seem to be in a strong position, and I think we'll build from here.

But first, let me ask Vimal to take you through the numbers in more detail, and then we will open it up for questions.

Vimal Agarwal: Thank you, Manoj. I will be covering quarter 4 standalone and consol first, followed by full year standalone and consol numbers. Starting from Q4 standalone, our total income was INR398 crores, which was up by 6% Y-o-Y. EBITDA stood at INR132 crores, which was 41% up with margin of 33% in Q4.

PAT excluding one-off was INR57 crores. Last year, quarter 4, we were at INR33 crores. Excluding one off growth of 61% in quarter 4. Our deferred revenue touched INR5,736 crores by 31st March '25. Cash position also exceeded INR1500 crores. We are right now at about INR1,555 crores as on 31st March '25.

Our consolidated numbers, total income stands at INR807 crores. EBITDA was up 7% to INR233 crores, and our EBITDA margin also touched 29% in quarter 4. Our PAT at reported level was INR73crores after excluding a one-off of INR12 crores, it comes at INR85 crores, and it was 12% Y-o-Y higher.

Moving on to the full year financial numbers for standalone. Total income was INR1,545 crores, which is up 8%. EBITDA was at INR492 crores, up 18% Y-o-Y. EBITDA margin touched 31.8%, and our PAT excluding one off was at INR197 crores.

Moving on to the consol highlights for FY '25. Our total income was INR2,910 crores. EBITDA at INR708 crores and EBITDA margin was 24.3%. Our PAT, excluding one-off, was at INR134 crores, which was up 37% Y-o-Y versus INR98 crores last year, which had 2 one-offs: one, income tax, which Manoj talked about and also the forex was there in last year.

With this, I'll request if the floor can be open for questions, please.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Pankaj Kumar from Kotak Securities.

Pankaj Kumar: Sir, question pertains to your inventory addition plans for FY '26. So how do you see that, say, next 1 year or so, what kind of inventory additions that we are planning to have?

Manoj Bhat: So if you look at FY '26, I think you have to look at it from 2 perspectives. We will add a lot of rooms, but we will also exit some resorts where what we have done is we have done a lot of data around quality and customer feedback on some of our associate resorts. So at a net level, I do believe that next year will be higher than this year.

And I think, as I had mentioned, I think, publicly last quarter also, I think our 5-quarter target starting from Jan was to add about 1,000 rooms. I think we are well on track for that. But of course, you also know that -- I mean, there are multiple steps along the way, but that's what we are targeting at a gross level. And the net level then will be lower because we will move out of certain inventory arrangements and certain associate resorts.

Pankaj Kumar: And sir, you also highlighted that you would be adding a few more greenfield resorts by year-end or something. So if you can touch upon that, where exactly we are looking at? And what would be the size of those in terms of capex?

Manoj Bhat: So Pankaj, so first of all, I think I said we will start because, as you know, it's a process to get it done. So over a period of time, the capex will come. But since you have brought up capex, I think if I look at capex for FY '26, I think it will be higher than FY '25 on account of 2 things.

One is completion of our 2 large projects which are going on or I should say, completion of one and partial completion of the other, which is in Ganpatipule in Maharashtra, which is a fabulous location. And the other one is we are building something in Theog in Himachal, which is again a fabulous site on the top of a hill. So that will consume a lot of capex.

The second element is, I think some of our older resorts will come up for refurbishment. And I think we will look at closing certain resorts for certain periods of time as we completely overhaul those resorts. So we have identified about 3 to 4 resorts, we will do that. So in a way, this is a year where I think we'll have both the capex elements going. And that's something which could be a meaningful increase from the current year's capex.

Pankaj Kumar: And sir, on the member addition side, of course, we are rationalizing our products and we are focusing on premiumization. So can we say that we have achieved our goal in that and now onwards we'll see more of a member additions will be in line with the inventory addition?

Manoj Bhat: So my own sense is that, first of all, as a theme, inventory addition will lead member addition. I think that's what we set out to do. And because I think from my perspective, addressing the availability issue, which seems to be the top-of-mind issue, for most customers is probably priority number 1.

Secondly, if I look at the changes we are making, I think there are 2 or 3 types of changes, right? So first is, I think there is this drive towards product simplification. Then there is this drive towards targeting the right customers. And then there is the third one was more geographical saying, which are the areas we want to be present in from a customer acquisition perspective.

So I think I would say number 2 and number 3, which is the targeting as well as probably the kind of new approach to the customer acquisition organization. I think that is largely done. I think the product simplification is a little bit of a process, but my sense is I'm hoping that members will perceive that or other prospects will pursue that very positively over a period of time.

But to me, I think to answer your question differently, I think inventory will lead member growth, I think, even in FY '26. Also, I think we will obviously move away from what I would think as the FY '25 at the bottom from a member addition perspective. So on a full year, we will see growth from here. And of course, I can't give you exact numbers, but that's the sense I have today.

Pankaj Kumar: Just last question, sir, that is on the retiral side. So, we have seen around 1300-1400 kind of retiral every quarter. So is it going to be on the decreasing side or how you see retirals going ahead?

Manoj Bhat: So that will be about flattish as we look at the near term, let's say, 3 to 4 quarters. And then I think depending on which kind of product it is, it might move a bit here or there. In a way, I think our effort there is obviously to reconvert them back as members.

But even otherwise, I think if I look at some of these retirals, which are coming, there's a significant, I would say, per room price differential between exiting members and current members because of the tenure of some of the memberships. So I think that's what we will look at. But I think in the near term, we would be in that zone only about 1400-1500 a quarter, give or take.

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

Shreyans Gathani: I had a couple of questions. So for the member-to-room ratio, it's been steadily declining. As you've mentioned, it's like the top priority for availability. So at what kind of ratio do we see this stabilizing at? Currently, we are at 52. So long term, how do you see this stabilizing at?

Manoj Bhat: So Shreyans, thanks for the question. So the way we are looking at it is, I mean, we are not prefixing a target. I think what we measure is 2 or 3 things. We measure resort-wise patterns on refusals. We measure kind of break it up by region and so on and so forth because there is almost a tendency of member behavior where a lot of members prefer to be in drivable distances to their home location and so on and so forth, and that's increasing with better highways, etc.

There's another set of members which will try and do an airplane flight directly and try to holiday. And so the way we would look at it is when we see refusal rates come down, outside the highest demand resorts and as a general availability goes up, that's when we will feel the journey is done.

I mean if you want to take my kind of estimate or our estimate right now at this point, maybe it's between 45 to 48 is probably the zone where we think that could happen. But it could happen early. It's not really firmly based on just having a target and going for it. It's a kind of a continuous reevaluation of the metrics based on the data we get.

Shreyans Gathani: So second question is on the AUR and the membership balance. So as we've seen the AUR shooting up so significantly, but that's coming at cost of the membership. So do we keep on expecting this AUR increase? Or at some point, you're going to reduce or like balance the member addition and the AUR increase that we are seeing?

Manoj Bhat: So if you look at AUR, there are 2 components. One component is about the base product price and the product mix. The second component is the share of upgrades overall, right? Because upgrades don't add members, but they do add sales. So the way I would see it is the first part, which is the product-based thing, I think we have just taken a price hike.

So we would see some of that flow through as we go into this year. And the second part of it, which is upgrades, I do believe that we had a strong year, but I think that would kind of start to flatten out. And then so last thing is the denominator.

So my sense is we are peaking on AUR, and I had probably said it last quarter, but I think upgrades did well again and so on and so forth. And obviously so to me, I think we are at the peak in terms of AUR. But at least we'll see some benefits coming from price hike over a period of time.

Shreyans Gathani: So last question is on the leased versus owned resorts. So like we would still continue at a 50:50 ratio? Or is that going to change going forward?

Manoj Bhat: So as you think of it, I think there are 2 parts to this. I would say that the 50:50 ratio will swing towards lease. And loosely, maybe it's a 70:30, 30% owned and remaining leased. But it will catch up again when we start doing the greenfield again. So it will be a little bit dynamic. But right now, I think you should assume it at 30:70 or something.

Shreyans Gathani: So do you assume that given the higher rates that we have and the upgradations that we're doing like the newer resorts, and we are looking to actually premiumize like one notch above in what our offerings are like from an overall perspective for Club Mahindra, it's just getting like a more premium brand than what it was before?

Manoj Bhat: See, I think that's a great question, Shreyans. So from our overall perspective, I'll come to the premium brand or not. I think there are 2 or 3 things we are trying to do, right? So one is the resort offering we have, I think we are upgrading it a notch across the board. This is for the existing, and so it's a beginning of a cycle of upgrades.

The second one is for the newer resorts, anyway, whatever we are kind of getting into, I think, will be, I would say, a little bit better than where some of our older resorts were. So I think overall, if you see resort quality, I think you should see that perception change in terms of resort quality.

The second from a pricing perspective, what we have come to the conclusion is that we can service a certain kind of customer very well. And then there's another set of customers where we are not able to give them the experience they want in our resorts in terms of whether it is about the expectation on food price, etc. So I think we are actually thinking of it from that perspective that we will target those customers.

Moderator: Moving on to the next question. The next question is from the line of Himanshu Shah from Dolat Capital.

Himanshu Shah: Congratulations on great set of numbers. Just a couple of questions. First is, can you just provide some color what will be like upgrade number of members that we would have upgraded for the year? And it should start flattening out from here on in terms of upgrade value or it should even start tapering off also gradually?

Manoj Bhat: Just give me a second, Himanshu, I'll give you that number. It's not handy with me, but I'll come back towards the end of this question. Yes. What's the other question, if you have any?

Himanshu Shah: Second is on the sales and marketing cost. So it looks like that we have been optimizing this particular cost line item quite significantly. So is that process behind us? Or there is some more juice left on that particular line item? And secondly, as the member addition pace starts picking up, should the cost increase be directly proportional to the number of member adds or it shouldn't increase in the same proportion?

Manoj Bhat: I think, Himanshu, if I look at that particular cost item, right, structurally, it's split into three parts. So the first part is really about offers and so on and so forth, which we used to do. And the second part is about clearly events and geographic spread, right? So if you cover more cities so that's the second piece of it, which is I would call from a channel event perspective. The third part is about marketing spend overall.

And in fact, there is a fourth part is about -- I think we do club some of that also in sales cost is about some of the behavior around incentivizing members to pay EMIs and ASFs, which were a cost to the company, which we have reduced.

So if I look at it, in each of these four buckets, I do believe that I think it might be more of a longer-term change that offers, etc., will be low. I think if I look at the second element around lead generation and events and so on and so forth. Now that could go up as we build out more in terms of sales. The third element around reduced incentives for members for payments, etc., that's probably a permanent feature. And the fourth element is around…

Vimal Agarwal: Marketing.

Manoj Bhat: Marketing could go up as we build out, but that's probably as we go into expansion mode when we get the right mix going. So overall, that's the way I see it from those 4 buckets.

Himanshu Shah: And just a follow-up on this, what would be the current cost mix of these 4 buckets, broad current cost mix or for FY '25?

Manoj Bhat: Himanshu, I think there are various cuts to it, but I would say that -- in fact, I think I don't have it handy, but I'll probably see if we can figure out a way to share it with everyone. Yes. You wanted to know the number of count of upgrades in the course of the year, right?

Himanshu Shah: Correct.

Manoj Bhat: So it's about 11,500 members upgraded. And I think we are seeing an increased trend of upgrades because I think what's happening is that people who join in, in certain seasons, would like to move to the next season. I think we are seeing that as a strong trend. So I think that's something which we expect the membership count to go up. But I think we have had a strong year. So I was kind of saying that maybe we won't see that kind of growth again.

Himanshu Shah: And just on two more line items. One is the price increase that we have taken for a new member, excluding upgrade. Because there is a significant jump in that particular number, both in Q4 as well as on a Y-o-Y basis? So what would be attributable to mix change? And how much would be the pure price increases at portfolio level?

Manoj Bhat: So I think there are two things happening. So part of something you see in Q3 and Q4, especially Q3 is we cut down the 3-year product, right, and replace it with a 5-year. So you're seeing a product mix change. The second is our regular price increases usually come in the month of April. So that is not a big factor. So it's more about mix. It's about product changes. And I think the price increase will only come into effect now as we are speaking.

Himanshu Shah: Okay. And what would be our mix of...

Moderator: Sorry to interrupt. The next question is from the line of Senthil Manikandan from iThought PMS.

Senthil Manikandan: Sir, first question is with respect to the Holiday Club Resorts. So how has been the perspective change since you have joined? Or is there any strategy change expected from that? That's my first question.

Manoj Bhat: So Senthil, thank you for that question. So I think my stand on this has been consistent. I think if you look at what's happening first in Finland, I think the economy is going through kind of a tough period, which has not been seen before.

Secondly, I think if I specifically look at what happened in quarter 4, I think there were some weather patterns. So for example, it was not snowing in large parts of Finland till late in the winter, and it was early spring also. So I think a lot of the patterns around travel and tourism got disrupted. So in the short term, that has impacted results.

But from our perspective, this is an economy which will recover. And potentially, nobody can see what will happen politically. But if there's any resolution on the Ukraine-Russia front, that could be hugely beneficial to HCRO because a large proportion of their spending, high-spending customers who are from Russia were not coming here.

So in my mind, the team has done a reasonable job in managing metrics through this toughest period. And that's what we'll remain focused on before we take any kind of strategic call on this. So I think right now, it's a time to be a little bit focused on what happens this quarter, next quarter and then we'll see how the events evolve.

Senthil Manikandan: Second question is with respect to the product mix. So if you can share some insights in terms of how the movement from 3 year to 5 year has happened and you can share some metrics on that?

Manoj Bhat: So Senthil, I can't go much into detail considering -- obviously, it is a bit nuanced across multiple geographies. But at a broad level, whatever percentage share the 3-year product had was almost perfectly replaced by the 5-year product, which seems to indicate that if you have the right product and kind of look at it the right way, I think there is a propensity of people to pay more. And so we didn't suffer on account of the mix at all when we moved from 3 to 5, yes.

Senthil Manikandan: Sir, last question is, considering the weak expectation from the IT sector, so is there any data point like a number of customers, the share of customers from the information technology side or any insights on that, sir?

Manoj Bhat: So Senthil, I don't really have the data on exactly how many people or how many members are coming from IT. But if you look at our TG, right, I think our TG is more about, I think, an income of a certain level and above. So the broader kind of slowdown because if you look at the average age in IT is probably 28-29 now. And that might not be our TG on an average, right?

Now obviously, the next level is our TG. And I think if I look at it, I think we are not seeing any such signs that our membership is impacted. But as I said, I don't have off-hand data how many of our prospects and new members are from IT. But frankly, it's not come as any of the reasons in any of our discussions with our broader sales teams.

Moderator: The next question is from the line of Akshat Bairathi from RSPN Ventures.

Akshat Bairathi: Sir, my question is on the tax rate for the FY '26 full year. So can you please guide on that? What will be the expected tax rate for full year?

Manoj Bhat: Vimal, do you want to take that?

Vimal Agarwal: So for the standalone purposes, fundamentally, the same tax rate will continue to apply whatever is the corporate one, which is 25% plus. And so far as HCRO is concerned, the tax rate is slightly better, and we do create deferred tax in case there is any loss. But I don't see any major variance versus FY '25 so far as our tax effective rate is concerned.

Akshat Bairathi: So it will be around 35% only?

Vimal Agarwal: No. For India, it's 25% and HCRO business is about 20%.

Akshat Bairathi: No, sir. I was talking about the consolidated numbers?

Vimal Agarwal: Yes, 35%.

Moderator: The next question is from the line of Varun Mishra from AS Investments.

Varun Mishra: Congratulations on the good set of numbers, sir. I actually had a couple of questions. So regarding the Hotel Club Resorts, like we have seen a decline in the revenues. So what strategies are we planning to implement to boost revenues in the future?

Manoj Bhat: So I presume, Varun, you're talking about Holiday Club in Finland. So from that perspective, as I mentioned, I think clearly, I would say till almost, I would say, till November, December, I think things were looking very good, but the last winter has been a bit patchy in terms of weather patterns. I do expect that to normalize.

Now nobody can predict the weather, but I do believe that that will normalize over the course of the year. And so we should be back to growth next year is our expectation. But in terms of strategies, I think that business does two or three things. One is it has conventional hotels.

And the second thing which they do is they have an active timeshare business. So the timeshare has been impacted because of the economic conditions because obviously, people need to have the buying power as well as the inclination. And I think as you go through economic difficulties, some of that is impacted.

And as the economy is expected to improve going into the later of the year, I do believe that's positive for the overall business. And then the hotel business recently has been impacted by these weather patterns, but I think that should -- at least we are seeing a recovery from that as we go along.

Varun Mishra: And sir, we have started new Corbett National Park at Patkote. So like what's the demand and the footfall over there, if you could give me a rough idea?

Manoj Bhat: We don't share individual resort data. So -- but on an average, and for most of the resorts, I think what we see is as soon as it becomes a little bit popular and starts coming in some member reviews, etc., the occupancy starts peaking. And in fact, if I look at some of our resorts, which were launched in Q3, I think we are consistently running between 80% and 85% kind of occupancy. So I fully expect Patkote to also do the same. But early days yet, and we don't share resort specific.

Varun Mishra: And sir, anything specific like which we are planning to add in other resorts or any activities or anything of that kind?

Manoj Bhat: Also, we continuously keep adding something or the other. And then based on member response, we either keep it or we substitute it with something else. So to me, if I look at resorts, again, the big theme is, first is transformation in the form of just upgrades and upkeep and some of the other things which we have heard about.

But otherwise, I think most of our resorts, we get very good reviews about overall experience. We have amongst the highest, what we call as post-holiday feedback. I think it's very, very good across most resorts from a service perspective. And from an experience perspective, I think we do cater to various categories, and that's something we keep adding. But I think Varun, we do add quite a few every quarter and drop quite a few every quarter to resort.

Varun Mishra: And sir, my last question is like what's the status of the 2 brownfield expansions like we were planning? And whether are we in line with the expectations?

Manoj Bhat: So I think we were planning in two places, which is Tree House in Jaipur and Kandaghat. Both are on track. They will be completed this year.

Varun Mishra: So like will it be operational in the next quarter, so we can expect the revenues coming like in the next quarter?

Manoj Bhat: I think it will be probably, I would say, this year, whether it is Q2 or Q3, that kind of a time frame, maybe even goes in Q4. So I think it will be in that zone, not in the first quarter.

Moderator: The next question is from the line of Nidhi Agarwal from ADS Investments.

Nidhi Agarwal: Sir, my first question is in the previous earnings call, the management mentioned plans to optimize food and beverages pricing at the resort to enhance the customer experience and reduce members from choosing outside dining options. So have you observed a positive shift in members preference towards in-house meals compared to the earlier trends?

Manoj Bhat: So thank you, Nidhi, for going back and looking at that. So it was quite an interesting outcome. So when we reduced the prices, I think we didn't see any increase in what we call as capture rates or any meaningful increase is probably the right way to look at it. But in some resorts, we did see some traction.

So based on that experiment, I think we are being kind of choosy in how we offer these discounts. So we pulled back the broader discounts and gone back to original prices. And so it's not had a negative impact, but it has had a positive impact in certain results.

Nidhi Agarwal: Sir, my second question is like, could you share the overall guidance on membership referral programs and the other key additions that you're planning for FY '26?

Manoj Bhat: We don't guide. And as I had mentioned in the previous answer, I think that's something which we will keep continuously evaluating. And my own sense is that I think we will probably, as I said, grow on a full year basis, but that's what I can give you at this point.

Nidhi Agarwal: Sir, my last question is, how are you planning for the inventory base to reach 10,000 keys by FY '30? Like out of the additional keys, for how many keys we have already signed an agreement and are at different stages of construction? So if you could help me with the overall visibility?

Manoj Bhat: So I think instead of defining stages of signed, etc., I would -- because we have multiple stages. So we actually signed the lease just before launch. So in our case, signing and launching is very close to each other. So it might not be a right metric. But what I would call is a broad agreement, I think there, we have a good number.

So if I look at the overall current funnel visibility, I would say that out of the key addition, we feel fairly comfortable that we are probably 60% to 70% of the way there in terms of the funnel. And we have to work on the remaining, whatever, 30% over the next 3, 4 years. That's the way I would look at it broadly. And this includes -- that includes owned plus leased, yes.

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

Shreyans Gathani: So I think our call got disconnected. So if you could just throw some light on the Club Mahindra brand. Are we like trying to go up one notch or just on that?

Manoj Bhat: Yes, Shreyans, I think I was saying probably I don't know where we got dropped off, but maybe I continued speaking. So I said that from a resort perspective, clearly, we are going a notch above in terms of renovations and so on and so forth. From new resorts also, we are planning to move up. From a customer perspective, as I mentioned, I think we are looking at customers who we can service very well.

And that means we have put certain guardrails around minimum down payment and income levels and so on and so forth. So overall, I would say that the journey is broadly towards making the overall experience more premium. And that hopefully will rub off on the brand as we go along.

Shreyans Gathani: So just one question in terms of understanding, so do all the members pay the same ASF or it's different from the time they've joined the membership? Just trying to understand that.

Manoj Bhat: So ASF is same for the same category of room. So for example, all studios will pay the same ASF in that year. One bedroom might pay higher. I think that's the model.

Shreyans Gathani: So I meant like if someone's joined in 2015 versus 2020, currently, they'll be paying the same amount, right?

Manoj Bhat: Yes. It is, it is. So because it is based on the principle that it is for certain kind of resort expenses, which is then allocated based on the kind of room you have.

Shreyans Gathani: Just last question. So what kind of differential are we seeing in terms of like the people who are retiring currently and the new additions that we're doing like in terms of like if you -- maybe not numbers, but just like a high-level sense of the pricing differential?

Manoj Bhat: Actually, it's a complex question, Shreyans, because you will have some members who are 25-year members and their pricing differential could be substantial. And I don't have a ready mix for you, and then there could be the GoZest three who joined probably 3 years back or 4 years back, they are at a different point. But I think I don't have an answer for you straight away, Shreyans, sorry.

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

Pranav Tendulkar: Sir, reduction in sales and marketing expenses, is it a per unit reduction there? Or it's just because the new member addition has reduced and will it continue? Like what is the sales and marketing strategy to improve new member addition? If you can throw some light on that, that will be useful.

Manoj Bhat: So I mentioned sales and marketing, I think one is an approach in terms of offers and discounts. So that's something which is linked to per unit. The second is about lead generation overall and geographical presence. I think that is something which is probably not unit-linked, and that's more a choice of the customer engagement or customer acquisition organization, and that's the choice we have made.

So, that is not linked to unit. I think the sales and marketing is again not unit linked. It is broadly in a way discretionary. And that's something which as I mentioned, I think we will continue to start investing again. But I don't anticipate it to go much because we are optimizing what channels we use and what events we are doing. I think that's the way I would look at it. So the only one which is unit linked is probably the offers, etc.

And lastly, I think I had also mentioned about how we removed some of the incentives for payment of whether it's EMI or ASF, that is obviously really not even sales cost, but it's a different kind of cost. We classify it under sales cost.

Pranav Tendulkar: Just last question from my side. Sir, now the weeks available for members is like 52, 52 members per room. So will that number go even below this 52? Or is it now stable and now the member additions and room additions will match each other?

Manoj Bhat: So Pranav, I did kind of touch upon this earlier. So what I had mentioned is that the way we are doing it is we monitor refusals by resort, by clusters. And also, there are some 5, 10 resorts where it is always high demand. So I think we continuously evaluate and then decide how do we think about inventory.

And I also said if you want me to put in an estimate, I would be comfortable with a 45 to 48 zone and then kind of build from there. But it's not even a target. I think we continuously monitor it and then decide what to do.

Moderator: The next question is from the line of Gitesh M. from Minerva Global Capital.

Gitesh M.: What I wanted to know is that at an aggregate level, how are the newer resorts performing as compared to the already established property portfolio? Are the properties managed with a different management style? Or is it the same? Could you perhaps give us an idea?

Manoj Bhat: So firstly, I think the management style and the philosophy remains the same, right? So because it's really what we are trying to keep together is the experience we give to our customers and I think we are probably the only family-oriented leisure kind of resorts and destinations which we have and we want to keep that. So from that perspective, that approach remains the same, whether it is new or existing resorts.

Second is, I think, really, as we are building these resorts, I think one of the things we are trying to factor in is what I mentioned was about approach and service, also about what are the standard features in our resorts. For example, all of our resorts will need to have what is called HAPPY Hub, right?

And all of the resorts need a certain configuration. And I think we are now very early in the cycle starting to talk to our partners who are leasing or building for us because that's another model, which is very, very picking up very strongly. They are building resorts for us. I think that comes as part of the package now in terms of what is our standard configuration.

The third part is probably about what happens in terms of performance. As I mentioned earlier also, I think there will be a lag for a few months on new resorts in terms of occupancy. But what we have generally seen is that as word spreads and members come to know, that catches up.

So if I look at the last 4 quarters new resorts versus our existing resorts, there is a marginal difference, if I come to the resorts, let's say, launched in Q1. But if I look at resorts launched in Q4, I think there the difference might be deeper. So I think that's the way to look at it because it takes some time for resorts to catch up to existing resorts in terms of occupancy and so on and so forth.

Gitesh M.: I had one last question. Could you also share the company's medium-term financial expectations, something specifically what growth rates you're targeting, let's say, for revenue, EBITDA and for any other margins?

Manoj Bhat: We don't guide. So I think unfortunately, Gitesh, I can't help you with that.

Moderator: The next question is from the line of Sahil Vora from M&S Associates.

Sahil Vora: Sir, I had a couple of questions. My first question is regarding the status of our 2 brownfield expansions. I wanted to know if they are in line with our expectations?

Manoj Bhat: I did answer this question that they will come online this year and which is what we had budgeted for, if that is the question you're asking.

Sahil Vora: Sorry, I joined the call late, so I must have missed it. Sir, can you just tell me which quarter of FY '26 can we expect the completion of the projects, Kandaghat, HP and Tree House?

Manoj Bhat: So they will be online, I would say, broadly H2, right?

Sahil Vora: Sir, my next question is regarding the benefits that we are getting from cross-selling products in our existing resorts. If you can throw some light on that?

Manoj Bhat: So I think, Sahil, you're referring to upgrades, I guess, right? So because what we do is, I think when people visit our resorts or even otherwise, I think we are noticing that there's a distinct trend that members who start with probably a plan which is of a lower season in terms of dates, quickly look to upgrade to higher season.

So I think blue would go to white, would go to red to purple. And that is a very strong journey. I think we have seen it across multiple years. And that is a very active part of our entire sales process. It's also important because it reflects the confidence customers have on our ability to provide them a differentiated experience. And I had mentioned that upgrades were up 14% in the course of the year, and that's something which will continue to remain a focus.

Sahil Vora: Sir, my last question is, what are the new pricing strategies that we have employed or planned to increase the revenue and also to increase or add new members compared to our existing ones?

Manoj Bhat: So Sahil, I think, obviously, pricing strategy, and again, you might not have been there, I did mention that we took a price hike in April. But I think to me, the strategy around increasing what I would say, metrics around conversion, metrics around finding the right customers is more about targeting properly in terms of whether it's from a lead generation perspective, whether it's from a channel perspective, for example, we have a web channel.

I think the goals would be that how do we improve productivity, which then leads to a better conversion. So that's clearly number one. Number two, what we are thinking is that over a period of time, of course, we have seen that the referral, which is members referring new members is one of our strongest channels.

So, I think we look to do a lot more of that because that's really something which is again building the whole thing that current member loves the experience only, then he will refer. And that's something which I think we are seeing that could be a potential opportunity.

And for that, we are actually in the process of using data and tech that how does that work, where is the propensity to refer more and what kind of member, what kind of geography, what is the history of the member in terms of the resort experience? What is his history in terms of the last few years, multiple data points can be captured.

So all of that is probably part of the sales strategy as we go forward. And then, of course, I did mention that how do we make the product more intuitive and simple. I think that's another part of the journey to just make it easier for customers to understand and that would then have a beneficial impact on sales.

Moderator: In the interest of time, this will be our last question. And I now hand the conference over to Mr. Manoj Bhat for closing comments.

Manoj Bhat: So thank you, everyone, for joining the call. And I think if somebody has not had a chance to ask the questions, please do e-mail it across to us, and then we will try to answer the best we can. Thank you so much.

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.