



Date: 18/02/2023

To,
The General Manager,
National Stock Exchange of India Limited
Exchange Plaza, C-I Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051.
NSE Symbol: LANDMARK

The General Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400 001.
BSE Scrip Code: 543714

Dear Sir/ Madam,

Subject: Transcript of Earnings Call with Analysts/Institutional Investors/Funds – pursuant to regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”)

Ref: Intimation of earnings conference call vide letter dated February 13, 2023.

This is further to our letter dated February 13, 2023, wherein we had given advance intimation of the earnings conference call scheduled to be held on Tuesday, February 14, 2023 with several Analysts/Institutional Investors/Funds with respect to discussion on Unaudited Financial Results (Standalone and Consolidated) for the third quarter and nine months ended December 31, 2022.

In compliance with the SEBI LODR Regulations, please find attached the transcript of the earnings conference call held on Tuesday, February 14, 2023

We hereby further inform you that the aforesaid transcript is available on the Company's website at: https://www.grouplandmark.in/wp-content/uploads/2023/02/Landmark-Cars_Q3-Transcript-14Feb2023.pdf

You are requested to take the above information on record.

Thanking You.

Yours faithfully,

For **Landmark Cars Limited**

Amol Arvind Raje
Company Secretary and Compliance Officer
(A19459)

Place: Mumbai

Enclosure: Transcript of Q3 FY2023 Earnings Conference Call.



“Landmark Cars Q3 FY2023 Earnings Conference Call”

February 14, 2023

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange will prevail.



ANALYST: MR. BASUDEB BANERJEE– ICICI SECURITIES

**MANAGEMENT: MR. SANJAY THAKKER – PROMOTER AND EXECUTIVE CHAIRMAN – LANDMARK CARS
MR. ARYAMAN THAKKER - EXECUTIVE DIRECTOR - LANDMARK CARS
MR. SURENDRA AGARWAL– CHIEF FINANCIAL OFFICER - LANDMARK CARS**



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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2023 Earnings Conference Call of Landmark Cars hosted by ICICI Securities. This conference call may contain forward looking statements about the company, which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Basudeb Banerjee from ICICI Securities. Thank you and over to you Sir!

Basudeb Banerjee: Thanks, Rituja. Good morning good afternoon to all the participants and thanks to the senior management of Landmark Cars for giving us the opportunity to host this call. We have with us in the call the senior management of Landmark represented by Mr. Sanjay Thakker – Promoter and Executive Chairman, Mr. Aryaman Thakker - Executive Director and Mr. Surendra Agarwal – Chief Financial Officer. So without wasting any time over to the senior management of Landmark Cars for their opening remarks. Over to you Sir!

Sanjay Thakker: Thank you everyone this is Sanjay Thakker. Good afternoon, everyone and thank you for joining our Q3 and nine month financial year 2023 earnings conference call to discuss our operational and financial performance. This has been a momentous quarter for the company with the recent listing on the stock exchanges. The first for any multiple brand, multiple locational auto retailer. We would like to thank all our shareholders and other market participants for the confidence shown us in and as our tag line suggests You Drive Us. Being our first interaction with the capital market participant and investors at large post listing on the stock exchanges, I would like to take some time to establish who we are and what we do for those who might be uninitiated and since this our new company I would like to dwell slightly more on it.

India has recently become the third largest auto market in the world with the sale of approximately 4 million passenger car. In a normal year China sells around 27 million cars and USA around 17 million passenger cars. We believe that the growth in Indian passenger car market has just begun. We are essentially a multi brand premium auto retailer which acts as a one stop solution for premium and luxury cars right from selling premium cars and providing finance and insurance for the same to servicing the cars once it is sold and then



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facilitating the buying and selling of pre-owned cars. We do it all. It is actually very simple to understand the business and as we go through today's presentation you will realize how simple it is to understand and difficult to implement though.

Our journey began with a single Honda dealership 25 years ago. Yes we are celebrating our 25th year and it is a happy occasion that we got listed in our 25th year. Today we are the authorized retailers for multiple premium vehicle brands with a total of 106 showrooms and service outlets put together across the length and breadth of the country. In each of the regions that we operate in, we have established a very strong foothold and achieve market leadership which not only help us operate at scale but also fortify our brand equity in the premium vehicle market. Over the course of 25 years, we have added several OEM partners, worked our way up to hold leading market share for most of them. As of now as we speak we are the number one dealer partner for Mercedes-Benz, for Honda, for Jeep for Volkswagen and BYD and we are the number three partner for Renault in India. We also have presence in commercial vehicle sales where we are dealers for Ashok Leyland in many parts of Gujarat. 25 years ago we realized the need and benefit of separating ownership from management. This was an industry first where dealerships were always and always run by promoter family in every case. One of the decisions we took right at the start was to hire a young team of professionals to run the business and what is most impressive is that that team has continued to be a part of group Landmark till date occupying senior positions and displaying highest level of ownership for their work and towards the company. From that core group of young professionals to having 4000 plus employees through strong organization today we have come a long way. Hungry for growth and driven by our zeal to provide excellent customer service, our work impressed the leading OEMs of the world over a period of time and we have become their trusted partner and their go to partner in every case.

Throwing some light on the corporate structure we have created. We have created OEM that is brand wise specific entities which are practically all cases wholly owned subsidiaries. This ensures brand specific focus customized to the needs of the demands of each OE and different set of customers. The earliest members of the group now hold top positions in these entities and run the businesses with highest degree of ownership an out and out indicator of not just customer loyalty towards the company but also a strong affinity and loyalty by our employees. From a geographical point of view, our 106 outlets spread across eight states and 26 cities. We run an asset light model. We own only two out of the 106 outlets that we operate. In the nine months that have gone by we have added two showrooms and the service station for BYD, merged two workshops of Mercedes-Benz



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with a larger one in Calcutta strategically shut down a few Renault outlets that were not value adding and therefore staying true to our efforts of increasing efficiency to our operations with margin accretive operations. We take pride in being India's multi brand auto retailer while still believing that we have only just started and the headroom for growth is enormous.

I would like to dwell a little more into each of the businesses starting with our mainstay the new car sales. The new car vehicle sales caters from economy to luxury vehicles and commercial vehicles. Overall, this business contributes 84% of our top line in terms of proforma revenue. The distinction between the proforma and the reported revenue is something that we need to explain to people at least for this year and Surendra Agarwal after I finish my first part, will explain what exactly we are talking about. As mentioned earlier, we are number one sales contributor to Mercedes Benz with just under 16% market share that means that one in six Mercedes sold in India is by Landmark. Coming for Honda we account for 6% of their all-India volumes. Corresponding numbers for Volkswagen has increased and stand above 9% for the nine months that has ended and close to 29% of Jeeps sold in India are by Landmark. This number is around 5% for Renault though these are very early days for BYD with the operations just starting. In the nine months that have gone by we have contributed to over 25% of their all India sales so far. The recent trend seen around car ownership clearly points towards premiumization which works perfectly for us and we find ourselves as a market leader in the exact segment which is growing the fastest. In close connection with the new car passenger sales the other vertical that we operate is the vertical of finance and insurance. This works synergistically with our vehicle sales and we have the statistics to back this claim. Typically, 75% of the buyers purchase the vehicle making use of the financing options, of these people who opt for financing, 50% customers opt for financing through Landmark. This figure is even more encouraging for insurance where 90% of the customer purchase insurance through Landmark. This also is a long tail business where the renewal commission also kicks in. the commission that we derive from finance and insurance flows straight down to the bottom line and normally is in the range of around 1% of the overall top line which is the proforma revenue and not the reported revenue, so I can point this out. We are talking about basically two businesses that we do. I spoke about the sales. The other is the after sales. We have the after sales and servicing business that comprises of accident repair, of periodic maintenance and general repairs. Now this is a highly profitable business which has been growing at 20% CAGR for the last nine years actually now and this is a 40% gross margin, 18% EBITDA margin business and what I can say with a lot of conviction is that the customers do not go to local garages typically and with the warranty and the extended warranties that we sell, they visit the authorized

dealership and this is kind of an annuity type of a business that we run. To increase the margin of this business further you would have seen our announcement about we becoming the all India distributors for two car care products world renowned products of Permagard as well as MotorOne and we believe that going ahead the margins in this business will increase with these addition and we will also sell these products in the open market as a separate line of business. Now interestingly one in three cars that is on the road today meets with an accident every single year. Now people on the call can think about this and see whether their car has met with an accident at least once in the last three years. With the world slowly moving towards EV, one would wonder if this arm of business would be impacted with lesser engine parts and spares to deal with. The reality is a little different. The reports coming out of China and USA point towards the very marginal decline in maintenance cost for EVs as compared to IC engines due to higher accident repair rates and soft grade upgrade charges that the OEs would be charging going ahead where the dealerships would be a part of this ecosystem.

Lastly, we are also present in the other world of automotive ecosystem involving the sale of pre-owned vehicles, nearly one fourth of the new car buyers exchange their existing cars while buying the new car. Landmark currently offloads these vehicles at a small margin in the market. What I would like to point out is that 30% of the pre-owned car sold in America are by the new car dealers, now it is high time that some organized retailer like Landmark takes this position here. We have seen how the ecosystem over pre-owned cars has crumbled over a period of time a lot of startups who have come and gone so we will want to make some forays into it. The Indian luxury car market is poised to accelerate in contrast to other growing and developed markets. India has a lot of potential for expansion and in line with government plans to making India \$5 trillion economy, India as a nation enjoys a strong demographic mix and with higher disposable incomes, changing lifestyle preferences, there is imminent shift towards luxury and premium segments. The forecast for Indian premium vehicles from foreign OEM is incredibly bullish. The average selling price of the vehicle that we sell has also been going up significantly. In the nine months ended 31 December 2022 it has touched close to Rs.17 lakh before GST. I think it is a growth of over 22% over the same period last year and this obviously is resulting into a higher margin for car including insurance and finance for us.

In addition to the premiumization trend, there is also strong consolidation drive in the industry with the growing preference amongst OEMs who prefer fewer number of dealers to deal with and rather drive more volumes for better performing dealers. On that front, we have been very proactive and had a strong track record of making inorganic acquisitions



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and driving accelerated growth inorganically leading to strong brand equity, greater market share and simultaneous consolidation of players in the market. Approximately 28% of all Landmark outlets have been strategic acquisition in different points in our time. I mean I can go back in 2008-2009 and we have acquired the things in Gujarat, 2013 in Kolkata and in Mumbai Mercedes Benz as recent as last year so this journey continues. There are dozens of dealers across the country who for different reasons want to exit the business ranging from succession plan, health, financial difficulties and so on. Landmark will be closely evaluating these opportunities focusing on prudent capital deployment and a build versus by tech. Inorganic acquisition thereby have definitely had the catalytic effect on our pace of growth however even having said that, we have we are cognizant of the fact that disruptions are the name of the game and just like we disrupted the asset heavy traditional dealerships many years back, we would like to kind of be future ready that is exactly what we are doing where we have set up a internal team known as the Landmark transformation team, a 35 member team led by our executive director and my son Mr. Aryaman Thakker. Now this team constitutes to work for internal tech focused solutions to enhance customer experience and add value to them and deliver high quality services through the OEM. I take this opportunity to hand over to Mr. Surendra Agarwal our CFO to take it forward. I will come back to you with my further thoughts.

Surendra Agarwal:

Hi good morning everyone and a warm welcome to one and all attending our first ever earning conference call. Before getting into the numbers, I would like to throw open some operational metrics for you all to better understand the size and the scale at which we operate and appreciate the strong mots we have built over the years. We are the highest contributor in terms of volume for multiple OEMs and this translate into meaningful volume in terms of vehicle sales, service and spare parts sold. We serviced close to 2,80,000 cars in FY2022 and expect this business to see a growth above 30% in FY2023 in the current financial year. As highlighted by Sanjay bhai, this is extremely predictable business with repeat customers and once we hit the tipping point in certain OEMs, we are on course to see tremendous growth.

Now coming to the Mercedes Benz difference model, one of the major development that happened in the way we operate came in the form of the shift in Mercedes Benz business model. With their move to agency model it is critical to understand this model and how it works, how it translates and affect the numbers and the benefit it brings to all stakeholders involved before diving into the financial performance number. With effect from 1st October 2021 dealership agreement of the Landmark Cars Limited and one of the subsidiary Landmark Cars East Private Limited for sale of new car with Mercedes Benz India Private



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Limited was materially changed and converted into an agency model whereby all new car sales are made directly to customer by MBIL. Under the agency agreement, customer now place order through us directly to MBIL on which we earn commission on each sale of Mercedes Benz car. The proforma revenue from operation include the revenue of sales occurred through agency model to enable a like for like comparison as because of previous year first half we were selling through a normal dealership model and last quarter of the last year we started this thing so for the comparison purpose we put up the proforma revenue so that we have like for like comparison. We are thereby reporting proforma revenue and also reported revenue as well as for the comparison understanding purpose till the time, we meet the better and fair comparison having established this agency model and all Mercedes Benz put in the direct to customer model we can now get into the financial performance.

I will first start with the quarterly numbers. Our proforma revenue for the quarter stands at 12,031 million as compared to 9788 million in the previous year same quarter, this symbolizes a growth of 23% year on year. Sequentially this growth stands close to 5% as compared to previous quarter 11,500 million we have done in the previous quarter. Moving to the profitability metrics, our gross profit for Q3 is 1629 million as compared to 1385 million in quarter three last year and as compared to previous quarter is 1530 million. EBITDA for Q3 734 million as compared to 539 million in the same quarter last year and 646 million in previous quarter. On the margin front, I am telling this margin percentage on the proforma revenue, so the EBITDA margin clocked in this quarter is 6.1% as compared to 5.5% in last year's same quarter. Lastly the PAT stands around 258 million this in the previous year is 191 million for the same period. Now coming to the nine months performance number, proforma revenue for the nine-month end date is 30824 million which is actually we surpass the last whole year revenue and as compared to 9 month period is 23950 million, this symbolized a growth of more than 41%. Moving to profitability metric gross profit for the nine months is 4560 million as compared to 3369 million of the same period. EBITDA for nine months 1908 million as compared to 1316 million. Again, on the margin front EBITDA margin is 5.6% for this nine month period as against 5.5% of the last year same period. Profit after tax for this period is 608 million as compared to the previous year 471 million for the same period. With regard to the IPO proceeds and its utilization, I would like to inform you that is in the line with the object of the offer, the net profit has been used up to pay back the working capital loans. This will result in reducing our finance cost in future. Thank you. I will hand over to Sanjay bhai for his closing remarks.

Sanjay Thakker:

The direction for India as well as the auto industry remains extremely positive over the medium and long term. The industry having grown at over 22% last year made single digit



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growth in the current year that is calendar year 2023. The real time drive emission norms coming from 1st April 2023 will have some impact on the sales volume in this quarter. This is because some of the OEs have decided to reduce some of the model offerings and the fuel types keeping these regulations in mind. Due to the annuity type of the after sales business new launches by partner OEs and acquisitions that the company will do in the coming years, Landmark will significantly outpace the auto industry in general. Recently one large investor asked me if Landmark was a rocket stock, I replied that it could be better compared with the voyager which keeps on going on and on in the universe in uncharted territories. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amarnath Bhakat from Ministry of Finance of Oman. Please go ahead.

Amarnath Bhakat: Hi gentlemen and thank you for starting this culture of having an investor presentation as well as the investor call. Now as you guys are in the new business just to try to understand two conceptual facts first, so whatever car is getting sold through you the sales value of the original car is coming to your profit or loss account or going to the company and you are booking only your part of the commission as your revenue.

Sanjay Thakker: The thing is that for companies which, are not Mercedes Benz. As far as Mercedes Benz is concerned only the commission part is booked in revenue that is the reported revenue. As for the other OEs that we represent for example Jeep or Honda or any other is concerned we have a principal-to-principal relationship so we buy, we add our margin and we sell so that is recorded in our books as revenue.

Amarnath Bhakat: So in that case you have to buy the car from your principal by paying the cash up front and then you sell to your customer on a regular interval and collect the cash so that is how the model works for other than Mercedes.

Sanjay Thakker: That is broadly true sometimes OEs give a kind of a credit to us, but that is all depending on OEs at different points at different times. In most cases right now we are paying cash and buying the stock.

Amarnath Bhakat: So in that case that is where your working capital gets stuck right because you have to pay up front, but you collect from your customer or from the finance company little later.



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Sanjay Thakker: That is exactly correct.

Amarnath Bhakat: Okay in terms of this services part of it generally this type of business the major thing comes from this annuity part now from your past record how many customers or how many percentage of the customers are coming to you say for example first 2-3 years when the car is literally new for the services. Say if you sell 100 cars of Mercedes how many percentage of those cars are coming to you for services, generally Mercedes make higher percentage what about the other two like Honda or the Jeep, how much percentage coming and how much probably they are doing outside.

Sanjay Thakker: Correct now this is very important and interesting question that you asked. There are two three things that I would like to point out over here. The first thing is that on a number basis 50% of the cars that we service today are more than five-year-old cars and wherever the cars are under warranty, practically every car comes for service to us. Now the warranties range from two years to four years which the manufacturer gives. We are also focused in selling additional two to three years extended warranties, but typically for premium and luxury cars one can say that cars up to maybe six years at an average would come to the dealerships regularly and then the numbers keep on going down.

Amarnath Bhakat: Okay so the less premium cars for example Honda and BYD and all the percentage of coming to you after the warranty period finish are literally low.

Sanjay Thakker: I would not say that for Honda or BYD, BYD obviously early days but with higher kind of electronics that the cars have, the trained staff that is required and the genuine spare parts that are needed, I believe that the authorized dealerships remain to be the preferred place where most people come for their servicing. Also to point out to your question, 40% of our revenue comes from accident repairs and now this accident repair is paid for by the insurance companies and the insurance is sold by the dealerships so this is a good circle, inner circle that is getting created and I do not see much of an impact and we have seen what has happened to some aggregator of local garages and all and I do not want to kind of name people but we all know what has happened to that kind of an endeavor.

Amarnath Bhakat: Okay one more clarification do you do you sell other brand vehicles at your service centers, or the vehicles sold by the other dealers to your service center that kind of cross servicing is also possible.

Sanjay Thakker: This is again a good point that you brought up, it allows me to tell you something which I should have maybe covered in my opening speech. The thing is that more than 90% of the outlets that we have there is no other dealer of the same brand. Now this is something that we have consciously done and created those local level kind of exclusivities for ourselves so that business is kind of taken care of, but theoretically speaking what you are saying the car sold by other dealers for the same brand come to us for servicing, but no we do not service the other brand cars in our workshops. We only do it for the brands that we represent.

Amarnath Bhakat: Okay just one more generally other international dealership we have seen that at the time of selling the car they do sell service packages as well, not only the service packages which comes free with some of the some of the car companies and plus they do the service package in order to maintain the loyalty and just to maintain this customer comes to them maybe at some discounted price they sell 2-3 year service package at the beginning itself is this something you guys also follow.

Sanjay Thakker: Absolutely Sir! you are bang on and this is exactly what we do, I mean just to give you an example of a brand that we represent in Ahmedabad. I am giving you a small example I believe 40% of the cars which are on say for that brand are on an annual maintenance package that where we get the money upfront and the customers avail of the services going ahead. We also sell extended warranties and we also sell high value Landmark owned white labeled accessories which is the first of its kind in the industry and this is what keeps on adding to the cash register every day.

Amarnath Bhakat: In respect of the spare part, especially the premium cars, I am sure you might be having some agreement with your principal to get the spare parts on time or how the supply chain works there and when you are selling the spare parts the margin on that spare parts you determine or it is a principal determine.

Sanjay Thakker: The spare parts in our case bought from the OEs whether it is Mercedes Benz, Honda, Volkswagen etc. There is a very good supply chain which is there. Many of the OEs have a daily ordering system so we do keep some fast moving parts and regularly required parts in stock, but the supply chain is something sorted except for what we saw last year we had some disruptions and the margins are between 15% to 30% which is determined just as the car margin by the OEs and us where we discuss and it is decided, but OE have a bigger role to play in deciding the margins here.



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- Amarnath Bhakat:** Thank you very much. I will come back to the queue for next question thank you.
- Moderator:** Thank you. The next question is from the line of Ashish from Edelweiss. Please go ahead.
- Ashish:** Hello Sir thanks for the opportunity. Congrats on good set of numbers so my question is regarding BYD dealership so BYD has indicated that they want to open 53 outlets across 21 cities and they want to sell 15,000 vehicles in 2023, but as of now we have two outlets and we have roughly 25% market share so going forward we will open BYD showrooms more to maintain like 15 to 20% market share or BYD want to have a dealership with a smaller market share like 4 to 5% market shares so what is the strategy in that sense and are that terms similar with other OEMs also or the margin is lower or higher than the other dealership that you are doing.
- Sanjay Thakker:** So BYD is early days right now so I right away pointed out that the market share that we are having is aberration and it will go down for sure. Now we are representing BYD in the large markets of Delhi and Bombay. Now when you talk about electric vehicles, you also need to understand that which state government gives a kind of a subsidy for the sale of these vehicles for example the Maharashtra government there is very little registration charges for electric vehicles that is the subsidy that they have given so the sale of electric cars as compared to say a state like Gujarat where there is no subsidy is disproportionately higher for electric cars. Now Landmark I want to believe that is a kind of a thoughtful organization and what I call horses for courses is what we do so we have signed up with two large markets though Gujarat happens to be our headquarters and all, we have not partnered with BYD in Gujarat, and we have taken Delhi and Bombay as the market. The number of outlets that Landmark will have hopefully will also increase as the volume increases but if you were to take Delhi and Bombay the number that you kind of mentioned where we would finally end up with it will be a high double-digit number I do not know at what point one will have to kind of see how things shape out over there.
- Ashish:** What is your view regarding servicing revenue from electric vehicles, servicing revenue from electric cars.
- Sanjay Thakker:** The research is talking about around 85% revenue which will remain intact if you were to service electric car and this, I am relying on the Goldman Sachs report which has come in from China about the dealerships that have been doing business with EV and also the Pops report of now coming out from USA about the accident repair cost for EVs. These are early days and today I read in the newspaper that Nissan Renault believes that 13% of all cars

sold in India by the year 2030 will be EVs, now really nobody knows. We are currently at half a percent but by any stretch of imagination even in the year 2030 we would be selling more ICE cars than we are selling today so really it is a good discussion to have, but not so much data to support any of these answers.

Ashish: Okay and Sir one more thing data viewpoint what is the sales volume for car servicing and new car sales for third quarter and second quarter.

Sanjay Thakker: The number of cars sold and the service in the third quarter.

Ashish: Yes, in the second quarter also.

Surendra Agarwal: So, the nine months numbers I have right now is available and I will give you the quarter also. The nine-month period we have sold 16,406 car versus 14,078 in last year same period and we have serviced 2,42,000 vehicle as compared to 2,12,000 vehicle in the previous year.

Ashish: And for quarter because they were available in presentation.

Sanjay Thakker: And while we are talking about the number of cars serviced I would like to point out that we are just as our average selling price of the car has gone up by around 22%, the service revenue that we are getting for the car service has also gone up by around 13% so there are two things that one needs to kind of track the number of cars serviced and the money generated from each of this service.

Ashish: Okay sure in the meantime if you can discuss your study Renault would you want to close more showrooms or you are fine with like 14 showrooms now the closure is done.

Sanjay Thakker: We are broadly done with what we had to do and this is something that we have taken with a lot of deliberation. I mean just to give you a perspective Renault went into the small car segment which is the Kwid and Triber, etc., and this is something which was good for that market when we entered in the year 2017. Now what we have seen is that there is a shift from this small car to the premium or something which is costing anywhere 10 lakhs plus now the Renault products will come in as per the newspaper reports today, by the year 2025 they are rebooting every OE that we are representing is investing in India big time, but the products that will be coming in will be not suitable for the markets that we are operational in so we have taken a conscious decision rather than trying to have a kind of a egoistic



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approach by writing down the investment and taking a onetime hit so whatever we do we are doing it with a very impassionate eye, whatever works we go for it, we make mistakes we try to correct them and move on in life.

Surendra Agarwal: So, coming to the vehicle sale quarter the current quarter we have sold close to 5650 vehicle and the previous quarter is 5400 vehicles.

Sanjay Thakker: Now again one will have to keep in mind that the number of vehicles sold is also impacted because of the closure of the Renault outlet where the number of vehicles sold with a lesser ticket size would have been higher, but this is something one will have to keep in mind.

Ashish: And number of cars serviced totally.

Surendra Agarwal: So, car services is close to around 85,000 in the last quarter Q3 and close to 82,000 vehicle in the Q2.

Ashish: Okay thank you Sir. Thank you for answers.

Moderator: Thank you. The next question is from the line of Riken Gopani from Capri Global. Please go ahead.

Riken Gopani: Hi Sir thank you so much for the opportunity. Sir firstly I would like to understand a little bit of data on the vehicle service today if you could give a broad breakup of the 9-month vehicles that you have serviced in terms of brand wise what would be the break up.

Sanjay Thakker: We are not doing that for reasons of our competitive nature and people will look at it so we are not giving a brand wise breakup my friend if you do not mind.

Riken Gopani: Okay can you give some understanding in terms of the aging of whatever vehicles you are servicing today what is the rough aging of that in terms of vehicles which are more than three years old or five years old.

Sanjay Thakker: As I said in the previous question 50% of the vehicles that we are servicing today are within the first five years and 50% are after five years aging and as you go like a 7-8 year product that becomes much lesser.

Riken Gopani: Understood and if you could throw some light. I mean if I look at your sales data as well over the last five to seven years the number of vehicles serviced is growing at a faster pace



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compared to the number of vehicles sold if you could help understand what are the drivers for this.

Sanjay Thakker:

So, what has happened is that they we have also done strategic acquisitions in the markets that we have been operational whether it is Mercedes Benz Mumbai or Volkswagen and Honda in South Gujarat just to give you two examples so the cars which were otherwise getting serviced by that other dealers are now getting serviced by Landmark. This is a high margin business and that is what we have been focusing on and let me also tell you something else. Earlier when we filed our DRHP and we were discussing numbers 20% of our turnover was service turnover and 50% of the EBITDA was service. I am actually happy that this number of service revenue to the overall revenue has dropped to 16% this year. Now one may wonder why, the thing is that the more cars that we put on the road today and more expensive cars that we put today will give us a kind of an annuity for maybe the next seven years so this is actually the car sales becoming a little higher is always good.

Riken Gopani:

Understood and while you did explain that this increase per vehicle service income could be because of the kind of vehicle that you are selling now or lesser sales of let us say the lower priced vehicles are there any other factors which will drive the service income per vehicle going forward.

Sanjay Thakker:

Clearly so the point is that we are offering things that we were not offering earlier and I gave you the examples in my speech of two of the leading car care products that we have kind of signed up for India, Permagard and MotorOne so these are like ceramic coatings, graphene coatings, interior treatments and so on and so forth which are high value, high margin products so we are offering it through all our workshops. These are early days, and I am pretty confident that this number will keep on increasing every quarter that I will be talking to you.

Riken Gopani:

Understood Sir. Just one last question on the acquisition so you did mention that 28% of the outlets through the mode of acquisition if you give some direction in terms of the potential here across your brands and what are the drivers which are causing kind of consolidation and what kind of capital do you think you would require to be able to do that.

Sanjay Thakker:

So this is a really a very interesting question and we have at a board level also discussed it yesterday because it is very easy to get carried away and deploy capital in the quest of growth. Now the growth at our end as you will see is 40-50% is what we have been doing



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organically and I am hoping that we will continue to do a meaningful growth in the coming years ourselves without acquisitions. Now acquisitions and opportunities are so many and I will tell you why the thing is that the Indian auto landscape there are not too many buyers in the space and the people who want to exit for succession reasons people who have financial difficulties people who have health issues who have other businesses to look at and the sense is that world over the larger players are getting larger whether it is in America or any other western world where OEs prefer to deal with lesser number of dealer partners than more. It is counterintuitive for India for the Indian OEs but the global OEs have really understood this and are implementing this policy so the way we will be doing it is a payback period. We will look at possibly around four years or thereabouts as the max payout time for what we invest in so our ROCE is not impacted otherwise it would be very easy to deploy capital and acquire this or that. We have learned our lesson from some acquisitions that we did earlier and that is why we will keep that in mind. We will do strategically in the towns that we want to go to, the brands that we want to kind of be with and do it in a very, very thoughtful way but as I said at our end we are not lacking in aggression. Our logo is the lion so I do not think you will see that happening.

Riken Gopani: Just in terms of opportunity I mean based on your assessment let us say over the next three years what kind of number of outlets you think is there which you can sort of acquire in the brands that you have present in.

Sanjay Thakker: It is not only in the brands that we are present in it is also in the brands that we are not present in it is difficult to give a number but what I can say and with a very strong amount of conviction sitting here today is that Landmark will keep on outpacing the auto industry by a distance every year and this is because of the after sales revenue. It is also because of the growth in the OEs that we are representing will be far far higher than the industry growth and the acquisitions that we will do. I would allude to give any three-year outlet number because outlets really don't mean much. We are a profit focused organization and that is what we will be focusing on.

Riken Gopani: Got it Sir thank you so much for the answers and all the best, thank you.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: I mean I understand three-year outlook is difficult and I understand you will be outpacing revenue growth for the industry but what would be the outlook for 4Q revenue growth



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outlook given you just got BYD etc so any numbers you can share on the 4Q revenue outlook and for FY2024.

Sanjay Thakker:

Financial year 2024 let us answer this first. Now the financial year 2024 and I am talking about things which are now more or less in public domain will be led for Landmark by the new car launches apart from what we are doing. I will give you the example of the Honda where they have announced the launch of SUV which we have all been waiting for now it will depend on exactly which month it is getting launched they said that it will be in the summer of 2023 so now whether that the summer is June or August is a difficult question and I would like also for all the participants on this call say that because we are dependent on OEs for the supplies and their launches. Exactly giving a quarterly guidance will be very, very kind of it will be a minefield because it will be dependent on a lot of supply situations and new car launches which are happening and for me to kind of foresee and tell you that it will be in July and not September is going to be a little challenging so my request and suggestion to the people who are here would be to look at this as a as a medium-long term play just to kind at the cost of being repetitive. I am saying it is like a voyager and not a rocket so we may be having a rocket kind of an effect in one quarter, but which may get tampered in the next quarter but then again we will have that so the trajectory is up. Quarterly is a little difficult to kind of guide for and again for this quarter I have said that it is also because of the real time drive emission and some of the OEs have discontinued some of the models before time so the volume that we may have available to sell may also get a little muted. It is an evolving story, and this is something which will be a little difficult to tell exactly.

Pallavi Deshpande:

Sir secondly on the EBITDA margins for the after sales we have seen a nice sharp jump in the nine-month EBITDA margins processes it is 21% now. What would be the sustainable EBITDA margins for this business?

Sanjay Thakker:

EBITDA margin madam for after sales business has been in this region for the last nine years so this is a business which I am saying that this is something I can predict. The car sales and which month it will happen I am unfortunately not able to guide for. The after sales business is something which I can say that it is going to grow. It has grown last nine years at the 20% CAGR and I see no reason why it should be any different going ahead it can increase also.

Pallavi Deshpande:

So on the margin side.



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Sanjay Thakker: Margin side we are over 40% gross margin on every year and I see that being sustaining or improving going ahead.

Pallavi Deshpande: Are we working on single shift there right now and can that go to double.

Sanjay Thakker: That is an important question so yes, we have a lot of capacity that we can work on in most of the locations. We are working if not at single shift or an extended single shift which may mean 10 hours of operations but yes we have a possibility of working over there for much longer.

Pallavi Deshpande: Right and my last question would be on the inventory and receivables if you could share that absolute amount for the 9 month.

Sanjay Thakker: So the good part is that we have been able to bring down our inventory. We started the year with our debt I am talking about the interest bearing debt at the beginning of the second quarter on 30th June I believe we had around 400 Crores of interest bearing debt which as on 31st of December gone down to around 220 Crores now some of it is because of the IPO proceeds and some of it because we have reduced the inventory in some out of the profits and cash that we have generated in this period.

Pallavi Deshpande: And Sir just last question would be on the vehicle floor plan we are part of this number or that is excluding.

Sanjay Thakker: So vehicle floor plan where there is an interest free period is not part of this that will have to be added so the vehicle floor plan has two components of it which one is interest free and the other is interest bearing.

Surendra Agarwal: I will explain you the OE with which we work so some of the OE give have their captive finance which is the NBFC so Mercedes Benz is having their own NBFC which is Mercedes Benz India Private Limited so that particular debt we are showing in the vehicle floor plan. Now out of the vehicle floor plan which is there in the December are roughly around 50 Crores is the interest free and the rest is the interest bearing so it is mainly on the test drive car. Test drive car they give the credit in the range of three to four months or six months some of the car so that is the interest free debt, and that balance is the interest bearing, so vehicle floor plan is primarily the loan given by the NBFC of the OE.



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Pallavi Deshpande: Or the test drive cars and that will just continue because you have the test drive cars. On Kia part do they come in next year?

Sanjay Thakker: I am hoping that it does. Let's see.

Pallavi Deshpande: That is all from my side. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Yash Bajaj from Lucky Investment Managers. Please go ahead.

Yash Bajaj: Hi Sir thank you for giving me this opportunity. So, Sir first question is regarding the BYD initial responses from the customer how has that been and what kind of growth volume growth do we expect from BYD for FY2024 that is my first question.

Sanjay Thakker: So, the initial response so what are we talking about. We have two models that we are talking about the E6 and the Atto three. BYD has launched two products Atto 3 being the most recent one where we started deliveries in January which is in this quarter that the deliveries have started so the response has been very good in Delhi and Bombay where we are kind of operating the volumes are what they are because under the non homologated route there is a restriction on the number of vehicles that can be gotten into India and whatever we are getting we are able to sell out immediately with the back orders that we have. For the next financial year so I do not see anything as a challenge in this quarter for BYD at all. The question is that how is the ramp up going to happen and how they brand is being kind of perceived and they are during Auto Expo I think whoever visited Auto Expo was able to see the fantastic BYD cars including the new seal which they kind of announced for introduction in the festive season. Now one will have to see how the brand is built how the supply chain happens they have guided for a much larger volume and let us see how things pan out.

Yash Bajaj: Okay Sir and second question is a book-keeping question, so you mentioned about the debt which you reduced by repaying from the IPO proceeds but if I just compare on a Y-o-Y basis the depreciation and interest has gone up. I understand that there is an Ind AS 116 impact so can you just help us with the depreciation and finance cost bit.

Sanjay Thakker: So, the IPO proceeds actually came to us only in the last week of December so the debt has gone up but we have kind of utilized the much higher amount for that period till 31st we I think paid it for just 2-3 days before that is where we got the money. The interest rates have



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also increased in this period that we are talking about. I am first talking about the interest part and the third thing is that our sales has gone up so a lot of new models for Volkswagen for Jeep and all have been introduced so we need to keep two things one is the demo car and the second is the new car inventory so the need for working capital obviously went up during this time and as far as depreciation is concerned it is also because of the acquisitions that we have made in the previous years and this is something which is yes a higher figure but we are in a way following a prudent accounting practice of depreciating the assets in a very kind of a finite thing. Rather than doing it over 10 years we are doing it over our lease period. Now doing it as per what is prescribed by our auditors and also that yes the depreciation is higher than what we have seen before but my personal opinion is that the life of those assets is much beyond the depreciated thing so we will see the benefits going ahead.

Yash Bajaj: Okay so just to understand the depreciation has gone up because of the acquisitions which we have made, and the finance cost has gone up because of higher working capital and higher interest rates this quarter right.

Sanjay Thakker: Yes.

Yash Bajaj: I mean how much would be the short-term borrowing this quarter ended or the working capital.

Sanjay Thakker: Everything that we do we have very little or no low long-term borrowing my friend, so everything is backed by inventory so whether it is spare parts or it is new car sales. We do not have any meaningful long-term debt anywhere.

Yash Bajaj: Okay sure. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Anand Trivedi from Nepean Capital. Please go ahead.

Anand Trivedi: The question I had is on pre-owned passenger vehicles, how much of an opportunity is that in the future and are you looking at that opportunity from existing outlet or you are creating a separate network for that.

Sanjay Thakker: Thanks for asking this. The point is that in the last three four years we have seen a situation in the ecosystem where people were burning money. Now that is not what we do. I mean

that is not what we do at all, so we have kept on the sidelines while this game was being played. We have seen the exit of a lot of money burning businesses and now we have a meaningful business opportunity here. What we want to do and what we believe is that we will be selling the same branded cars from the same showrooms. There will be no new outlets, very little addition to manpower if at all. We will be banking on technology. We have invested in a company known as Share Drive for this very reason where the car evaluation happens seamlessly Aryaman my son worked in AutoNation some years back. What they were using what was called the equity tool where the cars were evaluated while they were in service and the bought in so this is a big opportunity but it is uncharted territory so we will be slowly getting into it without burning any money. It can become big. I only hope that we do not have any other money burner coming and disrupting this again.

Anand Trivedi:

My second question was on EV adoption. What we have been hearing is that one of the impediments to EV adoption although it has been fairly rapid in India is the lack of models and lack of colors etc and choices for customers, do you share that view and how aggressive are you all going to be across all sort of BYD, across your brands in introducing EV models.

Sanjay Thakker:

Every company has its own ascent because it is such a big macro question. Everybody seems to be having a view on this. I spoke about the Nissan Renault saying that 30% of the Indian market in 2030 is going to be EV but if you ask the same question to say the BYD they may say that this will become 25 or 30% if you ask this to Volkswagen, they will have a different answer. Now there is a wide range that you have really anywhere between 10% to 30% by 2030 now Maruti is the biggest player who is only going to be making their EV cars after 2025 or 2026 and your first point whether customers have a choice or not is a very valid question because today there is not much choice apart from the other issues that we have. The main thing is that there is no choice to customers so this market will become meaningful Mercedes Benz for example has gone to press saying that by 2027 25% of what they sell in India will be EVs so each of the OEs whether it is Volkswagen who has also kind of said that in the press release only I think yesterday that they will be looking at EVs after 2025 so this is all our partners in fact whether it is Renault Nissan, whether it is Volkswagen, BYD obviously, Mercedes Benz are all large global players. I think we are in safe hands as and when the adaptation happens, we will be better off than the others.

Anand Trivedi:

Just a follow-up question has these various companies launch their own EV will the charging stations be interoperable or will they have separate technologies for each.



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- Aryaman Thakker:** This is Aryaman here. I think currently what we are saying is that the OEMs are also setting up their own network of charging stations via partnerships mainly initially at the new car dealerships but I think it is yet to be played out, but I think as the time goes by there may be some level of interoperability that may come in and maybe some OEMs will have a charging technologies which can be shared at a cost.
- Anand Trivedi:** Right so right now if I have an MG car which is electric at my at my garage and I am charging it and if I sell that and buy say Honda will that same station be used in the Honda as well or do I have to get an entire new infrastructure.
- Aryaman Thakker:** Yes, that is likely because if you go see maybe the public charging infrastructure I think it supports multiple models currently, so I do not see why that should not continue.
- Sanjay Thakker:** I think it should be happening. It will standardize in that.
- Anand Trivedi:** Okay thanks so much.
- Moderator:** The next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.
- Dhaval Shah:** Okay so great numbers to start with so my question first is on the OEMs we work with so Jeep we have a very huge market share in India so if you can share your outlook about the models and what do you think how would Jeep do over next over next one year in India with the visibility of new bottle launches that you have keeping in mind their launches or the competition is also doing that is my first.
- Sanjay Thakker:** Now Jeep is synonymous based SUVs and the number of people wanting to buy SUVs is increasing by the day and this number has what reached 45% in India and growing so the Jeep launched, the Meridian last year, the locally assembled Grand Cherokee was only launched two months back so we will have the full year of Meridian and again Meridian was also launched middle of last year so we will have the full year of Meridian as well as the Grand Cherokee Wrangler and the Compass of course so the numbers would be I am sure better than what we have done in the last year. There is some kind of real time drive emission things which will take one or the other engine out for a bit so said and except that we think it is a fair play. It will outperform the industry. No new launches are expected in this current year.



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Dhaval Shah: Okay so fairly on the FY2023 base which could be roughly say around 14 to 15,000 cars do you see around 10% kind of growth next year.

Sanjay Thakker: I think that is a fair thing to say. I do not see it kind of exploding neither do it see it tanking but in our case of Jeep there is a meaningful thing which is about to happen and that is the after sales business so what has happened is that we are just to understand how the business works you need cars to service. Now when we started Jeep in 2017 and 2018 there was zero cars on road so the infrastructure in Delhi, Bombay and now in Punjab that we put in the work shop were not getting filled up and we did not have adequate number of vehicles now that tipping point has reached and this is where the after sales business will start contributing for all other brands for us after sales business is a very meaningful contributor but no so in Jeep so far so I am hoping that thing will change in the next year. Sales number a lot of factors come into play but after sales is something which will start ticking for us in Jeep next year.

Dhaval Shah: Got it. You were mentioning to the other participant about this BS6 which is going to be live from 1st April and you mentioned certain cars will go across the OEMs so for us across our OEMs partners which all cars will be out and what sort of volume impact do you see and some brief on that.

Sanjay Thakker: What has been announced is what I can tell you. What has not been announced I will kind of refrain from saying even though I am aware of some of the facts. What has happened is in the case of Honda they have discontinued the Jazz and WRW and all the diesel engines have been discontinued I think from November or December last year which is two months back so we do not have these models to sell which otherwise we were having and in a similar way there will be some delay in the petrol engines of Jeep that will happen for the real time drive emission though only the Compass comes in that.

Dhaval Shah: Okay so Jeep Compass petrol engine will be out.

Sanjay Thakker: Will be difficult for them to introduce from 1st April. It will happen later on but not immediately.

Dhaval Shah: Okay and the other OEMs.

Sanjay Thakker: The other OEMs I think there is no meaningful thing that I can see happening. BYD doesn't matter. Mercedes Benz is doing what they have to do and getting their things. Volkswagen

is also transiting these cars out. The good part about this regulation at least now is the manufacturing that has to stop by 31st March. Earlier we had the problem when we transitioned from BS4 to BS6 it was a registration of vehicle in COVID year which played havoc with the industry. Right now, the clarification which is come is that it is the manufacturing, so we are not currently looking at any desperate sales. The car can get registered over a period of time even after 31st March and it may make sense for us to buy out some cars which are getting discontinued, we will kind of buy them and sell them gradually in the first quarter of next year.

Dhaval Shah: So not major impact as such.

Sanjay Thakker: There will be no kind of discount is what I expect but the discontinuation wherever there is in some other brands I do not want to bring them on this call. They will also see that kind of an impact where the volumes from April for some time they will not have those kind of model.

Dhaval Shah: Correct. Now with regards to Honda for us to grow like for example what sales we are accepting for Honda in the current year overall.

Sanjay Thakker: Honda has been a very steady kind of performer and it has really been profitable and meaningful for us and again to kind of use the same phrase horses for courses so Gujarat is a great market for Honda and just to kind of give you a statistics close to 12% of all Honda sold in India are in Gujarat now this is much higher than most of the other OEs for example for Toyota Gujarat is possibly around 6% of all India sales happens in Gujarat so I believe are doing a pretty good job in holding Honda flag in Gujarat so the SUV coming in the Honda City where there is a facelift coming in next month and the Amaze so we will have three volume products now depending on when the SUV will get launched which it is difficult to kind of say. I told the other participant also they said summer now summer whether it is a summer in western India or summer in northern India I don't know so it will be around that period so Honda does I think safely when all the vehicles will be there, I believe they will clock a volume of around 11,000 to 12,000 units a month easily that is my sense. It will depend on the car getting launched.

Dhaval Shah: So again, on jeep this Toyota's new model you see them giving a tough competition there and impacting the volumes how do you see.

- Sanjay Thakker:** Jeep is a niche product so there are diehard fans. There are people to want to live that lifestyle you will see a lot of marketing efforts starting with Jeep which has already begun this week . I do not which part of the country you are in. In Mumbai I can see a lot of hoardings that have come up. The TVC started yet so Jeep will invest a lot of more money in marketing and what are we talking about 1000 cars a month is a drop in the ocean so really, I do not see much impact there.
- Dhaval Shah:** My question is are we done with the write off or is anything is yet to be done now.
- Sanjay Thakker:** So, I think most of it is done. I do not think any meaningful thing will come anytime soon. We have done what we had to do, and we have not kind of tried to be shy about it. We have not tried to kind of force over a period of time. We have taken a one-time hit and gotten it over with. I do not see any meaningful numbers.
- Dhaval Shah:** Okay great Sir. Thank you very much to all.
- Moderator:** The next question is from the line Amarnath Bhakat from Ministry of Finance of Oman. Please go ahead.
- Amarnath Bhakat:** So, I was just trying to understand the model which you follow for Mercedes that was just based on the commission is this the model can be followed for other agencies instead of buying and selling. Is there an opportunity or for the new agencies what you are trying to get like Kia, will it be same like Mercedes model or the other model.
- Sanjay Thakker:** See what Mercedes has been doing is absolutely a new business model in India. People are waiting and watching how this will work. Now understand what really this entails. This means that the entire working capital burden is on the factory. The customers KYC payment collection, TDS, etc the backend work is quite big so for a company like Mercedes Benz which is doing maybe 1500 units a month for more or less it may be possible but for mass market player to get it done on length and breadth of the country and also reach those vehicles in time will become a challenge so personally speaking I don't think this will be done by other OEs anytime soon. Also, to understand this is a model which Mercedes Benz has been trying to do in many parts of the world not only in India. I believe Volkswagen and Honda have also started in other parts of the world but if you ask me in the near term in India I don't see this happening with anybody expect for luxury vehicles.



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Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Sanjay Thakker: Thank you all for being on the call today. It was a good learning experience for us also as a team Aryaman, Surendra and me. We are happy to have good set of investors on our cap table. We have a bring responsibility on hand. We are the first auto dealership chain getting listed and we will surely not let anybody down that is what I can say, and India is a great long-term story and if you believe in the economy and the prospect and future of India you are at the right place. Thank you.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.