ClubMahindra

July 28, 2023

MHRIL/SE/23-24/40

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

Listing Compliance
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 quarter ended June 30, 2023 - 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/23-24/30 dated July 10, 2023

This is in furtherance to our letter no. MHRIL/SE/23-24/30 dated July 10, 2023, wherein the advance intimation of the earnings conference call scheduled to be held on Wednesday, July 26, 2023 with Several Funds/ Investors/ Analysts on the financial and operational performance of the Company for the quarter ended June 30, 2023 was submitted to the Stock Exchanges.

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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: 2023.07.28 19:18:42 +05'30'

Dhanraj Mulki
General Counsel & Company Secretary

Encl: As above

“Mahindra Holidays & Resorts India Limited

Q1 FY’24 Earnings Conference Call”

July 26, 2023

MANAGEMENT: **MR. KAVINDER SINGH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED**
MR. RAM MUNDRA – INTERIM CHIEF FINANCIAL OFFICER – MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED
MR. DHANRAJ MULKI – GENERAL COUNSEL & COMPANY SECRETARY– MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '24 Earnings Conference Call of Mahindra Holidays & Resorts India Limited. 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 has been recorded.

I now hand the conference over to Mr. Kavinder Singh, Managing Director and CEO of Mahindra Holidays & Resorts India. Thank you, and over to you, sir.

Kavinder Singh: Good evening, everyone, and a very warm welcome to our quarter one FY '24 Earnings Call. On the call with me today, we have Mr. Ram Mundra, our Interim CFO; and Mr. Dhanraj Mulki, our Company Secretary. You can find our quarterly results and investor presentation referred to in our remarks today on the stock exchanges and our company website. I hope you all have had a chance to go through the same.

Let me begin by giving a big picture, and then I'll come quickly to the performance that -- on quarter one and the opportunity that we see ahead. At an industry level, in quarter one, our occupancy levels at the country level are getting normalized at around 62% after reaching post-pandemic high of 71% in February '23. This is all India level. However, average ADRs at about INR6,800 are still trending significantly above pre-pandemic levels.

India's domestic air traffic has grown by about 15% on Y-o-Y basis in May, which indicates significant demand for domestic travel, which includes travel for leisure. So the big picture is that the occupancy levels are getting normalized, ADRs are still trending higher and the air traffic has grown, which means there is significant demand for domestic travel as we can see from these indicators.

Moving on to our resorts. We have been able to achieve 90%-plus occupancy on an expanded inventory base of about 5,000 rooms, leading to highest ever quarterly resort income of INR92 crores, which is up 10% on a year-on-year basis. This quarter, we have also introduced a new 4-year product targeting millennials. Our member additions were robust, and they have grown by 23% year-on-year to 4,700-odd members. With this, our cumulative member base stands at 286,000 families, 85% of them are fully paid memberships.

Membership sales value, including upgrades, is at about INR177 crores, and this is up by 21% on a year-on-year basis. And continuing the momentum in upgrades aided by our happy members, we achieved the highest ever Q1 upgrades of INR49 crores, which is a growth of 16% on year-on-year basis. Membership sales in this quarter has increased the deferred revenue pool by INR66 crores to INR5,392 crores now. Our digital online bookings experience has been exemplary, and we are now noticing that our online bookings are at about 81%. This is a benchmark in our industry. I would also hasten to add, we are undergoing a digital transformation to unlock the power of data through advanced analytics to improve efficiencies, drive growth in member spends, collections, referrals and upgrades.

Let me start with now room inventory. As I mentioned, our current inventory base is now at about 5,005 keys in 102 resorts. In line with our strategic objective of rapidly expanding our room inventory, we aim to double our inventory base from 5,000 to 10,000 keys by FY '30. This acceleration in inventory addition will be achieved through different routes. We will, of course, build large greenfield resorts, and we have land banks for them. We are also using the public-private participation. Last year, as you know, we launched Janjehli Resort in Mandi District, which is the resort, which was offered to us by Himachal Government.

We have also been awarded the MTDC Resort in Harihareshwar by Maharashtra Government. It is pending some agreements. And that's another resort, which will be built by us once the agreement is done. We have also got in-principle approval for the land parcel at Chilika Lake in Odisha, and this happened this quarter. And we are working with various other state governments for the PPP initiatives.

The expansion of existing resorts is also a strategy that we will pursue, and I will give you the list of resorts where we are doing this. Resort acquisitions would also be done to expand presence in destinations where we may not get suitable land or where the time to market needs to be quicker. We are also looking at build-to-suit resorts with third-party landowners who may own the land and who are willing to create resorts to our standards. We will, of course, lease resorts, which will meet MHRIL standards.

From the inventory acceleration point of view, currently, just to give you some numbers, we have INR800 crores capex underway for 6 projects. Let me name the projects: Kandaghat, there we are adding 185 keys. Post the expansion, the total keys would be 257 and a capex of INR252 crores is planned. Assonora, we are planning to increase 44 keys. The work is already going on.

It will be a 244 keys resort, and this is at a capex of about INR30 crores. Puducherry, which is a 62 key addition that we are planning and total keys post-expansion would be about 187. Ganpatipule, we are planning to have a greenfield project, already the ground has been broken, 236 keys at an investment of INR250-odd crores. Theog in Himachal, we have land. We have started the construction at the resort, a very, very soft start, but it will pick up during the -- post the rains, which abate, I think, in the next few days. So that's another investment that we will do.

We acquired a new resort in Jaipur of 72 keys. So as a result of this, all these actions that we have taken are setting us on a path to ensure that the INR800 crores capex, which is underway, will deliver 750 keys plus. While we speak, we are planning to start more new resorts on the greenfield side as well as looking at acquisitions of few resorts. In this specific quarter, as I mentioned, we have got 72 keys resort in Jaipur going, not only we acquired, it is operational now. And we have also started construction of a greenfield 236 keys project in Ganpatipule. And we have, as I mentioned earlier, the projects, which so I don't need to repeat them. So I think on the inventory expansion, we are well on our way.

I would like to quickly before I go on to the financial highlights, mentioned that we have our sustainability targets, which include carbon neutrality by 2040 through EP100, which is energy productivity by 100% improvement, the RE100 and science-based targets. Our resort, Madikeri is India's first resort, net-zero.

Certified in all 3 categories: net-zero on waste, energy and water. 10 of our resorts have been now certified as net-zero waste to landfill. 6 resorts were added in Q1 FY '24. 11 of our resorts are green resorts, platinum certified by IGBC and we have been given an award of pioneer in hospitality sector.

Our solar power, 20% of our total energy is now coming through solar power. We aim to double it to 40% of the total energy. This also helps us in managing our energy costs, which will hopefully improve our resort operating margins. Rainwater harvesting structures have been installed in 20 resorts. We cycled 588 million Liters of water, which is 60% of the total water consumption in our resorts.

Let me move on to the financial highlights. At a quarter one level, which you may have seen this, but I will run it very quickly. Total income highest ever, up by 17%, resort income up by 10%. EBITDA crosses INR100 crores at about 19% growth on the same period last year. EBITDA margin at 28.3%, highest ever PBT in the first quarter, excluding one-off at INR55 crores, 19% Y-o-Y basis higher and PBT margin at 15.4%, while cash position remains healthy at INR1,136 crores as on 30th June.

Before I go on to the opportunity and the conclusion, I will quickly run past the Holiday Club Resorts situation. The high interest rate, as you know, EURIBOR has already gone up to 4.2%. There are inflation levels that we have not seen in the Europe and in Finland as well. And they are definitely affecting the Finnish consumer sentiment. Domestic tourism, while in the calendar year, did very well. International tourism continues to remain affected due to the ongoing Russia-Ukraine war.

Some of you may know that in Finland vacationing in a second home is a significant part of their lifestyle. However, in the current inflationary environment, mortgage is unaffordable due to high interest rates. Since timeshare comes in lower transaction price, it emergers as a strong alternative to a second home. Therefore, you would notice even in this quarter, timeshare performance has been good. Spa Hotel performance has been impacted due to low occupancy in the off-season and lower in-resort spending due to weak consumer sentiment. By the way, Q1 is a seasonally weak quarter and the profitability was also impacted due to low occupancies in Finland and Sweden.

At Holiday Club Resorts, in the short term, focus on cost efficiency measures will continue throughout the year. We are closely monitoring the current geopolitical situation in Europe. The holiday season, however, has started well from mid-June onwards, and Q2 performance is expected to be better. The domestic travel continues to be robust and since continue to travel.

Consolidated financial highlights: Q1, excluding one-offs, total income at about INR647 crores, EBITDA at about INR120.4 crores and PBT at about INR8 crores.

Let me conclude now, the opportunity by 2030, and this is in public domain that we will have INR3 crores high-income households with income greater than INR27.5 lakhs, which is our target group. The second -- this is a fact, fact number two. We have very low penetration of vacation ownership in India, 2% versus 11% in U.S., indicating considerable scope for growth. The third point, which is the fact is leisure market in India is very unserved.

As of December '22, India had a little over 28,000 branded rooms in the leisure segment, which is miniscule in comparison to Bali, which has 80,000 rooms and Phuket, which has 44,000 rooms. We are well poised to take advantage of the leisure travel boom in India through the strategies that I will outline below, which will allow us to take advantage of the growing discretionary income amongst affluent homes. Thereby, hopefully, we will be able to realize the huge potential that exists in India.

Let me start with enumerating the strategies. The first one, we plan to expand aggressively in the next 7 years, and we will move from 5,000 to 10,000 rooms. As we expand the inventory, the resort network will allow us to add new members, leading to more cash generation. This capital will be again used for resort development. This is a virtual cycle, which will lead to a network effects as we will move forward. And as you know, going forward, as this network expands, it is almost impossible, extremely challenging for anyone to replicate the same by anyone.

The second strategy that we will follow is to use the power of digital transformation, whether it is using the analytics to understand the member spend, the collections, the referrals and upgrades. This is what we call as monetizing the full potential of our 2.86 lakhs member families, and this will help us to, in a way, create huge value that you will see as we move forward.

The third strategy is to accelerate member additions in line with the rapidly growing inventory through expanding geographical reach using channel sales through DSAs, using on-site sales, which is a very popular method of member acquisition using the power of referrals and using the power of digital, which includes remote selling channels. While I say this, we will also add new products. Just for your information, we added a 15-year product, which was launched last year, and we have launched a new 4-year product this quarter.

So acceleration of member addition, as I mentioned through the channels above will also be aided by new products. Of course, acceleration of member additions will also be created through the brand pool that will actually help us to, in a way, show the power of creating new immersive experiences at our expanding bouquet of resorts and diverse holidaying options through an expanded overall inventory network.

So once again, to sort of summarize, expand inventory very rapidly from 5,000 to 10,000 rooms in 7 years, monetize the full potential of our 2.86 lakh member families through the power of analytics and digital in the area of spends, collections, referrals and upgrades. Accelerate the member addition in line with the rapidly growing inventory, expand geographical reach, use channel sales, on-site referrals and digital through the addition of new products, like I mentioned earlier, and the brand pool created by the new immersive experiences around our expanded inventory network.

So this is something that we are extremely confident about, and we are taking steps to ensure that we are in a position to move forward. We will continue to give updates on these strategic milestones. And on that note, I would like to say thanks for patient listening. I would like to now open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: My first question was on the company's strategy to open new resorts close by to the existing properties. So do you see any conflict where you are under this model you are planning to sell on a per night basis versus your existing model where you have your 2,85,000 members where they have taken a 4-year or a 15-year or 20-year subscription?

Kavinder Singh: So we don't see really any conflict because, please remember, which we have talked earlier also that right now, whatever I enumerated is to grow the timeshare business, which is the Vacation Ownership business. And I have talked about growing our existing resorts. The numbers that I gave you are to drive the overall inventory, which will help our members to holiday more and spend more.

The strategy of having a new brand, which will be closer to the new resort will be to ensure that we get people to experience the new brand experience, which will also, in a way, help us to get more members because those people would look at the resort nearby, which would be Club Mahindra, where they will be in a position to understand the benefits of Club Mahindra and it will drive on-site sales.

So the whole idea is not to focus on the idea of building a very -- what do I say, focused non-member business, our focus on members continue. The idea of doing this business is to ensure that we are able to funnel the non-members into the member scheme. And of course, members are in a position to utilize the services in this new option, where they can sort of experience a very different experience that we would create. Our focus will remain on family vacations, that is something that we remain committed to.

Lokesh Manik: But the pricing would be, how would it be? Would it be more expensive than the -- would it be priced higher than what the existing members would have paid for a nightly basis. So their investment is justified in the... Yes.

Kavinder Singh: Yes. In a club membership that we today sell, it is a very different business model and resorts that are created where you are selling on per night basis. The best part is that the economies of scale that we will enjoy by having these resorts next to each other, you can understand that, that there is a very high occupancy that we enjoy in our resorts, and where others struggle in leisure markets is to get the weekday occupancies. The weekend occupancies are anyway good, the challenges in the weekday occupancies. So -- and as you know, our demand for certain destination for our members could be higher. And therefore, they could also utilize this product.

Having said that, the pricing and other decisions have not yet been taken. This is a work in progress. The idea has at a very high level, as I mentioned, is to attract more people to look at Club Mahindra and become members of Club Mahindra.

Lokesh Manik: Understood. Understood. That's it from my side, sir. Thank you so much.

Kavinder Singh: Thank you.

Moderator: The next question is from the line of Senthil Manikandan from ithought PMS.

Senthil Manikandan: First question is on the Holiday Club Resorts. So on an annual basis, with your introductory remarks, you mentioned about the cost efficiency measures. So with those measures coming in, how should we look at the profitability metrics of the next 2 to 3 years on an annual basis? That's my first question.

Kavinder Singh: I think that's a very, very valid question. If you notice, in the last year, despite the Russia-Ukraine war, we were able to deliver EUR 5 million EBITDA at a full year level. And that was remarkable given the fact that the inflationary conditions, at least in some parts of the last year were very, very bad, including the energy prices, which have pulled off a bit now. If everything goes all right, our aim would be to definitely beat the number that we have done in the last year. We have already tightened our belt. We know how to manage cost there in that economy now.

And as I mentioned, we are very hopeful the timeshare sales momentum will continue because the timeshare sales last year were not as good. In fact, right now, we are seeing a momentum because, as I mentioned, in the Finns love to have a second home and they are not able to afford right now. So they are looking at timeshare very actively. And therefore, timeshare sales should see growth, along with the fact that the seasonality, which is there in Q2 and Q4 will also help in terms of filling up the resorts at optimal capacity and generating suitable EBITDA.

So the focus is tighten the cost, fill the rooms, particularly in Q2, Q4, even much more aggressively than what we did probably last year, continuously look at the option of ensuring that even in the low season, how to boost the occupancies through focusing on international markets.

Senthil Manikandan: And second question is with respect to the TAM opportunity that you mentioned in the domestic market, like 3 core high-income households over the next 7 years. So my question is with respect to what are the limiting factors that you see in terms of non-members to members transformation?

Kavinder Singh: See, one of the biggest things in our business is to be able to sell a concept, because at the end of the day, you are paying for the holidays upfront. And people will have to have that kind of a mindset to be able to say that, hey, I will want to buy this membership because I want to holiday regularly. And I want to in a way, take care of the rising costs that will happen, which is by design, going to happen over a 25-year period or a 10-year period or whatever. And it is a proposition which appeals to a few people and to some people, it does not.

So a real focus would be and the real idea is to get the right person on the table who is predisposed to looking at this kind of an opportunity of ensuring that they buy the membership and therefore, they don't have to incur costs in the future, rising cost. So this kind of -- identifying these kind of people who would want to buy and therefore, improving our conversion rates is one big area of opportunity and also a challenge. And that is where the data analytics, the power of data analytics, digital will be used to identify prospects who are likely to buy.

So when I said, we will improve through the power of analytics, we want to sort of increase referrals, upgrades, member spends. We are also going to use the power of analytics to understand who is more likely to buy. And this is today possible. So there's a lot of work going on in that area also. And that is a challenge, as I said, clearly, the conversion, but that's a big opportunity as well.

Senthil Manikandan: My last question, sir, just related to the second one. Globally, do you see any relevance? So how the customers have -- out of the 20 products, in terms of structure of the product I'm just speaking about.

Kavinder Singh: See, our model is very different from the global timeshare players. Our model is focused on right to use. Globally, people sell a week in our resort. Indians do not like to go to the same place again and again. They like as a family to go and explore places. On the other hand, in the Western world, sometimes people are quite happy to go to the same place for the next 20 years. Of course, they once in a while do exchange through the RCI kind of networks.

So I would say that right now, it will not be a good idea to look at global benchmarks because globally, ability to buy land, build and sell is very, very different in different countries because the land records are digitized. It's very easy to do these transactions. In India, our strategy of owning the resorts and keeping them on our books and offering them to members is actually a better strategy, so that members can go to any resort they like. They don't own a timesharing one resort, 1 week or whatever like that.

So, in my opinion, currently, we have a very unique business model. It has stood the test of time, including COVID. It has shown resilience. We have grown at about a very good level in terms of profits as well as the number of rooms that we have added and the member base. So I think for us, it will be good for us to leverage the knowledge that we have built on Indian families to keep creating great and immersive experiences while they enjoy different facets of India.

As you know, we have this marketing campaign. Basically, we cover India and you discover India. The idea here is that we will cover the India for you and you go ahead and discover India for yourself. So the whole idea is that we give you options to holiday, which in the Western timeshare doesn't happen.

Senthil Manikandan: Thanks just for the clarification. All the best to the entire team.

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

Himanshu Shah: Sir, we have seen almost 23% growth in member additions, cross-member additions on a Y-o-Y basis. In that backdrop, could you provide some color on member additions outlook for current financial year. I think, sir, in past, you have guided for more than 20,000 member additions.

Kavinder Singh: Yes. So Himanshu, like I mentioned earlier, we remain very consistent with the idea that we have delivered 17,000-odd member additions last year, 17,600 or thereabouts. We are definitely aiming to outgrow that number. You can already see the run rate in the last 2 quarters, it has already accelerated. I would hasten to add that you can yourself very clearly see.

And by the way, our aim to add 400, 500 rooms every year and something that we have delivered in a way outlines our mindset of growing member additions faster. And that's why, as I said earlier, we launched two new products. We launched a 15-year product last year. We launched a 4-year product. Both the products have received very good response. So I think -- and our upgrades growing at the rate at which we are growing. I think there is a very huge monetization that is happening for us that we are in a position not only to sell more memberships but also upgrade, which creates very, very strong pool of revenue generation.

You can see we added INR66 crores to the deferred revenue. And that is what really creates value in this business. I mean to answer your specific question, are we aiming to be 20,000 or 20,000-plus? The answer is yes. We stay with what we have stated. But as we speak, we are aiming already to build capability to go beyond these numbers as we move towards the latter half of the year.

Himanshu Shah: Got it, sir. That was very, very helpful. Second is, resort income growth has been a bit soft compared to last couple of quarters spend at 10% year-on-year. Anything specific to read over here despite healthy occupancies at 90%?

Kavinder Singh: All right. So we are doing a lot of interventions to keep growing the resort income beyond occupancy. We use the power of analytics to even drive propensity for people who are likely to spend at the resorts, both on activities and F&B. I must say that if you look at as the base is growing, we had about 4,600-odd rooms. Now we have touched 5,000. Of course, some of them came towards the last quarter. So in a way, there is a kicker built in because the rooms increased, the fact that members spent more.

And therefore, this is the income level that we have ended up delivering. Remember, Jan, Feb is not a great, even though in Jan, Feb, March also we did very well because even Jan, Feb is not distinct. But in April, May, June, the April and May do extremely well because of the holiday season and June, again, becomes a bit of where people sort of reduce a bit of holiday, but yet we ended up 90% occupancy.

So 90% occupancy, considering the fact that we moved from 4,600 to 5,000, but a lot of the inventory, as you know, came in the last quarter, which was in Q4, which again came into play, but it takes a while to build occupancy in those resorts. Otherwise, we could have been probably even higher than 90%. And the power -- the propensity to spend is something that we are focusing on. At overall level, I would call on a base that we are having 10% as a very, very good performance. The cost, please remember, last year also, we had 89% occupancy on 4,600-odd rooms that we delivered.

Himanshu Shah: Sir, just a few more. Sir, the rent cost has increased by 46% year-on-year, whereas the room count has just increased by 8% on a Y-o-Y basis. Why such a high divergence? Any specific reason for this kind of a divergence?

Kavinder Singh: So just let me know the number that you are referring to?

Himanshu Shah: Sir, Y-o-Y basis, the rooms have gone up from 4,600 to 5,000-odd rooms, which is around 8%, whereas the rent cost has gone up to INR22.5 crores versus INR15.5 crores. So 46% increase in rent cost on a Y-o-Y basis...

Kavinder Singh: But do not just look at rent because there is a finance cost and depreciation cost. You have to look at these three together. Now, it's -- if you want to look at these three together, the number would come because you are also looking at a very low base of INR15 crores. So you have to actually add because there was a depreciation that happened. There is a long-term and short-term contracts. If you have long-term contracts, then the issuing finance cost was under the IndAS.

If there are short-term contracts, then they come up in the rent. Then also, by the way, compared to Q1, we had far better utilization in some of our lease resorts of the inventory that we have taken in the associated resorts. So when I was -- if I were to look at 38, 43, 53, just one second, 55, is 75 anything. So it would be of the order of roughly about 15% to 18% increase in the rent, finance costs and depreciation.

Ram, can you confirm that? Because when I'm just adding mentally quickly INR67 crores versus INR21 crores -- INR55 crores, yes. So it's what, INR12 crores and INR55 crores? So it's about 20-odd percent up, but that's quite expected because we have added inventory at a faster pace, Himanshu, than what we have ever added.

You look at we added 400-odd rooms between Q1 to Q1. And while in terms of rooms, they appear to be 10%, but each room comes with a different cost, different location because certain locations are more pricier and therefore, the costs are playing out, they are. And by the way, there was a depreciation, which came in through one of the capitalization that we did in one of our resorts in Ashtamudi.

And also, there is a 116 impact that comes in because you may notice that in the earlier times, whenever you sign a contract, and there are always contracts being signed because they -- some of the contracts expire, new contracts are being signed. So what happens is the 116 impact kicks in earlier and it begins to unwind as it moves forward. So you will always see when we accelerate on inventory, there will be immediate cost that will hit us, but then they begin to ease off because of the way the 116 is structured, which is the lease accounting.

Himanshu Shah: Very, very helpful for the detailed answer. Sir, two more quick bookkeeping question. One, if you can just help us with capex for the quarter in stand-alone business?

Kavinder Singh: Capex for the quarter in the stand-alone business, Ram, would you like to go ahead and talk about?

Ram Mundra: Yes.

Kavinder Singh: And also the operating cash that you generated.

Ram Mundra: Sure. Yes. Good evening, Himanshu. So the capex for the quarter is around INR40 crores. So in a year, other than any major acquisition, if I'm buying some resort and all that, that is different. But for ongoing projects, our -- we spent about INR150 crores to INR160 crores that you know. So we spent about INR40 crores. However, the cash generation from operations on an annualized basis for FY '23, you can watch from the balance sheet, it was INR413 crores. And for this quarter, it's about INR90 crores.

Kavinder Singh: Also, Ram, I would like to add, while INR40 crores is the capex that you did, we also completed an acquisition in this quarter.

Ram Mundra: Right.

Himanshu Shah: How much you will pay for that, sir?

Kavinder Singh: That is not included in this INR40 crores.

Ram Mundra: Absolutely. And this capex, what I'm -- number I'm giving you is basis of the cash payout, which you made. There could be the construction going on and it takes normally about 4 to 6 weeks to certify the bills and all that. So we are absolutely on track as far as the capex is concerned.

Himanshu Shah: Sure. And sir, lastly, in balance sheet, the other assets line item has gone up by almost INR115 crores, INR117 crores from INR783 crores to INR900 crores. What's the reason for this increase in other assets line item? Is it on account of some payouts made to our subsidiary or for some...

Ram Mundra: Right. So Himanshu, you are right in assuming that. So we have acquired 72 room resort in Jaipur in this quarter. And this is acquired in one of our subsidiary. So obviously, the parent, we have infused equity as well as the ICD to the subsidiary, and that is on account of that largely.

Himanshu Shah: Okay. Fair. That's very, very helpful and all the best. That's it from my side.

Moderator: The next question is from the line of Hrishikesh Bhagat from Kotak Mutual Fund.

Hrishikesh Bhagat: So the first question is, if you look at the long-term plan, early, we are effectively saying that whatever we have added inventory till date since inception, we are effectively looking at adding over the next probably 6, 7 years. Now my question is, firstly, on the land bank that you have mentioned, do we have enough land bank? Is it sufficient? Or do we require further investment for land bank?

Kavinder Singh: So if you look at the -- our ability to add inventory, what we are looking at now in a way is something like doubling our level of inventory, we already did about 400 rooms in the -- on an average in the last 3 years, right? And if I'm looking at to add another 5,000 in about 7 years, so we are talking about 750, 800-odd rooms. So we have to double our room rate, right?

Now as I mentioned, there are four routes that we will take. We will take the greenfield route, which is where the land bank is definitely required. We will take the route of expanding existing resorts. We will also take the root of acquisition, which we have demonstrated to you in the quarter one when we acquired this resort in Jaipur.

We will also look at build-to-suit resorts. We have some landowners who are very keen to build resort to our specification. And after that, once they build it, we take them on a long-term lease. So that they are able to get their return on their investment, and we get a good quality resort at a good location that we want build to our tenders. And also, of course, leasing, which will continue.

And the last but not the least, the -- Ram is reminding me that we have taken a very big bet on public-private participation, whether it is the Chilika Lake, whether it is the work that we are doing with the MTDC. So it's a mix, actually, of building your own, taking -- Janjehli was a resort that government came to us and said, would you be looking at it immediately to be snapped it, and we actually lastly took this resort and actually launched it in March and so.

It's a small resort, but at least, it showed us that we can work with various governments and build -- and these locations are very good locations, excellent locations and permissions also come very fast because these are sometimes already existing resorts and all you have to do is that do a bit of a modification and add inventory and also refurbish. So there are ways to expand inventory beyond having your own land banks.

So you use partnerships through the public-private partnerships, build your own, expand existing resorts, acquire, lease. So it's a combination. If you were to ask me whatever combination we have in mind based on that do we have sufficient land bank? Answer is a big yes.

Hrishikesh Bhagat: Okay. Okay. And the second question is, when I look at this long-term plan, now, historically, we have been speaking about in the sense based on past experience, being fairly selective in terms of member addition in sense that you're having a better quality members as compared to members who might drop out. Now let's say from the incremental growth point of view, the quality of members that match our requirement probably might be lower than what we are anticipating. And will this Plan B subject to revision in terms of inventory addition? Or do you still go forward with this room addition?

Kavinder Singh: So one of the things that we have done, it's a very good question, in a way, it will help us to explain what we are doing. See, member addition is a must for our business. As I mentioned in the beginning that member addition brings in cash, cash helps us to build resorts. We build resorts, we get more members, more members means more cash. So the whole virtuous cycle continues. It is the power of the business model that which I just explained.

Now, as you rightly said, the quality of member addition is very, very critical. Otherwise, you could be taking two steps forward and one step backwards. So one of the ways we are doing that is we are focusing on member additions in a very systemic way who pay us the higher down payment. So we have been internally tracking metrices of the members who at the time of sign-up, pay high down payment and in some cases, full payment and in some cases, 50% of the payment to become a member. And by the way, unless they reach a threshold of payment, they are not in a position to holiday, even though they may become members.

So we encourage members to pay upfront more and more money. That also helps us to innovate to get to know the spending ability of the member, which helps us to know that our future in terms of getting them to spend more at the resorts and also utilize the facilities of the resorts, which include unique and immersive experiences. All this actually, in a way, is the members who do higher down payment, they are more predisposed for spending money also at the resorts.

So when I said, we will accelerate member additions. Before that, I said we will monetize the existing member base and the growing member base. So when I say monetization, I am looking at them to spend more money at the resorts, refer more, upgrade more, also pay us in time. So we are never going to lose sight of getting members of the right quality through higher down payment and also monetizing the member base that you have because the true value will come not by just adding members and inventory, but also monetizing the existing member base we have. So that part we are not going to be away from.

Hrishikesh Bhagat: Okay. That answers my question.

Kavinder Singh: The next question is from the line of Ankit Kanodia from Smart Sync Services.

Ankit Kanodia: First of all, I would like to congratulate on the kind of -- thank you for giving me more and more disclosures on the PPT and also on the annual report. So now coming to the question. So first question is related to in our annual report on FY '23, we have mentioned that the initiatives like Horizon and M Select are really doing well for us and many members are opting for it. So can you just share in the revenue from operations, where do we account for these initiatives if I remember uses?

Kavinder Singh: Thank you, Ankit, for a very insightful question, much appreciated. Let me make an attempt and Ram will help me if I need. See, these two programs are actually club programs. When you are a member of a club, the idea is to give you services beyond your membership obligation that we have of giving 7 nights in a year, etcetera, etcetera. So we came out with these two ideas which are very unique. They actually enhance the club proposition because we are a club.

So if you look at Club M Select, the Club M Select is a feature that we have introduced where members can get huge discounts on aggregated inventory that we have from a global player, which helps us to offer something, which is very, very unique. And therefore, this is more a service where a member is able to utilize the inventory, which is available in the hotels at a discount, which are better than the best available Internet rates. So there is a very small margin that comes through this activity for us, and I will ask Ram to tell you where it is accounted.

Then let me give you the second piece. On the Horizon side, what happens is that we have tie-ups with 400-odd hotels around the world in some of the best cities in Europe and even in India and the U.S. also. The idea is that if you are traveling and you're a member, you could bank your room nights, there is an exchange fee, you pay and you go. Obviously, what we pay for the hotel is more than the exchange fee because you're banking your room nights. So there is clearly an outflow that happens and there is a clearly income that happens through the access fee.

So these are right now, I'm confirming you not big numbers. They are not material, but what they are doing for us is creating a very positive reception and in a way, help us to sell more memberships. So this is actually the big picture. I believe that once the numbers become big, then it is worth sharing where they are being sort of kept or where they are being accounted for because these are more a club program to help a member enjoy more with Club Mahindra and there is a bit of an income through the access fee very, very small.

There's a bit of a cost obviously associated with this. There is a cost associated with running Club M Select, but again, very minor. And then, of course, there is a small money that we make through the commission, very small, because the idea is to enhance transactions and enhance member experience. Hope it helps, Ankit. It is not material at all.

Ankit Kanodia: That really helps. So my next question is again related to the annual report only. In the annual report, you mentioned that these 2,86,000 members include the members who have completed their tenure ship and they have now left us as members. So can you just throw some light on what would be the quantum of that members and how many members are there in the coming years, because it's a very good thing for us because all these membership could have been given to them at a very low rate, say, 20, 25 years back.

And today, we will be able to own the same resorts and same assets and go back and send this to new members at an inflation adjusted rate. So if we can have some data around how many members will retire in the coming years and how many did retire in the last year. And that would really help us, if you can share it.

Kavinder Singh: So what we typically do, Ankit, is that whatever number we share with you, we share, obviously, you know how many members we added because we tell you what is the annual members that we added. You have the last year's cumulative member base, and you have this year's cumulative member base.

So you'll be in a position in a minute to see the difference between what we had last year, what we added and what is the cumulative member base now. So it is very easily deductible from the annual report, and we closed the last year with about 281,000 odd members, 286 is now in the June. So at a year level, it is very easy for you to figure out what was the closing base, what is the new base and how much did they add? Obviously, the balance retired.

But I want to also build a big picture with you, Ankit. You actually got on a very good point again that in beginning we sold 33-year memberships. We also moved to 25-year memberships a few years later. So we actually haven't seen that kicker that you're talking about will come, but it is bound to come in about 3 to 5 years' time, maybe 3 years to 4 years when the members who came in early, of course, they were much lesser members because they used to sell lesser memberships plan.

So they will go out. And of course, some of them, we would like to sell them a new membership, as you rightly said, inflation adjusted current price, so -- and the same inventory because the inventory has been built through, again, obviously, the contribution of the membership fee.

And therefore, yes, it's a virtuous cycle that we own the inventory. And remember, some of them will get off and the new members come. Whether it's the same member also, he will have to pay, obviously, the price, which is inflation adjusted, which is current price. So in a way, if you think about it, it is a very big positive that we can see, but it will happen over a period of time, and you have really caught on the right point, of course.

Ankit Kanodia: Really helpful. Last one related to the NFRA order, which we received in March 2023, where we mentioned in our annual report that we have made a note of it, but we have not made any changes in the reporting format. If you can throw some light on that, that would really be helpful. That is my last question.

Kavinder Singh: Yes. So if you look at our Regulation 33 disclosure that we did, where we actually mentioned very, very clearly, and I'm going to quickly read out from there because the company -- it's an item number four in the Reg 33, we received an order from NFRA on March 29, 2023, where NFRA made certain observation on identification of operating segments by the company in compliance with the requirements of Ind AS 108 and the company's existing accounting policy for recognition of revenue on a straight-line basis over the membership period.

As per the order received from NFRA, the company was required to complete its review of accounting policies and practices in respect of disclosure of operating segments and timing of recognition of revenue from customers and take necessary measures to address the observations made in the order.

We have submitted our assessment to NFRA, and we are obviously going to wait whatever directions come from NFRA. Of course, NFRA had also directed our auditors to give their sort of points as a result of our submission, which auditors are supposed to do that, and they have a different timeline. And once they do it, then NFRA would probably take a view on whatever we have submitted.

But as at 30th June, we have assessed the application of the accounting policies we meaning management relating to segment disclosures and revenue recognition and basis the current assessment by the company after considering the information available as on date, the existing accounting policies, practices and disclosures, which are in compliance with their respective index. And accordingly, they have been applied by the company in preparation of these financial results. And this is a position that we concur or rather we have a concurrence of our auditors as well. So this is the status of NFRA's is.

Ankit Kanodia: That really helps and all the best for the rest of the year.

Moderator: The next question is from the line of Nirav Savai from Abakkus Asset Manager LLP.

Nirav Savai: My question is regarding the receivables deficit, post-COVID it has come down and we see the standalone core business, India operations. And now with the launch of new short tenure products, how do we see these receivables going ahead for the next 2 to 3 years?

Kavinder Singh: I heard the later part of your question, how do we look at the position of receivables going ahead? I couldn't hear the beginning part of...

Nirav Savai: Yes. So what I was saying was, if we see post-COVID, the receivables have come down significantly. It used to be about INR1,600-odd crores in FY '19, which is now about INR1,160 crores, if I see last year.

Kavinder Singh: Got it.

Nirav Savai: So how do we see this going forward with the short tenure products like 4 years, 15 years and many more which you all have introduced. So as a number of days, if I were to calculate on your VO and ASF, as a number of days, if I see the receivable days, how do we see this going forward?

Kavinder Singh: So if you look at the receivable trajectory, there have been 2, 3 things that have happened over the last few years. Number one, we have focused on higher down payments. When we focus on higher down payments, we are wanting our members to pay up quickly in time rather than building a big receivable book. So we have actively focused because that is what is giving us the benefits on our cash side. You may have noticed our operating cash has increased. In fact, last year, it crossed about INR400 crores. All that is happening because we are getting the right profile of the members in who are paying up, and therefore, they do not get into the category of receivables.

So the biggest change in receivables that has happened is because we insist on higher down payments and quickly closing the EMIs. In fact, we discourage the longer tenure EMIs also. So that's one big thing. Second, yes, there is a mix of products, which can affect the receivable profile in the sense the value itself may go down, which is -- which you may have been obviously tracking. Having said that, if you were to look at our average unit realization, which is quite stable in this quarter, which is at INR3.8 lakhs, including upgrades.

And you know what, there is a really big advantage when you sell short-tenure products, you are in a position to upgrade them to medium tenure or higher-tenure products at a very low cost of acquisition. So in a way, you are creating a virtuous cycle. So on a very overall basis, the receivable profile, which is at about INR1,100 crores. See, it can go up if we increase our membership subscription overall number. So today, we are at 17,000 we closed last year, this year, let's see what we close that.

There is an effect of the membership sold. There is an effect of higher down payment. There is an effect of focusing on people who take lower EMI tenures. So there are a lot of members who are getting fully paid. This quarter, I think we moved around 5,000 members. They became fully paid. Our 85%, 86% of the base is fully paid. Our overviews and our overall receivables are at an all-time low. Actually, we are patting ourselves on the back that we are just doing the right thing by focusing on this important area. So that is where I'll pause now in case there is any follow-on question.

Nirav Savai: Right, right. Now as you said that we are accelerating our pace on membership addition. And historically, if we see for the last 3 years, as you said that high down payments has driven higher operating cash flows and the cash levels. So do you see -- do we see this continuing that higher down payment will be a core focus area along with membership addition?

Kavinder Singh: Yes, that is something that we are not going to change. That's a policy decision that we are driving because we have learned that if you get the member with the right profile, the member spends more money at the resorts. Monetization opportunity is good. Second, you are in a position to serve them better because you know they will regularly holiday because their skin is in the game. And it is important that we do not spend money chasing our members to pay up. That's an unnecessary cost and a non-value-adding activity.

Nirav Savai: Right, right. And my last question is on this 25-year-old membership. It seems a large part of our overall members are 25-year long-dated, long-tenured product. So would it be able -- would you be able to quantify it in a number of members, which are 25 and lesser than that?

Kavinder Singh: I have always mentioned that the majority and significant majority of members are the higher tenure products, which is a 25-year product. By the way, we should start considering even 15 years and even 10-year products are longer tenured products, because in today's world, even 10-year is a long tenure product. So majority continues to remain a longer tenure products. The shorter products are definitely in minority. And that is all that we normally disclose at this stage.

Nirav Savai: Right. And that's it from my side.

Moderator: The next question is from the line of Forum Makim from JHP Securities.

Forum Makim: Congratulations on a good member addition growth. So I just have 2 quick questions. Sir, we've given very ambitious target for doubling our room inventory. And we've spoken all about our -- about the macro -- how the micros are favourable in terms of higher ADRs and higher air traffic and all of that. But sir, I wanted to understand more on a micro level, like what is the kind of visibility that we are seeing in terms of our business model?

Is it -- that is giving us the confidence to double our room inventory usage, but we are seeing a lot more inquiries post-COVID or -- and considering that we are going to keep our member to room addition to 0.5, 0.6, so we have to double our member base. So what is the micro level visibility that you are seeing that is leading us to doubling our room inventory?

Kavinder Singh: All right. Very good question again, indeed. You're right. I mean, if we double our member base -- sorry, room inventory in a way, you will have to double roughly your member base. So the way to do this would be to look at the big picture, which I already painted where I said that we are very, very optimistic on 3 things.

Number one, which I mentioned was that the high income or affluent households will grow to 3 crores households from current 1.6 crores, 1.7 crores by 2030, which means they will have income greater than roughly INR30 lakhs per annum of INR27.5 lakhs per annum. This is a trend which has been quoted in many, many publications. So this is very authentic trend. So affluent households are going to increase. Disposable incomes would be really going higher.

The second is that the penetration of our kind of product is only 2% versus 11% in the North America. The third is the leisure market is underserved. We know that we have only 28,000 rooms as branded inventory. And while places like Phuket and Bali have more than double occupancy. So when you look at these 3 patterns and you see the way people are traveling, the fact that we added even if we were to compare quarter one to quarter one, we added 400-odd rooms and yet we had 90% occupancy, which is higher than the last year at 89%.

So when you see this and you realize there is a demand, right? And this demand requires to be serviced. So we start with first supply, because we believe that in our business, the supply has to lead the demand, even if the demand is lagging a bit, it's quite fine because supply must come ahead of the demand. So that's why we first put out saying that, okay, let's aim to do 10,000 rooms in 7 years. How do we do it? I explained in detail. So I'm not going to repeat that.

Coming back to your question, I know it's more on the member side. So I'll come there on member side, and I will try to develop it there. You see, in the member additions, I also mentioned that there are various channels of member additions. So currently, we are focused on referral and digital, which is the referral piece is helping us keep our cost of acquisition at very, very manageable levels. So more we get people to enjoy and experience, more they talk about our resort experience, more they are likely to refer their friends and family and bring our cost of acquisition down. So that's one big area of focus for us.

I don't know whether you noticed or not, but I think in our investor deck, we have talked about the member loyalty program, which is something which is an innovation that has been introduced 3 quarters ago and 1.5 lakh members have already become members of that loyalty program, which means when they refer their families and friends, they get rewards, which are built into that program. So that is one big move that we have done to drive the referral piece.

With the increasing digitization that we are seeing, we are also noticing that our digital uptick is also very good. So referral and digital sales, as I said, is around 55%. There is a second big bet that we are taking, we are saying on-site sales is going to be very big. Internationally, people sell big, big timeshare sales deals happen at the table when people are visiting the resort.

So we are also doubling up our efforts, more than doubling, tripling our efforts to see how on-site sales can be driven very, very hard. And take example, Goa. I mean, we used to sell miniscule number of memberships. Now, in the Goa resorts we sell at least 7x, 8x than what we used to sell earlier. So there is an opportunity that needs to be tapped. You need to get the customer in the right frame of mind to be able to take a decision to buy the membership.

Having said that, we also want to use the power of digital to arrive at the prospects who are likely to buy. The more we understand our prospects, the more we are likely able to pitch the right product, so that the conversion happens, which I again talked about in detail. The third one is there is a DSA channel. I mean, there are channel partners who are today selling our memberships. We want to really take it to the next level. We are focusing a lot in the Middle East region. We have our sales branch in the Middle East region. We are going to expand that because we believe that there is a big opportunity under Indian expats to buy more and more of our membership.

So what we are doing is we are increasing our geographical reach not only in India, but also international. That is one big bet that we are taking. Second, on-site sales. Third, the DSA sales fourth for the referral and digital piece. And the fifth one, which I've alluded to in the beginning is that we are also seeing how we can sell remotely rather than a face-to-face sales. That also will save costs as well as time to convert. And of course, the fact that we are going to use the power of digital to unlock this idea as to who is most likely to buy, and therefore, what product to pitch and therefore convert. Now these are actions which are already underway. And we believe that these actions will begin to have spiralling effects as we move forward.

And all of this put together should help us and parallelly, we are adding new products. We added a 15-year product last year. We added a 4-year product this year. We are seeing good response. So we have an opportunity to add products. We have an opportunity to do upgrades. We have an opportunity to press levers with respect to geographies, referrals area, on-site.

All these levers, we are pressing harder than what we probably ever did because we now post-pandemic, seeing the opportunity evolving in front of us in the last year and this quarter that went by, and you saw the numbers. We see that there is -- and we definitely see in the market, people far more willing to today commit to a package or a plan that we sell. And this is something that, again, we are noticing as a change and it trends, disposable income, particularly amongst corporate employees are at an all-time high.

So there is again a corporate push and a focus that we are doing within our company. So we are opening multiple levers to ensure that the member additions are catching up or rather in line with the inventory additions because inventory additions is an area where we are pressing the levers the hardest and obviously, the member addition should follow.

Forum Makim: Sir, so we know other micros are so much in favor. So what is stopping us from being even more aggressive in terms of the addition of a room inventory? Why even we wait for 6 to 7 years since we have good -- we have good cash flows and a strong balance sheet?

Kavinder Singh: Could you repeat the question? There was a big break. There's a bit of a break.

Forum Makim: Can you hear me now?

Kavinder Singh: Yes, I can.

Forum Makim: Yes. So since the micros are in favor. So what is stopping us from being like a little more aggressive in terms of the room inventory addition considering like why not quicker or let's say, 4 to 5 years since we also have good cash flows and a strong balance sheet.

Kavinder Singh: So as I mentioned that we are looking now to add our rooms -- room member base from 5,000 to 10,000 keys. What we did in 26 years, we want to do in 7 years. So that, I think, should be considered a reasonably high aggression, number one. Number two, cash is not a problem. You are right. We are in agreement with you there. Number three, these are physical acts wherein you need to get a resort of a particular type, which meets our standards.

So as I mentioned in detail that we have greenfield projects that are going -- as we speak, INR800 crores of capex is already underway. We did an acquisition also. We broke ground of INR250 crores investment in Ganpatipule. So these things require you to get land in the right place with the permissions. And then, obviously, you want to design a resort where people will come back again and again. We don't want a resort, which is run of the mill hotel, which is a vertical structure with a cookie -- matchbox kind of a thing.

So every resort needs to have a theme. And of course, we do all this work simultaneously. And of course, you need permissions so that you are able to ensure that the resort run. Once it starts, it goes hitchlessly and you are in a position to deliver the experience, which will actually last a lifetime, if I were to use the word. So it is a physical process. 5,000 member additions in about 7 years would be an 800, 850 kind of a run rate. Again, we are at about 370, 380 run rate, so it's more than doubling the run rate. And again, using all the levers that I mentioned and the fact that cash is not a constraint. We are encouraged to sort of grow our room additions at this space.

Forum Makim: Okay, sir. Thank you so much. All the best.

Moderator: The next question is from the line of Pankaj Kumar from Kotak Securities Limited.

Pankaj Kumar: Most of my questions are answered. Just two thing on the AUR side, we have seen INR3.8 lakh AUR, INR4 lakh that's normally -- that's the average we have. So now we are planning to add members aggressively because the room additions will be much higher. So do you see any moderation in the AUR going forward?

Kavinder Singh: I think, again, a very good question, appreciate it. See, AURs will a little bit fluctuate. You may have seen, I think sometimes we are at INR4 lakh, sometimes we are at INR3.8 lakh, sometimes we go to INR4.2 lakh. To be honest, what is the number to really look at, the real number to look at is how much we are adding in the deferred revenue. We are at INR66 crores in this quarter. Last year, we added more than INR200-odd crores in the full year. What is really important is every person who comes in as a member is a person who has thought about his holiday needs has paid for it in advance.

You can imagine how many people are foresighted enough to plan for holidays in advance and pay up for a membership. It's not an easy decision for anybody. Having made that decision, it doesn't matter whether the person has paid us INR1 lakh or INR1.5 lakhs for this or that. But once there is a foot in the door, there is an opportunity to upgrade. So the real trick would be that it's fine to have the AUR that we get, but then we keep upgrading the person, as if the person moves in his or her lifestyle.

And more importantly, the F&B revenues also in a way, get more certain when you have memberships growing. So I really don't worry much about a little bit of movement of AUR. As long as we are able to get the right quality of members and the members who are likely to spend at the resort and pay us ASF on time.

Pankaj Kumar: Okay. And sir, last question is on this interest income that we have seen this quarter. It's on a relatively higher growth that we have seen. And since we are focusing more on higher down payment, but the interest and that we see in this quarter is relatively higher. Any comment on that?

Kavinder Singh: All right. So you mean the interest income that you see us showing you in financing income, the EMI income, you're not talking about the other income. Any...

Pankaj Kumar: No, no, no at that, sir. The interest as...

Kavinder Singh: Yes. Interest as an income, which is the financing interest income. So -- see, when you see the -- there is a combined growth -- first of all, there is a growth in the member addition. So when you have more members, even if you are taking higher down payment, there are people who are on EMI plans. And as you add more members, the absolute number of members would continue to grow in terms of the interest paying members. So that is one reason where you have seen the interest income going up. Ram, would you like to add here? Is there any other reason that you would like to highlight? Please go ahead.

Ram Mundra: Yes, good evening. So again, this line item includes EMI interest income as well as some other small items like guest fees. So we have seen in this year, the members are bringing more and more their family and friends as the guests, and we have a process of charging guest fee, that is also included. And in our process, there are some insurance claims and other operating income, that is also included in this line item. But largely, EMI interest income, which is growing.

Moderator: Due to time constraints, that was the last question. I would now like to hand the conference over to Mr. Kavinder Singh for closing comments.

Kavinder Singh: First of all, as I always say, thank you very much for taking your precious time off to ask us questions, listen to us. And you may have noted that I finished my summary very, very quickly. This time, we were able to accommodate more questions. And we will -- we are very happy to engage with our potential investors, analysts, whoever are on the call or whoever are tracking us. We remain committed to our strategic objectives that I outlined. And we are more than happy to answer any questions or queries that you may have. On that note, I would like to say thank you very much for being here on the call. Once again, a big 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.