

Landmark Cars

12 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Landmark Cars Ltd. Q1 FY27 earnings conference call hosted by Axis Capital Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the management opening remarks. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer: This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance of the company and may involve risks and uncertainties that are difficult to predict. I will now hand the conference over to Mr. Vijay Pandey from Axis Capital Limited. Thank you, and over to you.

Vijay Pandey – Axis Capital: Thank you, Ryan. Good morning, everyone. Welcome to the Q1 FY27 post-results conference call of Landmark Cars Ltd. We are pleased to host the promoter and management team of Landmark Cars today. We have with us Mr. Sanjay Thakker, Promoter, Chairman and Executive Director of the company; Mr. Aryaman Thakker, the Executive Director; and Mr. Surendra Agarwal, the CFO of the company. I will now hand over the call to Mr. Sanjay Thakker for his opening remarks. Over to you, sir.

Sanjay Thakker – Promoter, Chairman & Executive Director: Thank you, Vijay. Good morning to everyone. On behalf of the company, I extend a warm welcome to everyone who has joined us today. On this call, as Vijay just said, I have Aryaman and Surendra Agarwal joining me.

The results and presentations have been uploaded on the stock exchanges and the company's website. I hope everybody has had a chance to look at them. FY27 started on a strong note, with pro forma revenue from operations growing by over 22% year-on-year to deliver our best-ever Q1 performance in a seasonally soft quarter. Profit after tax nearly doubled, ahead of the revenue growth. This financial performance was driven by improving operating leverage and sustained cost discipline, and reflects the continued scaling of the business.

Moving to the automotive industry, the sector continues to evolve, supported by healthy customer demand and a broader choice of powertrains. Electric mobility traction has increased significantly in recent times amid geopolitical situations, and EV adoption is emerging as an important structural change and trend.

We are happy to report that 30% of the vehicles sold by value at Landmark have been EVs, much higher than the industry. Landmark has expanded its capacity and partnered with relevant brands over the last few years, enabling us to participate meaningfully in the growth that is taking place.

Sticking to the EV story, there have been questions about the after-sales revenue potential that EVs would generate over time. The initial study indicates that there is absolutely no negative impact on after-sales revenue from EVs compared with ICE vehicles. This augurs well for the annuity-type after-sales business that we have built over the years.

Please refer to slide number 8 in our presentation. We have found that EVs run much more on the road compared with ICE vehicles due to their lower cost of running. This increases the frequency of

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their visits for periodic maintenance and accident repairs to our workshops. On top of this, accident repairs for EVs cost more than those for ICE vehicles, as has been seen across the globe. This is ensuring higher revenue per vehicle for the full year for EVs currently.

One should also note that, due to their sophisticated technology, EVs will come to authorized workshops more often than their ICE counterparts. This, incidentally, is a finding similar to what I was reading in the commentary by {? Penske ?}, one of the leading American automotive retailers, where they also found a similar trend happening in America.

The EV segment also presents new and differentiated revenue opportunities. As part of our strategy to build a comprehensive EV ecosystem for our customers, we have signed an MOU with {? ChargeZone ?}, one of India's leading EV charging networks. Under this partnership, our EV customers will receive wallet credit redeemable at ChargeZone's charging locations, while we will earn a share of charging revenue from onboarded customers.

This is an industry-first partnership between a retailer and a charging service provider, and it allows us to create an additional recurring revenue stream that also deepens engagement with EV customers well beyond the point of sale.

Over the last few years, Landmark has added many new brands to its portfolio. Their margins as well as cost structures may be different from those of our existing brands. The after-sales business of these brands is also at a ramp-up stage, so we believe that the better way to look at our business may be at the EBITDA and PAT levels, along with the cash profit from the business, rather than at the gross profit level.

Looking ahead, we expect the demand environment to be positive. The corresponding period last year saw some lumpiness in the quarterly trend, influenced by GST-related changes, deferred purchases, and subsequent pent-up demand. While these dynamics are largely behind us, we expect a more normalized and consistent demand trajectory through the later part of the year.

With this, I will hand it over to Aryaman to take us through his points. Thank you.

Aryaman Thakker – Executive Director: Thank you. The beginning of this year has seen strong momentum across the private vehicle car market. Due to various macro factors and following the GST cut, we have seen that the premium and mass segments have grown faster than the luxury segments over the last few months.

Let me now provide some color on the performance of our individual OEM partnerships and key developments across our network.

Starting with Mercedes-Benz, the brand continues to be the leading luxury brand in India, recording sales of 9,786 units in H1 calendar year 2026, which was a 9% year-on-year increase. It is working on its biggest-ever product offensive, with over 40 new models expected to launch globally starting from 2027. The focus on its top-end vehicles is paying off, as demand for them remains strong. We have seen this reflected in our average selling price, which increased to approximately 79 lakh rupees in Q1 FY27, up from 73 lakh rupees in Q4 FY26.

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The increase in the penetration of electric vehicles has positively impacted MG Motors. It is the second-largest EV OEM. The new MG {? Magester ?} also commenced deliveries during the last quarter, strengthening the premium portfolio. More models are expected to be launched shortly across EV and hybrid powertrains. A new SUV is to be launched later this month, in August, and we expect that to significantly boost volume.

We recently received an LOI for an additional MG showroom in Ahmedabad, which will take our total MG network to 17 outlets and further strengthen our presence with the brand.

Mahindra continues its strong momentum. The new launches have been very well received, with more launches to follow later this year. Our new workshop for Mahindra will be starting operations soon in Hyderabad to cater to the strong after-sales momentum we are witnessing.

BYD continues to perform well. Supplies for BYD will improve significantly throughout the rest of the year. The hybrid models will also be launched later in this financial year. Our outlets in Pune became operational in July and will further increase our market share with the brand. The luxury brand of BYD, Denza, is going to be launched in India shortly.

Kia continues its healthy momentum following the launch of the new Seltos, which has received a great response. The recently launched {? Skylords EV ?} has also received a very healthy order bank and order bookings across India. The new Sorento is expected to be launched in September, and we expect the brand to continue its good performance throughout the year.

Honda has shown encouraging improvement, supported by the City, the Amaze, and the Elevate. The launch of the City facelift and the {? ZRV ?} further strengthens its presence across the sedan and premium SUV segments. The {? Alpha 0 ?} electric SUV will launch later this year, which will be the right timing given the broader switch to EVs.

The commercial vehicle market continues to remain strong, and we are seeing that in the performance of our Ashok Leyland dealership. We are awaiting details of the recent media reports of a potential deal between the JSW Group and Volkswagen India.

On the after-sales front, we have reached our historic highs. We are selectively expanding service facilities to increase capacity. Today, we are inaugurating a large 50,000-square-foot workshop in Mumbai to cater to Mercedes-Benz, BYD, and MG. If you refer to our investor presentation, you can see that we have significant upside potential in after-sales for our new high-growth brands.

From an outlet perspective, we continue to expand in markets where we find attractive potential while maintaining capital discipline. Overall, our diversified OEM portfolio across luxury, premium, and EV segments, combined with our showroom and workshop network, positions us well to capture the structural growth opportunity in organized auto retail.

I will now open the call for questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use their handsets while asking a question.

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Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Arnav Sakuja from Ambit Capital. Please go ahead.

Arnav Sakuja – Ambit Capital: Thank you for taking my questions. My first question is that there were a few news articles which mentioned that some OEMs, such as Mercedes-Benz, have taken a few price hikes in the last few months. Can we see some improvement in Mercedes-Benz gross margins because of these price hikes, or were the price hikes mainly to cover the increased costs of the cars?

Sanjay Thakker – Promoter, Chairman & Executive Director: Mercedes-Benz, along with most of the OEMs that we represent and those that we do not, has taken a price hike because raw material prices have gone up globally. What happens is that we receive a percentage of that increased amount. So, margins per se in percentage terms would not increase; in absolute numbers, they would increase.

Arnav Sakuja – Ambit Capital: Understood. There were also a few articles mentioning that Audi India is becoming increasingly aggressive through some new model launches, and that its aim is to increase its market share from the current level of 8% to around 16%. Do we expect that there could be any pressure on Mercedes-Benz sales because of this, or would Audi likely capture market share from other OEMs?

Sanjay Thakker – Promoter, Chairman & Executive Director: I think it is high time that the luxury market itself grew, and what we have seen is that...

Management: New offerings often expand the addressable market. The luxury market, as you may recall, has been hovering around 50,000 units, and the penetration of luxury into the overall market actually declined last year, which is contrary to everybody's belief.

What Aman just mentioned is that the premium as well as the mass market has grown faster this year than the luxury market. It is time for the luxury market to catch up. That is how we have seen the trend developing over the last several years.

Competition is welcome because it generally expands the market. It is not that we will play only in this 50,000-unit market. It is a matter of time before that 50,000 becomes 60,000 or 70,000, just like the passenger car market, which is expected to grow from 4 million to 5 million this year.

Of course, Mercedes-Benz has its own new models that are going to be launched in the next few quarters.

Arnav Sakuja – Ambit Capital: Understood. Congratulations on a good set of numbers, and thank you for answering the question.

Operator: Thank you. We take the next question from the line of Akshil from 360 One Capital. Please go ahead.

Akshil – 360 One Capital: Thank you for the opportunity, and many congratulations on a very good set of numbers and also on the good disclosures in the presentations. As Sanjay has said multiple times in the past, this business is fairly predictable if followed with a very disciplined approach. I

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think we have demonstrated that over the last few years, as our profitability has continued to improve.

My first question is from a 2–3-year perspective. How should one look at the business, given that we are now generating strong cash flows? Last year also, we generated almost {? 250–260 crore ?} of operating cash flows, and this quarter also, almost 60 crore of operating cash flows. Are there any white spaces that we may tap into, perhaps through OEM additions or further outlet or workshop additions, which can help us sustain this growth momentum for at least the next couple of years? That is my first question.

Management: Akshil, what you are saying and what you have observed is absolutely correct. The business generates a decent amount of cash. We also increased our dividend payout meaningfully last year. We continue to be on the lookout for opportune opportunities across OEMs and across the ecosystem, where we can deploy money and make it meaningful.

So yes, we are in talks with some OEMs that may be entering India, some that may want to expand, and there may be some takeover opportunities, but we do not want to rush into it. We will do it on our terms.

The point is that we have built a platform, stabilized the ship, and gone through a very rapid phase of expansion and what I sometimes call a blood transfusion into our system to create a different character from what Landmark was to what it is today. That ship has stabilized, the metrics are returning to where they belong, the opportunities are all there, and we will take them one by one.

Akshil – 360 One Capital: It is good to hear that, sir. My second question is on the new vehicle sales business. We have been growing there strongly, and our margins, which had dipped to almost 1.7% in FY25, have been on a steady upward trend. In FY26, they moved to 2%, and they are now at 2.3%. What would be some of the drivers for further margin improvement in the new vehicle sales business? That is my second question.

Management: New vehicle sales, as you know, are a combination of the market operating price. Price hikes also help as a one-time factor. Demand being more than supply, or at least as much as supply, helps the situation because you do not need to give any kind of freebies to customers. This is the trajectory that we are seeing, and I am hopeful that it will continue on an upward trajectory.

It is also a factor of target achievement, and I am hoping and feel that our target achievements for one brand or another will also improve. This trajectory should continue.

Akshil – 360 One Capital: That is great to hear. This brings me to my last question. From an overall profitability perspective, is it fair to assume that sometime in FY28 we should comfortably cross the profits we achieved during the peak cycle of FY23? That is my last question.

Management: I wish I could say that in the VUCA world that we are all living in. We are on a trajectory that is going to take us there. Let things continue as they are and hope that we do not face any shocks.

Akshil – 360 One Capital: Understood, sir. Thank you so much. I will get back in the queue for further questions. Thank you.

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Management: Thank you, Akshil.

Operator: Thank you. We take the next question from the line of Bhargav Budhadev from Ambit Asset Management. Please go ahead.

Bhargav Budhadev – Ambit Asset Management: Good morning, and congratulations on a good set of numbers. If you look at the mix of outlets, you have about 141 outlets. If we divide that into showrooms and workshops, we have 77 showrooms and 64 workshops. Now that we have opened a lot of showrooms in the last 2–3 years, is it fair to assume that over the next 2–3 years the mix of showrooms and workshops could become 50:50?

Effectively, the ROC in workshops is much higher, and now that we have enough showroom penetration, the incremental focus will be on workshops. You also highlighted the opening of a 50,000–square–foot workshop in Mumbai. I wanted to understand your thoughts on that.

Management: Bhargav, let me explain the number of workshops. Workshops can be of different shapes and sizes. We have workshops that are 5,000 square feet and workshops that are 1 lakh square feet. Therefore, one workshop is not comparable to another. The number of workshops may not be the best way to look at the situation.

As Aman just mentioned, we are opening a 50,000–square–foot workshop in Jogeshwari today, which will house three brands. Once this is operational, we will give up some smaller workshops and consolidate them into one workshop. On paper, you may see that the number of workshops has possibly reduced or remained the same, but we have added a significant amount of capacity at that consolidated location, where margins will be better, our control will be better, and operating costs will come down.

What you are saying is exactly what is happening. We are adding workshop capacity. It may not be visible on the basis of the number of workshops, but it will be visible on the basis of the number of bays.

For example, in Mahindra & Mahindra, we have seen that our capacity in Hyderabad was exhausted in no time. In Mahindra & Mahindra, our contribution from after–sales to overall revenue is still in the single digits, whereas for the group it is in the mid–teens.

Once we add this capacity, the Mahindra after–sales business will continue to grow and contribute much more. The same applies to Kia, where we have added workshops. In MG, we are adding more workshops. In BYD, where we are now selling hundreds of vehicles a month, which we did not expect to happen, we are urgently going to add more BYD workshop capacity.

We have seen that EVs are a good revenue stream for after–sales. Workshop capacity will increase significantly, but it may not be visible in the number of workshops; it will be visible in the number of bays.

Let me see whether, over a period of time, we can modify our disclosures. We have always tried to listen to investors and their questions because we are defining the segment. We will examine whether we can provide the number of bays instead of the number of workshops.

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Bhargav Budhadev – Ambit Asset Management: That makes sense. My second question is that if we look at your new high-growth brands, the share of EVs within them is much higher. If we look at your after-sales contribution from these high-growth brands, it is 19% of overall after-sales compared with 38% in new car sales.

In your presentation, you have mentioned that EV service revenue is much higher, given the higher frequency and also the coverage in terms of kilometers. Is it fair to assume that, given the higher contribution of EVs, the after-sales contribution will also grow much faster and possibly match your new car sales mix sooner rather than later?

Management: I am hoping so. It is a factor of a variety of things, Bhargav. One is capacity. In the case of BYD or Mahindra, we need more capacity, which we are adding. What we have given on page 8 is the revenue per car.

However, for some brands, we need more cars. Once both things happen—the number of cars, which is going to happen sooner rather than later, and the critical mass and capacity being reached—this will happen. You have correctly identified the opportunity. That is why we have said that the upside in after-sales for these brands is significant.

Bhargav Budhadev – Ambit Asset Management: Do EVs go to normal service centers, or do you need a separate service center for EVs?

Management: The same service center, with some different equipment. Once our Jogeshwari workshop is fully operational, we are inaugurating the Mercedes-Benz part of it today. You will read about it in the newspapers after 2 hours; I will be cutting the ribbon there. You will see it in the press and elsewhere.

Once the BYD and Jeep parts are also completed in the next few months, we will invite investors to have a look at this state-of-the-art workshop.

Bhargav Budhadev – Ambit Asset Management: Good to know. All the very best.

Management: Thank you, Bhargav.

Operator: Thank you. We take the next question from the line of Dheeraj Garsam from InCred Equities. Please go ahead.

Dheeraj Garsam – InCred Equities: Congratulations, Sanjay, on a great set of results. I wanted to first talk about the service mix. It has been declining, but that is because we have experienced very high growth in new car sales over the past 6–7 quarters.

The new vehicles that we have added are contributing 38% to our new car sales but only 19% to after-sales service. I think we expect that from FY28 onwards, or from the middle of FY28 onwards, we will see the major growth coming from these vehicles.

Also, while after-sales volume growth has been only 4.3% against 14% growth in after-sales, everything is coming from value growth. I think most of our outlets are still significantly underutilized in terms of service centers. Is that correct?

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Management: Yes, you have read the situation well. The upside in after-sales for the brands in the 19% bracket is clearly much greater. Our sales growth has been far outstripping service growth, but that does not mean that service growth is low.

Service growth has been 14–15%, which has been our historical growth. Service is growing as it should, but we are selling much more. That is why this mix is changing. However, selling more is always good. One should look at the absolute amount of money one makes rather than only the margin.

Dheeraj Garsam – InCred Equities: Our margins have also been quite strong over the past 2–3 quarters in the after-sales segment. Is this a structural shift, with margins going above 18% and being maintained at that level?

Management: We are maintaining it. Many times, in quarters such as March or December, we also receive annual bonuses that are not accounted for in the first or second quarter of the financial year. That also plays up...

Sanjay Thakker: ...the thing, as we have disclosed, is a kind of revenue from charging. Who would have thought that we would be able to open up an entirely new segment that did not exist at all? We believe this will also help us gradually, and it is going to be pure profit from the commission generated by the charging that people will do.

Arnav Sakuja – Ambit Capital: Just one last question. Can you explain the unit economics of how this partnership is going to help us? We are selling 20,000–25,000 cars a year, and 30% of them are EVs. So, by selling almost 7,000–8,000 vehicles, how much charging does a car usually consume, and what kind of revenue share are we looking at from this segment? I am looking for some broad thoughts.

Sanjay Thakker: I do not want to discuss this on a public forum right now or disclose the commercials here because it is a unique, first-of-its-kind initiative, and we want to keep it exclusive before somebody else tries to copy it.

Arnav Sakuja – Ambit Capital: Understood, sir. We can connect afterward on this. Thank you so much.

Sanjay Thakker: Yes.

Operator: Thank you. We take the next question from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik – Vallum Capital: Good morning, Sanjay and Aryaman, and the entire team. Am I audible?

Sanjay Thakker: Yes, Lokesh. Please go ahead. How are you?

Lokesh Manik – Vallum Capital: I am good, Sanjay. Thank you. My question is a continuation of the ChargeZone discussion. I appreciate that you cannot disclose the details, but could you provide some color on whether this conflicts with the OEMs? They may also want to set up their own

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charging zones since they have their own battery specifications and other such nuances.

Alternatively, does this also help you from an OEM perspective, by making you a preferred dealer in many areas because you are offering a charging zone through this partnership? Some broad thoughts would be helpful.

Aryaman Thakker: Lokesh, Aryaman here. I will be happy to share some details. As a quick background, ChargeZone operates close to 16,000 charging points across India. It is already working with most of the major OEMs in this space, including mass-market brands, premium brands, and many luxury brands of all shapes and sizes.

What we are doing will not really conflict with any of the OEMs. The idea is that Landmark will onboard our EV customers onto its charging network, which is already operational. We are not putting up additional charging capacity with them. We are onboarding customers onto their existing charging network, which is already available and approved for charging across OEMs.

Lokesh Manik – Vallum Capital: Understood.

Aryaman Thakker: The idea is that we will receive a revenue share from those customers' spending on a recurring basis over multiple years. Our customers will also benefit because they will receive a certain amount of wallet credit, which they can redeem while using the ChargeZone network.

An additional benefit is that this also helps us convert more customers on the sales side by utilizing this tool.

Lokesh Manik – Vallum Capital: My second question is on after-sales. I do not need exact numbers, but could you give us an idea of how much capacity remains available before we reach a reasonable utilization level? How far are we from 100% utilization? Are we at 50%, 60%, or 70% utilization? Some broad idea would be helpful to understand the potential for after-sales across the portfolio.

Aryaman Thakker: Lokesh, it varies by location and by brand, so it is difficult for me to give an off-the-cuff number. Please also bear in mind that Landmark is one of the few companies that has made this entire asset allocation fungible.

What happens is that wherever we see an opportunity—and that is why we go deep in a geography—we do not only go deep in a brand; we also go deep in a geography. In the event of a downturn or lower capacity requirements for a particular brand, either at the showroom level or the workshop level, the capacity can quickly be given to another brand.

Before we add more capacity, we always look at utilizing the existing capacity wherever possible. We have reduced our workshops and reshaped and resized our workshops as well as showrooms to carry out this activity.

Lokesh Manik – Vallum Capital: That is all from my side. Thank you so much, and all the best.

Aryaman Thakker: Thank you, Lokesh.

Operator: Thank you. Participants who wish to ask a question, please press "*" and "1". We take the next question from the line of Vijay Pandey from Axis Capital Limited. Please go ahead.

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Vijay Pandey – Axis Capital: Thank you for taking my question. I have a couple of questions. First, on the outlet side, our number of outlets is around 144. I remember that the last time we spoke, there were around 8 outlets that you classified as new. I want to understand how many of these 144 are still new, where the ramp-up could be higher over the coming quarters, and how many have moved to a normal level, with more than 12 months of operations.

Aryaman Thakker: Vijay, we stopped taking refuge under the new category. We said that there were no longer a meaningful number of new outlets, so we did not want investors to give us any consideration on the basis that these were new outlets. We are putting everything under one bucket now.

The nature of the business is that we will continue to have 2, 3, 4, or 5 new outlets at any given time. That is fine; that is how we have always operated, and that is how the business is. We stopped classifying any outlets as new a couple of quarters ago. Since then, we have treated everything as regular and old.

Vijay Pandey – Axis Capital: As of now, is it fair to assume that broadly all of them are operating at normal capacity?

Aryaman Thakker: No, that is not what I am saying. There will be some that are not operating at optimal capacity, but we are not trying to carve them out. Whatever opened 3 months or 6 months ago is included.

For example, we opened 2 new BYD outlets in Pune only 7 or 10 days ago. Obviously, they are not operating at optimal capacity in the first 15 days. There will be outlets like these that continue to be new, but that is part of the journey. So there will be a few outlets like that.

Vijay Pandey – Axis Capital: On the profitability side, is it fair to assume that, because we had a GST-related issue in the second quarter last year, this year's second quarter and the subsequent third and fourth quarters will be more normalized, with an EBITDA margin of 1.5% on a pro forma basis for new car sales?

Aryaman Thakker: It will be a normalized quarter. I do not expect any disruption like what we saw in the second quarter. Last year's second quarter was a traumatic period, and I do not expect that to repeat.

Vijay Pandey – Axis Capital: On the Mercedes-Benz side, our quarter-on-quarter revenue has declined meaningfully. Is there any particular reason for that?

Aryaman Thakker: Look at the business from a seasonality perspective. The first 2 quarters of the financial year account for 40% of the business, and the last 2 quarters account for 60% of the business.

We all know that the January-February-March quarter, not only for Mercedes-Benz but for everybody, is larger than the April-May-June quarter, which is the slowest quarter in the Indian automotive industry.

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The message here is that, if this kind of growth has occurred in the slowest quarter, it is positive, although I should qualify that last year's base was lower. After September or October last year, the Indian auto industry started to grow at a much faster pace following GST 2.0.

The 2 points I am making are that there is seasonality, with the March quarter always being larger than the June quarter, and that we have grown with Mercedes-Benz year-on-year by a significant number.

Vijay Pandey – Axis Capital: Is there anything to note on the interest cost? How should we expect it to behave over the coming quarters or period?

Aryaman Thakker: Our borrowing costs are quite stable. We have not seen anyone asking for a higher rate. Our cash generation is happening month-on-month. Our CAPEX, which we had guided at the end of last year at around 50 crores, is currently in line with that guidance.

In the first quarter, we spent less than the proportionate share. I cannot comment on the rest of the year so far, but as of now we are maintaining that level, and the cash generation will be used to repay the working capital loans until we need the money.

Vijay Pandey – Axis Capital: Thank you. I will fall back in the queue.

Aryaman Thakker: Thank you.

Operator: Thank you. We take the next question from the line of Harsh Shah from Helios Capital. Please go ahead.

Harsh Shah – Helios Capital: Hello. Am I audible?

Aryaman Thakker: Yes, Harsh. Please go ahead.

Harsh Shah – Helios Capital: Congratulations on a good set of numbers and on the very good disclosures, especially on the after-sales side. I understand that, in after-sales service on the EV side, the revenue is higher by 45% in Brand 1 and 9% in Brand 2. Can you talk about the quality of these sales? What sort of profitability margins will there be? I am assuming that, in EVs, there will be a lot of electrical and electronic component changes, which might be on the material cost side and might not have very high margins.

Aryaman Thakker: Harsh, could you repeat that? I did not understand exactly what you were asking.

Harsh Shah – Helios Capital: I am asking that, when we look at after-sales revenue for EVs versus ICE vehicles, I understand that it is higher. Can you also talk about the profitability on this higher revenue? Is it similar to the approximately 18% margins we are currently making on EVs?

Aryaman Thakker: Yes, Harsh, it is similar. What we have excluded is warranty. If we had not excluded warranty, the number would in fact have looked much more favorable to EVs—although “favorable” is an incorrect word, because the EV cost would have looked much higher if we had included warranty. Warranty may involve changing a battery, which would be a very high-value component, so we have excluded it.

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The margins you are seeing currently will be similar. We are not saying that the margins will be higher over a period of time. We are saying that they will not be lower. Right now, they appear to be higher, but we are taking a cautious position because things are still unfolding. We do not expect them to be lower in the near term.

Harsh Shah – Helios Capital: Understood. Thank you.

Aryaman Thakker: Thank you.

Operator: Thank you. We take the next question from the line of Chirag from MS Capital. Please go ahead.

Chirag – MS Capital: Congratulations on a strong set of numbers, and thank you for the opportunity. I have one clarification. In the opening remarks, Sanjay mentioned that gross margins are probably not the right way to think about our business, especially in the interim. Could you elaborate on that?

Gross margins have also been somewhat soft this quarter. Could you help us understand the moving parts in gross margins that make them misleading on a quarter-on-quarter basis?

Sanjay Thakker: Chirag, this is something that, while we run the business, we do not look at very closely. When we started looking at it closely, what emerged was that every brand has its own business model, where there are higher margins that they may be...

Management: ...able to generate, but the costs are also higher. Operating costs are higher, manpower requirements are higher, and the quality and infrastructure are different. That is one part of the issue.

The second part is the mix of sales and after-sales. Business A may have after-sales accounting for 16% of its overall revenue. Business B, which is just starting, may have after-sales accounting for 5% or 7% of its business, which would result in a lower gross profit for Business B. However, Business B may also have lower costs prescribed by the OEM.

It is a somewhat complex matter. It involves sales and after-sales, as well as different brands. When you have a diversified portfolio, this is what emerges.

What we are focusing on is the end objective. Why do we need gross profit? Ultimately, we want EBITDA, PAT, and the cash that the business generates. That is the objective of running the business. That is why we make this assertion.

In a one-to-one meeting, we can show you on a spreadsheet why we are saying what we are saying.

Chirag – MS Capital: Understood. I will follow up on that.

Management: Yes.

Operator: Thank you. We take the next question from the line of Abhisar Jain from Monarch AIF. Please go ahead.

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Abhisar Jain – Monarch AIF: My question is on employee costs and other expenses. We have done very well there, and I think we are now trending below our earlier stated targets.

As we ramp up from here in terms of sales, with the sales volumes of the new OEMs increasing, where do you see these numbers trending going forward? Is there room for further efficiency in these 2 metrics?

Management: Abhisar, thank you for this question. Some of our senior employees may also have joined this call. The message from my side and from the management team is unequivocal: the focus on costs has to continue.

We believe that costs can go down further as revenue increases. With the newer launches, greater availability, and ASP increasing, revenue is going to grow. We have to maintain a razor-sharp focus on costs, and we believe that these costs still have significant room to decline as a percentage of revenue.

Abhisar Jain – Monarch AIF: Is there any indication of what the efficiency improvement could be over the next 2 years, assuming a certain level of top-line growth? We are currently seeing somewhat higher growth with the industry performing well, but even with a more normalized top-line growth rate, how much further would you expect these metrics to improve, if at all?

Management: I would like to take a little more time. Perhaps on a separate call, we can provide a more detailed and granular number rather than my simply throwing out a number.

What we have done, Abhisar, and what you will appreciate, is that we have consistently delivered on our commitments. When we said that we would achieve, for example, 4% in costs, we achieved it. When we say that something will happen, we want to be a credible organization, and what we say is what we do.

Please allow us some time to provide a number. I am only saying that costs can still decline. Yes, they can.

Abhisar Jain – Monarch AIF: Understood. I have one request on gross profit. Is it possible to share the quarter-wise breakup of gross profit in the presentation for after-sales and new car sales? That would allow us to see the trend and understand that there are sometimes fluctuations because of the OEM mix in each quarter. If possible, I would urge you to disclose this.

Management: I will take this back with me. We will see what we can do.

Abhisar Jain – Monarch AIF: Understood. One last point: as you mentioned, with cash flows being robust and CAPEX being on the lower side, at least for now—of course, you will have your own plans for next year—the excess cash flow will continue to reduce debt, followed by a decrease in finance costs. Is that understanding correct?

Management: It is correct.

Abhisar Jain – Monarch AIF: Understood. Thank you so much, and best of luck for the future.

Management: Thank you, Abhisar.

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Operator: Thank you. We take the next question from the line of Akhil from 361 Capital. Please go ahead.

Akhil – 361 Capital: My question has already been answered. It was on debt and interest. Thank you so much.

Operator: Thank you. We take the next question from the line of Raman KV from Secret Investments. Please go ahead.

Raman KV – Secret Investments: Hello, can you hear me?

Management: Yes, Raman.

Raman KV – Secret Investments: I have 2 questions. First, during this quarter, our top line grew by roughly 22–23%. On a ballpark basis, how much of this was due to the increase in average prices because the OEMs took price hikes, and how much was due to volume?

Management: The price impact would perhaps be around {? 3% ?}. I am just giving a ballpark figure; I do not have it on hand. The rest was because of volume.

Raman KV – Secret Investments: So volume would account for 19%.

Management: Yes, I hope so. I may stand corrected going forward, but I do not think I will be far off.

Raman KV – Secret Investments: My second question is, how much was the lease or rental cost for this quarter?

Management: Let us have Surendra answer that. We have not heard his voice on today's call. He did not give an opening statement, so let us have him share this as well.

Surendra: Our lease cost, which is the amortization of the lease, is around 19 crores for the quarter. If we look at lease and interest lease costs together, they amount to 27 crores. So, roughly, 25 crores is our rental cost. There is an Ind AS impact on the lease of around 2 crores, one could say.

Raman KV – Secret Investments: Going forward—can you hear me?

Management: Yes, yes.

Raman KV – Secret Investments: For the entire year, our rental cost, including the adjustment, will be around 100–110 crores, correct?

Surendra: Around 100 crores, yes.

Raman KV – Secret Investments: Understood. My last question is: internally, what is your target for converting EBITDA into CFO? Is there any particular target?

Surendra: Our EBITDA percentage is 5.8%, which is roughly similar to the last 2 years. We are maintaining that percentage, and we see further improvement in it.

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Raman KV – Secret Investments: I was actually trying to understand whether there is any internal target for EBITDA-to-CFO conversion, or cash flow conversion.

Surendra: Last year, cash flow was {? 0.95% ?}. We will be around that amount.

Raman KV – Secret Investments: Understood. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question from the participants. I now hand the conference over to the management for their closing comments.

Management: Thank you to Axis Capital and the participants for a positive and productive earnings call. GST 2.0 has given a fillip to the industry, and demand remains robust. Having added capacity during difficult times, Landmark is well positioned to capitalize on this opportunity and reward every stakeholder on its journey. Thank you.

Operator: Thank you. On behalf of Axis Capital Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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