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### Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5,520
Fresh Issue (No. of Shares in Lakhs)	29.6
Offer for Sale (No. of Shares in Lakhs)	79.4
Bid/Issue opens on	13-Dec-22
Bid/Issue closes on	15-Dec-22
Face Value	₹ 5
Price Band	481-506
Minimum Lot	29

### Objects of the Issue

- **Fresh issue : ₹ 1,500 million**
  - Repayment and or prepayment in full or part certain borrowings availed by the company including Subsidiaries.
  - General corporate purposes.
- **Offer for sale : ₹4,020 million**

### Book Running Lead Managers

Axis Capital Limited
ICICI Securities Limited
Registrar to the Offer
Link Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	270.50
Subscribed paid up capital (Pre-Offer)	183.13
Paid up capital (Post - Offer)	197.95

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	60.2	55.2
Public	39.8	44.8
<b>Total</b>	<b>100</b>	<b>100</b>

### Financials

Particulars (₹ In million)	Q1 FY23	FY22	FY21	FY20
<b>Revenue from operations</b>	<b>8,003</b>	<b>29,765</b>	<b>19,561</b>	<b>22,186</b>
Operating expenses	7,491	28,018	18,463	21,457
<b>EBITDA</b>	<b>512</b>	<b>1,747</b>	<b>1,098</b>	<b>729</b>
Other Income	16	126	102	103
Depreciation	208	698	625	630
<b>EBIT</b>	<b>320</b>	<b>1,175</b>	<b>575</b>	<b>202</b>
Interest	123	352	378	449
<b>PBT</b>	<b>197</b>	<b>823</b>	<b>197</b>	<b>(247)</b>
Tax	15	161	86	43
<b>Consolidated PAT</b>	<b>182</b>	<b>662</b>	<b>111</b>	<b>(290)</b>
<b>EPS</b>	<b>4.58</b>	<b>16.72</b>	<b>2.82</b>	<b>(7.31)</b>
Ratios	Q1 FY23	FY22	FY21	FY20
EBITDAM	6.40%	5.87%	5.61%	3.28%
PATM	2.27%	2.22%	0.57%	(1.30%)
Sales growth	-	52.17%	(11.83%)	-

### Company Description

Landmark cars are a leading premium automotive retail business in India with dealerships for Mercedes-Benz, Honda, Jeep, Volkswagen and Renault. They also have a commercial vehicle dealership with Ashok Leyland in India. They have a presence across the automotive retail value chain, including sales of new vehicles, after-sales service and repairs (including sales of spare parts, lubricants and accessories), sales of pre-owned passenger vehicles and facilitation of the sales of third-party financial and insurance products. They started their operations and opened their first dealership for Honda in CY1998, and they have expanded their network to include 112 outlets in 8 Indian states and union territories, comprised of 59 sales showrooms and outlets and 53 after-sales service and spares outlets, as of June 30, 2022. They are focused on the premium and luxury automotive segments. They were the number one dealer in India for Mercedes in terms of retail sales for Fiscal 2022, number one dealer in India for Honda and Jeep in terms of wholesale sales for Fiscal 2022 and were the top contributor to Volkswagen retail sales for calendar year 2021. In addition, they were the third largest dealership in India for Renault in terms of wholesale sales contribution for calendar year 2021. Its business includes:

- New Vehicle Sales-
- Expansion into pure EV
- After-Sales services and Spare parts
- Pre-owned Passenger Vehicle Sales
- Third-party financial and insurance products

Landmark Cars limited is the parent holding company and is an authorized dealer for Mercedes-Benz. Landmark Cars Limited owns 100% of the share capital of their subsidiaries Landmark Automobiles Private Limited (holding their Honda dealership), Benchmark Motors Private Limited (holding their Renault dealership), Landmark Lifestyle Cars Private Limited (holding their Jeep dealership), Auto mark Motors Private Limited (holding their Volkswagen dealership), Landmark Commercial Vehicles Private Limited (holding their Ashok Leyland dealership) and Watermark Cars Private Limited (holding their accessories business, shared service centers); Motor one India Private Limited (formerly known as Landmark Pre-owned Cars Private Limited) (with effect from June 16, 2022) and 83% of the share capital of their subsidiary Landmark Cars (East) Private Limited (holding their Mercedes-Benz Kolkata dealership). Motor One India Private Limited has entered into distribution agreement with Smart Origins Pty Ltd. for distribution of automobile care product and accessories under the brand name of Motor One. They are comprised of the following businesses: (i) new vehicle sales, (ii) pre-owned passenger vehicle sales, (iii) after sales service and spares (including the sale of spare parts, lubricants, accessories and other product) and (iv) the facilitation of sale of third party financial and insurance products.

### Valuation

Landmark cars limited has a leading automotive dealership for major OEMs with strong focus on high growth segment and growing presence in after-sales segment leading predictable growth in revenue and comprehensive business model with robust business process leveraging technological innovation and digitalization.

At the upper price band Landmark cars limited is trading at P/E of 31.34x with a market cap of ₹ 20,032 million post issue of equity shares and return on net worth of 26.5%.

We believe Landmark cars limited is fairly priced and recommend a "Subscribe- Long term" rating to the IPO.

### Vehicle Dealerships

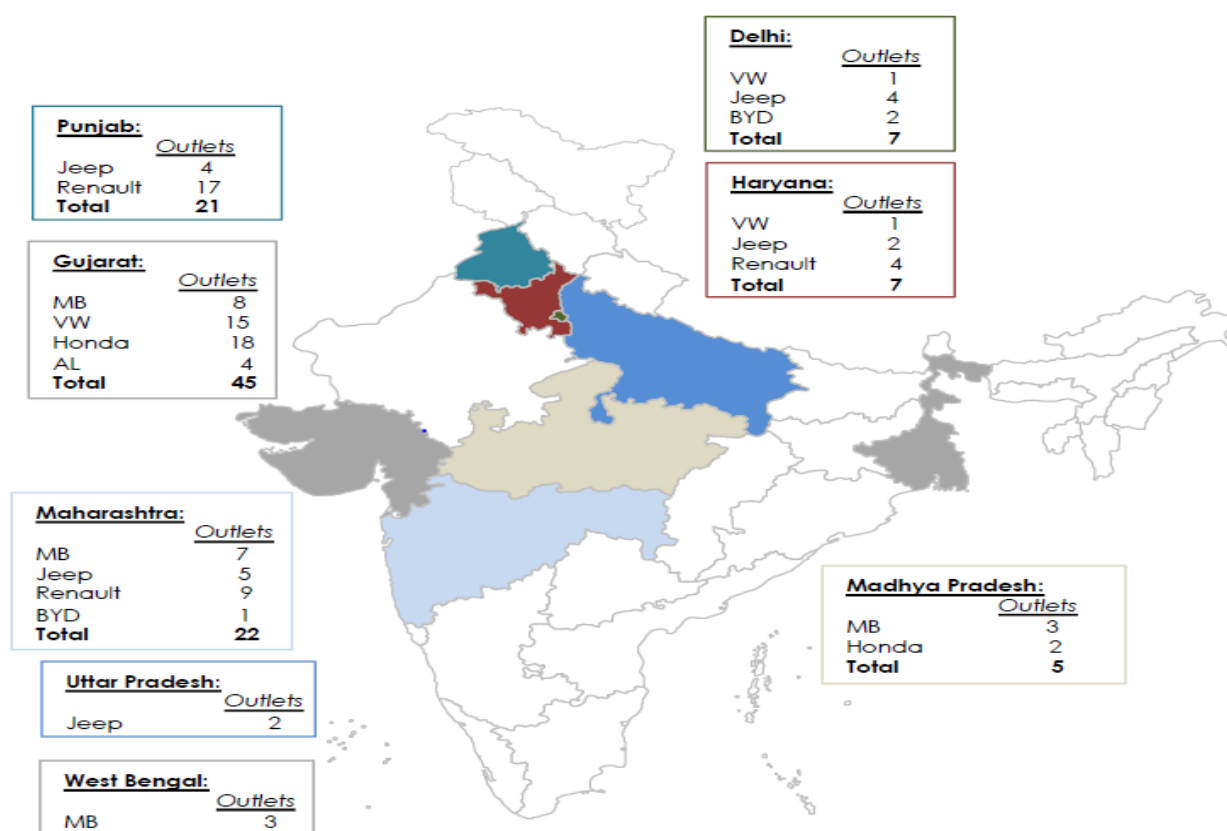
Company operate passenger vehicle dealerships of Mercedes-Benz, Honda, Jeep, Volkswagen and Renault and a commercial vehicle dealership for Ashok Leyland. In November 2021, they have executed a letter of intent with the automaker BYD, a leading player in the global EV market.

As of June 30, 2022, their network included 112 outlets for passenger vehicles, comprised of 59 sales outlets and 53 aftersales service and spares outlets. Their passenger vehicle dealership network is spread across 32 cities in 8 states and union territories including Maharashtra, Uttar Pradesh, Gujarat, Haryana, Madhya Pradesh, Punjab, West Bengal and the National Capital Territory of Delhi.

The following table sets forth their outlets by OEM and by type as of June 30, 2022.

OEM/Brands	Sales Outlets	Services and Spares Outlets	Total Outlets
Mercedes-Benz	8	13	21
Honda	10	10	20
Jeep	9	8	17
Volkswagen	9	8	17
Renault	19	11	30
Ashok Leyland	2	2	4
BYD	2	1	3
<b>Total</b>	<b>59</b>	<b>53</b>	<b>112</b>

The following map shows the location of their sales outlets/service and spare parts outlets by state or union territory.



### New Vehicle Sales

Their dealerships offer a wide range of new passenger vehicles, from economy to luxury, as well as commercial vehicles. The table below shows the number of new vehicles sold by each OEM or brand during the three months ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020.

OEM/Brands	Three months ended June 30, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
	(number of new passenger and commercial vehicles sold)			
Mercedes-Benz	527	1,984	1,133	1,780
Honda	1,346	5,282	4,500	5,801
Jeep	988	3,121	1,311	2,047
Volkswagen	917	2,405	1,196	1,647
Renault	1,071	4,750	4,261	4,458
Ashok Leyland	511	1,709	881	723
BYD	38	13	-	-
Former OEM Partners	-	-	-	274
<b>Total</b>	<b>5,398</b>	<b>19,264</b>	<b>13,282</b>	<b>16,730</b>

**After Sales Service and Spares**

Their dealerships also provide comprehensive after-sales service on vehicles manufactured by the respective OEM including the sale of spare parts, lubricants, accessories and other products.

The table below shows the number of vehicles serviced by OEM /brand during the three months ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020.

OEM/Brands	Three months ended June 30, 2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
	(number of new passenger and commercial vehicles sold)			
Mercedes-Benz	8,848	32,022	23,670	27,050
Honda	30,572	1,22,568	86,212	1,09,654
Jeep	9,526	29,091	24,689	29,767
Volkswagen	11,445	38,240	38,580	54,556
Renault	12,130	46,538	39,595	49,625
Ashok Leyland	3,948	10,619	7,713	10,088
Former OEM Partners	-	-	1,009	10,300
<b>Total</b>	<b>76,469</b>	<b>2,79,078</b>	<b>2,21,468</b>	<b>2,91,040</b>

**Strengths:**

➤ **Leading automotive dealership for major OEMs with a strong focus on high growth segments**

Company are a leading premium automotive retail business in India with India with dealerships for Mercedes-Benz, Honda, Jeep, Volkswagen and Renault. They started their operations and opened their first dealership for Honda in 1998, and they have expanded their network to include 112 outlets in 8 Indian states and union territories, comprising 59 sales outlets and 53 after-sales service and spares outlets, as of June 30, 2022. They were the number one dealer in India for Mercedes in terms of retail sales for Fiscal 2022, number one dealer in India for Honda and Jeep in terms of wholesale sales for Fiscal 2022 and were the top contributor to Volkswagen retail sales for calendar year 2021. They were the third largest dealership in India for Renault in terms of wholesale sales contribution for calendar year 2021. In Fiscal 2022, they contributed 15.8% to retail sales of Mercedes- Benz, 5.8% to wholesale sales of Honda, 8.7% to wholesale sales of Volkswagen, 26.8% to wholesale sales of Jeep and 5.1% to wholesale sales of Renault.

Their longstanding relationships with their OEM partners and their market leadership positions offers them several competitive advantages including:

- opportunities from the OEMs allowing them to expand their business into new cities and geographies
- sharing infrastructure and manpower across brands to increase margins
- attracting suitable inorganic dealership acquisition targets (with the support of the OEMs)
- opportunities to expand across their business verticals like after-sales service, sales of pre-owned vehicles and sales of financial and insurance products:
- attracting talented sales and technical personnel
- executing large scale marketing and advertising campaigns and:
- Centralising certain backend and support functions all of which leads to economies of scale and margin improvement.

➤ **Growing presence in after-sales segment leading predictable growth in revenues and superior margins**

Their services and repair offerings at each of their dealerships comprise repair and collision repair services and include warranty work, insurance claim work and customer paid services. They operate as authorized service centers for Mercedes- Benz, Honda, Volkswagen, Jeep, Renault and Ashok Leyland, and they provide after-sales service and repairs through their 53 after-sales service and outlets across eight Indian states and union territories. They also sell spare parts, lubricants, accessories and other products from these outlets. Their after-sales service and spares business provides a stable revenue stream and contributes to higher-margin revenues at each of their dealerships, which helps mitigate the cyclical nature that has historically impacted some players of the automotive sector. Their after-sales service and spares revenue contributed to 20.60%, 19.72%, 21.62% and 21.66% of their revenue from operations and their after-sales service and spare parts EBITDA contributed to 58.49%, 57.95%, 64.23%, and 104.07% of their EBITDA during the three months ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. In the three months ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020, their EBITDA margins from their after-sales service and spares business were 18.16%, 18.19%, 17.75% and 17.91%, respectively. In the three months ended June 30, 2022, they earned an average of ₹21,559 from each vehicle serviced, and they serviced an average of 14 vehicles for every new vehicle sold in the period. In Fiscal 2022, they earned an average of ₹21,030 from each vehicle serviced, and they serviced an average of 14 vehicles for every new vehicle sold in the period. This has resulted in growth in their average revenue per vehicle serviced from Fiscal 2021 and Fiscal 2020, during which they earned an average of ₹19,098 and ₹16,515 per vehicle serviced, respectively. They OEMs offer manufacturers' warranties and maintenance programs packaged with vehicle' sales and, generally, only permit warranty work to be performed at their authorized service centers such as theirs. This creates a significant barrier to entry for new competitors. In addition, their emphasis on selling extended warranties and packaged service contracts has bolstered their after-sales service business in each of their dealerships by helping them to retain customers beyond the term of the standard manufacturer warranty period.

➤ **Comprehensive business model capturing entire customer value-chain**

Their business caters to the entire customer value-chain including retailing new vehicles, servicing and repairing vehicles, selling spare parts, lubricants and other products, selling pre-owned passenger vehicles and the distribution of third party financial and insurance products. They benefit from the synergies of these complementary businesses as well as increased customer retention from servicing their customer's various automotive needs. As the number one dealer in India for Mercedes-Benz in terms of retail sales for Fiscal 2022, number one dealer in India for Honda and Jeep in terms of wholesale sales for Fiscal 2022, were the top contributor to Volkswagen retail sales for calendar year 2021 and the third largest dealership in India for Renault in calendar year 2021, there is ample opportunity for new business in other segments by utilizing their synergies in complementary businesses. For example, each sale of a new or pre-owned passenger vehicle provides them the opportunity to sell the customer an extended service contract or a financial product such as vehicle financing and insurance. Customers who purchase vehicles from them also entrust them with the servicing and repairs of their vehicles at their dealerships authorized service centers through products such as extended warranties. They believe that they have an opportunity to grow the number of extended warranties sold during the next few years through the efforts of their service marketing team. Their service centers are also points of sale for spare parts, lubricants and other products such as accessories as well as value added services such as interior cleaning, polishing and sales of extended warranties. Further, their service centers act as points of renewal for insurance policies and extended warranties from end of manufacturer warranty period onwards. Their service centers also help to ensure customer retention within their network as OEMs require vehicles under warranty to be serviced at authorized service centers. Further, they also use their service centers to source pre-owned passenger vehicle opportunities for which they have sales teams stationed at their larger service centers.

➤ **Robust business processes leveraging technological innovation and digitalization**

They have established robust business processes which assists them in reducing costs and increasing efficiency as well as ensuring faster operationalization of new facilities. These processes ensure their ability to replicate their successes as they expand organically and in the new businesses that they acquire.

They have established processes for operationalizing new outlets including purchasing inventory, selecting and leasing premises and hiring sales and technical personnel. Further, they also focus on customer processes and data to provide insights into customer engagement. They target campaigns to existing customers by email, online campaigns and social media for upgrades, after-sales service offers and loyalty benefits. They also provide customers third party offers and loyalty benefits when they enter into after-sales service transactions with them and checkout rewards on their websites.

As of June 30, 2022, they held a 8.26% equity interest in Pitstop (on a fully-diluted basis), which aims to be a multi-brand car service and repair provider that focuses on reskilling and training technicians and providing access to the necessary modern equipment and OES and white labelled spare parts. They are working on integrating the technology from Pitstop to improve efficiency and customer convenience for their after-sales service customers, the initiatives they are working on are:

- vehicle pickup and drop-off, wherein customer details and vehicle details are available in real time with the customer on the phone
- calling and confirmation of service appointments through the online and mobile applications.
- confirmation of service estimates through the online service portal and mobile applications
- selling value added services and additional essential jobs not part of original service requests through direct marketing through their online service portal and mobile applications.

➤ **Experienced Promoter and professional management team with technical expertise**

The experience and diversity of their directors, management team and their Promoter have enabled their Company to be recognized as a customer centric, process driven organization with leading positions each of their OEM partners. Their Promoter and Chairman, Sanjay Karsandas Thakker, laid the foundation for their Company's business in 1998 by launching their first dealership for Honda in Ahmedabad. Their promoter built their business by focusing on developing a strong team of dedicated and qualified professionals to lead their company to its industry leadership positions with their OEM partners. Mr. Thakker is supported by a team of experienced directors including Paras Somani, Executive Whole- Time Director, Aryaman Sanjay Thakker, Executive Director, and Mr. Akshay Tanna, a nominee Director of TPG. The majority of their management team have spent more than 10 years with their company and bring capabilities to enable them to understand and anticipate automotive market trends, manage their business operations and growth, leverage their OEM relationships and respond to changes in consumer preferences in a rapidly changing environment. They will continue to leverage on the experience of their management team and their understanding of the Indian automotive industry in order to take advantage of current and future market opportunities.

**Key Strategies:**

➤ **Continue expansion focusing on high growth segments and brands**

They intend to focus on expanding their business in high growth segments like premium and luxury passenger vehicles including UVs as well as electric vehicles. They aim to leverage their relationships with the OEMs to expand geographically to achieve economies of scale. They will also use their local knowledge of customer preferences to choose the markets they will enter and the best OEM with which to partner. They intend to capitalize on this expected growth in demand for automobiles in India in general, and premium and luxury cars in particular, by increasing sales of their passenger vehicles at each of their sales outlets through their marketing programs and business processes as well as capital investments designed to support their growth targets. In addition, they will expand their business through strategic acquisitions. Their business processes include monitoring and adapting to trends in customer preferences by managing their inventory and diversifying their portfolio. For example, in anticipation of the growth of the SUV market in India, they invested heavily in developing a strong market position with Jeep as they set up their operations in India. Similarly, they invested in Renault which is known for its strong product lines in SUVs and affordable electric vehicles. Further, they intend to continue to focus on improving their business

processes including leveraging technology and digitalization. They expanded their outlets from 42 in Fiscal 2015 to 112 as at June 30, 2022. This track record of expansion experience gives them confidence in their ability to continue their expansion successfully. They also intend to continue to strategically diversify their portfolio, and will thus, continue to evaluate prospects of introducing additional brands to their existing portfolio to meet changing customer preferences, particularly in premium and luxury cars, UVs and electric vehicle companies planning to enter the Indian market.

➤ **Expand their after-sales service business**

Their strategy is to expand their after-sales service offering in order to cater to additional customers and further enhance their higher-margin service and repair revenues. In that regard, they will continue to explore with their OEM dealership partners the possibility of adding service workshops and additional authorized service centers in the markets in which they operate. They will also continue to leverage the linkages between their sales outlets and service centers to retain customers who have purchased new and pre-owned vehicles from them as continuing clients of their service departments. To this end, their sales team is focused on offering extended warranties to ensure their customer retention beyond the term of normal OEM warranties.

To improve their service operations and profitability they are focusing on following aspects of their after sales business:

- Service initiation
- Improve revenue per car serviced
- Increase body paint (accident related) jobs
- Centralized purchases
- Sharing locations and non-technical staff

➤ **Build their pre-owned passenger vehicle business leveraging their experience, technology and network**

They buy and sell pre-owned passenger vehicles at each of their dealerships and their strategy is to expand this business. The sale of pre-owned cars facilitates trade-ins by customers and, thereby, assists sales of new vehicles. In addition, they look to capture the expected growth in this segment. Increased need for personal mobility, rising aspirations of customers, growing disposable income, lowering replacement cycles and increasing financial penetration will drive the growth in the pre-owned passenger vehicle segment. Further, the ratio of pre-owned PV to new PV sales in India currently stood at 1.3-1.5, while the ratio stood at 1.9 for the United States and Germany, 2.7 for France and 3.5 for the United Kingdom. Hence, as this gap between India and the more developed economies in the ratio of pre-owned PVs to new PVs starts to narrow, they believe that there is significant opportunity to capture market share in the pre-owned passenger vehicle market in India.

In Fiscal 2022, approximately 20-22% of pre-owned passenger vehicles were sold by organized dealers (namely dealers with sales showroom and workshops) in India. This suggests an opportunity for their business, and they aim to leverage their new vehicle business and technology platform to provide a superior service to their customers including:

- offering pre-owned vehicles across their attractive, modern showrooms and sales outlets across eight states and union territories as well as their online channels
- providing transparent evaluation process to ensure consistency in quality and pricing of pre-owned vehicles;
- ensuring their pre-owned vehicles have an accurate service and accident history available for inspection by their customers: and
- offering financing and insurance products to their pre-owned vehicles customers.

➤ **Continue to invest in technology and digitalizing sales and service channels**

Their IT systems are vital to their business, and they have their own in-house technology team, which consisted of 16 employees focused on applications and 19 employees focused on IT infrastructure as of June 30, 2022. They intend to continue to invest in their IT systems to enhance process efficiencies and to support their sales, inventory control, aftersales service, financial control and customer interaction. For example, they have their own enterprise resource planning ("ERP") solution called Landmark Intelligence System which provides core and support functions to their HR, sales and after-sales service businesses. Further, they have a central purchase management system to control their inventory of cars, accessories and spare parts. They also have their own in-house customer relationship management ("CRM") solutions, which are used for their pre-sales and service customer interactions.

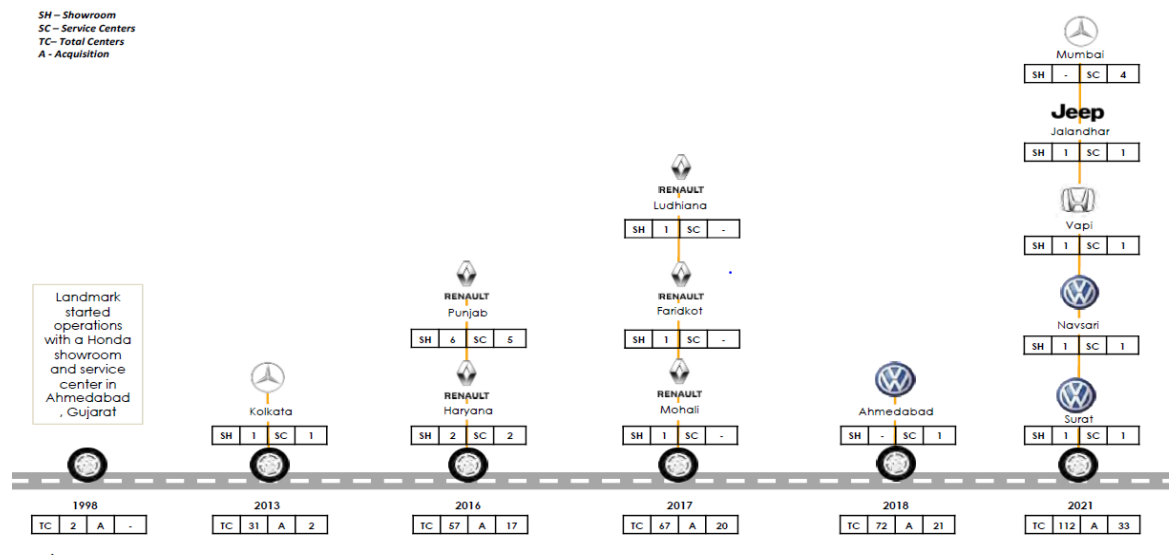
To strengthen their in-house technology capabilities, their IT and digital initiatives include:

- They are developing analytical models to analyze historical customer data to help provide insights on customer behaviour on their product offerings and cross-sell opportunities as well as to increase customer retention.
- They intend to launch a loyalty program which will run through all their brands and locations. Customers will be able to earn rewards for every transaction.
- They are developing a business intelligence reporting engine with the help of data analytics to assist their leadership team visualize and improve their customers' experiences within their online systems.
- They are upgrading their internal sales booking systems across dealerships to support their new technologies.
- They are upgrading the functionalities of their in-house automated dialler system to increase the efficiency of their call centres.

➤ **Continue strategic acquisitions to expand geographic reach in premium and luxury brands**

They will continue to seek to acquire dealerships to expand their geographic reach in premium and luxury automotive brands which may or may not be part of their existing portfolio. In particular, they are looking to expand their dealership network in fast growing demographic areas with a growing upper-middle class to which they can market their premium and luxury brands. They are focused on identifying dealership acquisition targets that will not only benefit from their management expertise, strong OEM relations and the scale of their operations, but also provide them with a competitive advantage in terms of operating independently in an area which leads to improved margin retention in sales as well as improved customer retention.

The following diagram highlights how their business has grown through strategic acquisitions during the periods indicated:



## Industry Snapshot:

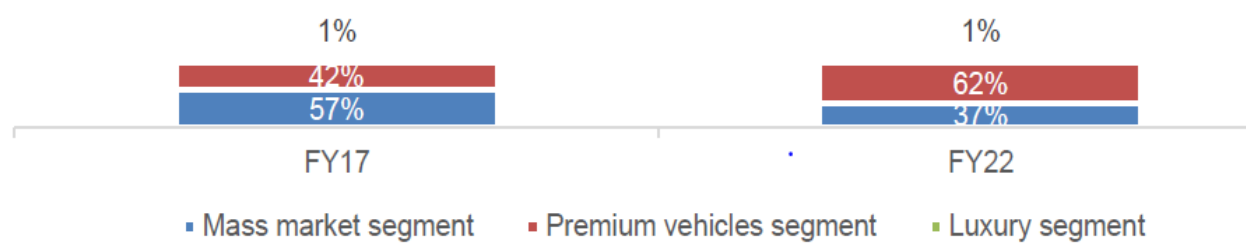
### Outlook of the Indian passenger vehicle industry

### Review of the Indian passenger vehicle (PV) industry

### Market Segments

The Indian passenger vehicle industry can be broadly classified into three main segments, namely, mass market vehicles, premium vehicles and luxury vehicles. Mass market vehicles segment mainly comprises of basic vehicles which are most economically friendly and preferred by the mass market in India. The mass market vehicles segment comprises of micro, mini, lower compact and vans segments. The share of mass market vehicles segment in the overall PV industry in India has decreased as a result of increasing disposable income, customer preference shifting towards premium vehicles and more frequent launches of new models in the premium vehicles segment. Premium vehicles are costlier vehicles typically preferred by upper middle class and rich class. It comprises of upper compact, super compact, executive, premium and utility vehicles. This segment is getting more and more traction with increasing disposable incomes, higher launches and shifting customer preferences from mass market to premium vehicles. Luxury vehicles segment is a niche segment offering high end vehicles at high premium prices, mainly preferred by high net-worth individuals and organisations. Vehicles of Mercedes, BMW, Audi, Volvo and JLR are part of this segment. The share of ultra-luxury market comprising of brands like Ferrari, Lamborghini, Bugatti, Rolls Royce is insignificant in India. According to the CRISIL Report, in Fiscal 2017, mass market vehicles dominated the Indian PV industry with 57% market share. In the last five years, premium vehicles segment has grown at a healthy 8.1% CAGR, expanding its contribution from 42% in Fiscal 2017 to 63% in Fiscal 2022. On the other hand, mass market vehicle sales contracted at a CAGR of 9%, with its market share decreased from 58% in Fiscal 2017 to 37% in Fiscal 2022.

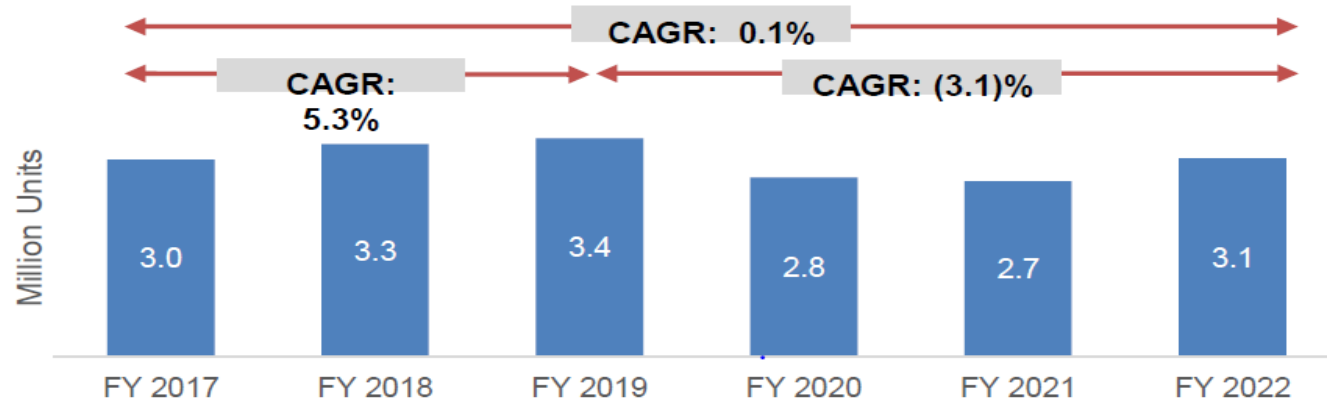
*PV industry split*



### Historical sales of the mass and premium segments

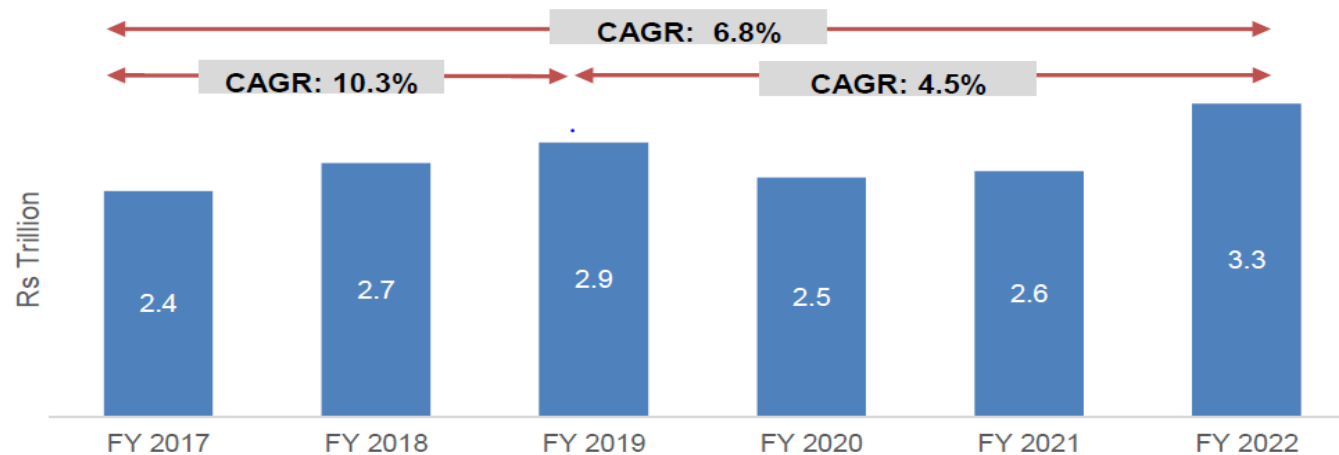
According to the CRISIL Report, the Indian PV (mass and premium segments) industry, in terms of sales volume, grew by a CAGR of 5.3% between Fiscal 2017 and Fiscal 2019, primarily due to increase in demand driven by improved economics, higher affordability and launches of new automobile modes. The industry, in terms of sales volume, contracted in Fiscal 2020 and Fiscal 2021, mainly due to mandatory implementation of BSVI norms, national lockdown, economic uncertainty and struggling vehicle supply. As the COVID-19 pandemic eases and economic sentiment improved, sales volume of the Indian PV (mass and premium segment) industry increased by a year-on growth of 13% in Fiscal 2022.

*Review of PV domestic (mass and premium market) sales volume*



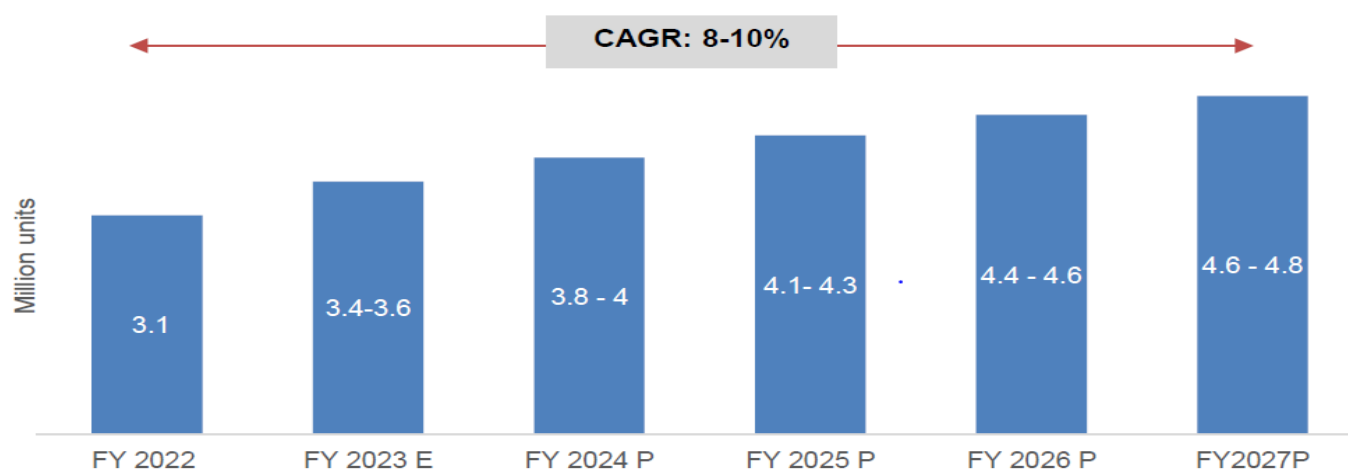
Despite the drop in sales volume in Fiscal 2021, sales value of the Indian PV (mass and premium segments) industry increased by 3% in the same fiscal, primarily due to increase in average vehicle prices resulting from annual price hikes and increased costs to comply with emission norms. Industry value in Fiscal 2022 was further increased as a result of increase in sales volume coupled with increased vehicle prices, premiumization and increased demand for the pricier UVs.

*Review of PV domestic (mass and premium market) sales value*



**Sales outlook of the mass and premium PV segments**

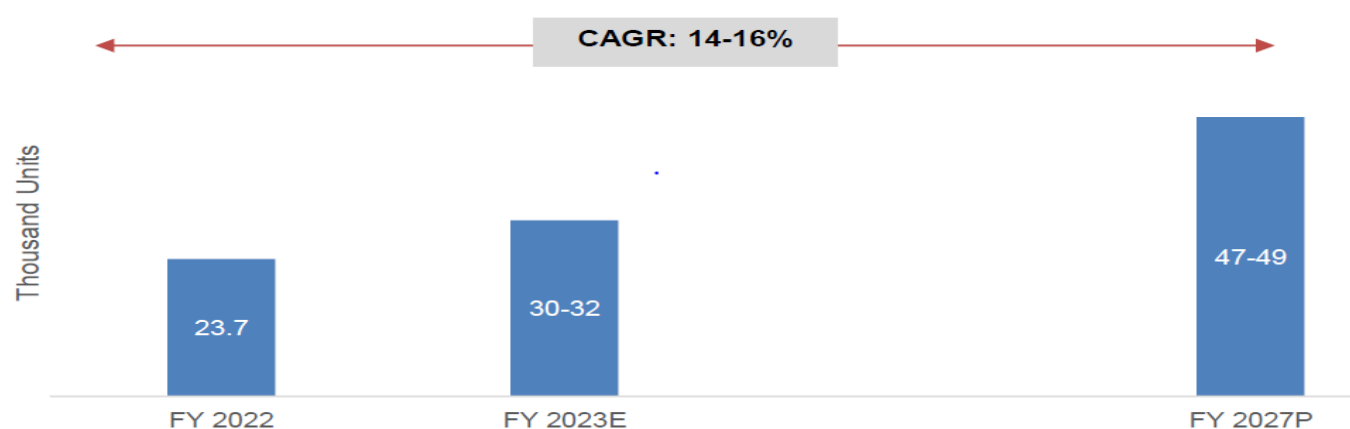
The overall PV sales (mass and premium markets) in India, in terms of sales volume, is expected to grow at a CAGR of 8 to 10% from approximately 3.1 million units in Fiscal 2022 to approximately 4.6-4.8 million units in Fiscal 2027. The premium market segment to grow at a faster pace at a CAGR of 10-12% from Fiscal 2022 to Fiscal 2027, as compared to a CAGR of 4-6% for the mass market segment for the same period. The growth is expected to be driven by healthy macroeconomic growth, increasing disposable income, favourable financial parameters, modest increase in cost of PV acquisitions, improved availability of auto finance and higher vehicle penetration as well as deeper reach in rural markets, tier-III and tier-IV cities. However, in the short-run, dampened economic scenario amidst interest rate increase and high inflation are expected to have certain impact on the overall industry sales.



**Sales outlook of the luxury PV segment**

PV domestic (mass and premium markets) sales outlook the luxury vehicles segment in India is expected to grow at a CAGR of 14-16% from 23,700 units in Fiscal 2022 to 47,000 to 49,000 units by Fiscal 2027. This growth is expected to be driven by estimated improvement in economic environment, increase in disposable incomes as well as intermittent launches by OEM/brands.

PV domestic luxury market sales outlook (volume)



➤ **Accounting ratios**

Particulars	Three months ended June 30, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
<b>Sales Volumes</b>				
Number of new vehicles sold	5,398	19,264	13,282	16,730
Number of vehicles serviced	76,469	2,79,078	2,21,468	2,91,040
Average revenue earned for each vehicle serviced	21,559	21,030	19,098	16,515
<b>Revenue</b>				
Vehicle sales	6,300.96	23,798.64	15,215.89	17,351.95
After-sales service and spare parts and others	1,701.74	5,966.59	4,345.15	4,834.19
Revenue from operations	8,002.70	29,765.23	19,561.04	22,186.14
Total Income	8,019.03	29,891.16	19,663.43	22,289.33
<b>EBITDA</b>				
Vehicle sales	205.46	682.62	368.14	(96.93)
After-sales service and spare parts and others	309.02	1,085.36	771.12	865.83
EBITDA	528.34	1,872.81	1,200.63	831.95
<b>EBITDA Margin</b>				
Vehicle sales and other operating revenue	3.26%	2.87%	2.42%	(0.56%)
After-sales service and spare parts and others	18.16%	18.19%	17.75%	17.91%
EBITDA Margin	6.59%	6.27%	6.11%	3.73%
Restated profit/(loss) for the period / year	181.42	661.82	111.48	(289.39)
<b>Earnings Per Share</b>				
-Basic	4.86	17.88	3.09	(7.84)
-Diluted	4.75	17.45	3.05	(7.84)
Inventory turnover days	49	45	57	54
Working capital turnover ratio	NA	NA	NA	NA
Operating profit before working capital changes	518.42	1,788.32	1,164.40	805.14
Gross margin	16.31%	14.65%	14.88%	13.80%
Net Profit Ratio	2.27%	2.22%	0.57%	(1.30%)
Return on Equity Ratio	6.72%	26.66%	6.11%	(17.03%)
Return on Capital Employed	3.67%	18.86%	8.59%	1.07%
Net Debt / EBITDA Ratio	7.92	1.49	2.54	3.90
Net Worth	2,682.67	2,469.42	1,817.75	1,691.25
Return on Net Worth (RoNW)	6.64%	26.52%	6.23%	(16.99%)
NAV per Equity Share	73.25	67.42	49.62	46.17



**Key Risk:**

- They are subject to the significant influence of, and restrictions imposed by OEMs pursuant to the terms of their dealership or agency agreements that may adversely impact their business, results of operations, financial condition and prospects, including their ability to expand into new territories and acquire additional dealerships.
- The agreements governing their indebtedness contain certain restrictive covenants and their inability to comply with these covenants could adversely affect their business, results of operations financial condition.
- Their success depends on the value, perception, marketing and overall competitiveness of their OEMs' vehicle brands in India and any damage to these brands or their failure to compete effectively in India could materially adversely affect their business, results of operations and financial condition.
- A large portion of their business operations are concentrated in the states of Gujarat and Maharashtra, and any adverse developments in these states could have an adverse effect on their business, results of operations and financial condition
- They may not be able to complete, or achieve the expected benefits from, current or future dealership acquisitions which could materially adversely affect their business, results of operations and financial condition.
- The decision by any of their OEMs not to renew, to terminate or to require adverse material modifications to any of their dealership or agency agreements entered into with them could have a material and adverse effect on their business, results of operations and financial condition.
- Mercedes-Benz has required that they restructure their dealership arrangement with them to an agency model. They can make no assurances that their business, results of operations and financial condition will not be adversely affected by this change.
- Their investments in building their pre-owned vehicle business and establishing a new electric passenger dealership with BYD and building an electric vehicle business may not be successful due to insufficient demand in India for electric vehicles and may be loss-making.
- Their return on equity ratio and return on capital employed have fluctuated in the three months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020 primarily due to fluctuation in profit/loss for the respective years and periods.
- Increasing competition among automotive dealerships through online and offline marketing and competition from the unauthorized service centres may have an adverse impact on their business, results of operations and financial condition.

**Valuation:**

Landmark cars limited has a leading automotive dealership for major OEMs with strong focus on high growth segment and growing presence in after-sales segment leading predictable growth in revenue and comprehensive business model with robust business process leveraging technological innovation and digitalization.

At the upper price band Landmark cars limited is trading at P/E of 31.34x with a market cap of ₹ 20,032 million post issue of equity shares and return on net worth of 26.5%.

We believe Landmark cars limited is fairly priced and recommend a "**Subscribe- Long term**" rating to the IPO.

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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

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