

# IPO Report

Choice

“Subscribe with Caution” to  
**Landmark Cars Ltd.**

Aggressively priced



### Salient features of the IPO:

- TPG-backed **Landmark Cars Ltd.** (LCL), a leading premium car dealer in the domestic market is coming up with an IPO to raise Rs. 552cr, which opens on 13<sup>th</sup> Dec. and closes on 15<sup>th</sup> Dec. 2022. The price band is Rs. 481 - 506 per share.
- The IPO is a combination of fresh and OFS issue. The company will not receive any proceeds from the OFS portion. Of the net proceeds from fresh issue, Rs. 120cr will be utilized for the repayment/pre-payment of certain debt availed by the company. Residual funds will be used for general corporate purposes.
- Through this IPO, the promoter group is participating in the OFS issue by offloading 0.02cr shares. TPG Growth II SF Pte. (TPG), an investor selling shareholder is partially offloading its stake in the company. Post-IPO, promoter group stake will be at 55.23%, compared to pre-IPO stake of 60.24%. TPG's post-IPO stake will be at 11.26%, compared to pre-IPO stake of 29.7% in the company.

### Key competitive strengths:

- Leading automotive dealership for major OEMs with a strong focus on high growth segments
- Growing presence in after-sales segment leading predictable growth in revenues and superior margins
- Comprehensive business model capturing entire customer value-chain
- Robust business processes leveraging technological innovation and digitalization
- Profitable and improving balance sheet
- Experienced promoter and professional management team with technical expertise

### Risk and concerns:

- Unfavorable government policies & regulations
- Poor demand of premium/luxury vehicles
- Geographical revenue concentration risk
- Discontinuation of dealership agreement
- Poor profitability margins and difficulty in maintaining the current profitability
- Competition

### Below are the key highlights of the company:

- According to the RHP, the overall passenger vehicles (PV) sales (mass and premium PV market) is likely to grow by 8-10% CAGR over FY22-27 to reach a size of 4.6-4.8mn units by FY27. Further, the premium and luxury PV segment is expected to grow at 10-12% and 14-16% CAGR, respectively, during the period.
- LCL is a leading premium automotive dealer in India. It has PV dealership agreements with Honda, Volkswagen, Jeep, Renault, a commercial vehicle dealership with Ashok Leyland Ltd. and an agency agreement with Mercedes-Benz. Further, the company also has dealership and distribution agreements for spare parts with various OEMs. LCL has also entered into a letter of intent with the automaker BYD India Pvt. Ltd. (BYD) for dealership of BYD's electric PVs in the National Capital Region and Mumbai.
- With effect from 1<sup>st</sup> Oct. 2021, LCL converted its business agreement with Mercedes-Benz from dealership model to authorized agency model on a non-exclusive basis. Pursuant to the agreement, the company will not have to purchase cars from Mercedes-Benz and resell them to the customers. However, the sales will happen between customer and Mercedes-Benz via. LCL, which in turn will earn commission income from Mercedes-Benz.

### Issue details

|                                       |  |
|---------------------------------------|--|
| Price band                            | Rs. 481 - 506 per share                            |
| Face value                            | Rs. 5  |
| Shares for fresh issue                | 0.296 - 0.312cr shares                             |
| Shares for OFS                        | 0.794 - 0.836cr shares                             |
| Fresh issue size                      | Rs. 150cr  |
| OFS issue size                        | Rs. 402cr  |
| Total issue size                      | 1.091 - 1.148cr shares (Rs. 552cr)                 |
| Employee reservation                  | 0.002cr shares (Rs. 1cr)                           |
| Net issue size                        | 1.089 - 1.146cr shares (Rs. 551cr)                 |
| Bidding date                          | 13 <sup>th</sup> Dec. - 15 <sup>th</sup> Dec. 2022 |
| MCAP at higher price band             | Rs. 2,003cr  |
| Enterprise value at higher price band | Rs. 2,396cr  |
| Book running lead manager             | Axis Capital Ltd. and ICICI Securities Ltd.        |
| Registrar                             | Link Intime India Pvt. Ltd.                        |
| Sector                                | Auto Dealer  |
| Promoters                             | Mr. Sanjay Karsandas Thakker                       |

### Issue break-up

| Category                  | Percent of issue (%) | Number of shares       |
|---------------------------|----------------------|------------------------|
| QIB portion               | 50%                  | 0.544 - 0.573cr shares |
| Non institutional portion | 15%                  | 0.163 - 0.172cr shares |
| Retail portion            | 35%                  | 0.381 - 0.401cr shares |

### Indicative IPO process time line

|                                    |                            |
|------------------------------------|----------------------------|
| Finalization of basis of allotment | 20 <sup>th</sup> Dec. 2022 |
| Unblocking of ASBA account         | 21 <sup>st</sup> Dec. 2022 |
| Credit to demat accounts           | 22 <sup>nd</sup> Dec. 2022 |
| Commencement of trading            | 23 <sup>rd</sup> Dec. 2022 |

### Pre and post - issue shareholding pattern

|                           | Pre-issue      | Post-issue     |
|---------------------------|----------------|----------------|
| Promoter & promoter group | 60.24%         | 55.23%         |
| Public                    | 39.76%         | 44.77%         |
| <b>Total</b>              | <b>100.00%</b> | <b>100.00%</b> |

### Retail application money at higher cut-off price per lot

|                          |                    |
|--------------------------|--------------------|
| Number of shares per lot | 29                 |
| Employee discount        | Rs. 48 per share   |
| Application money        | Rs. 14,674 per lot |

### Key highlights of the company (Contd...):

- It has presence across the automotive retail value chain, including sales of new vehicles, after-sales service (including sales of spare parts, lubricants and accessories), sales of pre-owned PVs and facilitation of sales of third-party financial & insurance products. As of 30<sup>th</sup> Jun. 2022, the company had a network of 112 outlets in eight Indian states and union territories (comprising of 59 sales showrooms & outlets and 53 after-sales service & spares outlets). These operating regions represented around 51% of the total domestic vehicle demand in FY22.
- In terms of retail sales in FY22, LCL was the number one dealer for Mercedes in India. In terms of wholesale sales in India, it was the number one dealer for Honda and Jeep and was the top contributor for Volkswagen's retail sales in 2021. Additionally, the company was the third largest dealership for Renault's wholesale sales in 2021. In FY22, LCL contributed 15.8% to the retail sales of Mercedes-Benz, 5.8% to the wholesale sales of Honda, 8.7% to the wholesale sales of Volkswagen, 26.8% to the wholesale sales of Jeep and 5.1% to the wholesale sales of Renault. The sales of new vehicles contributed around 77-82% to the consolidated revenue during FY19-22. While this segments EBITDA margin is estimated to be in the range of 3-4%.
- Under the after-sales service & spares business vertical, the company operates an authorized service centers for Mercedes-Benz, Honda, Volkswagen, Jeep, Renault and Ashok Leyland. This business vertical is characterized by stable revenue stream with relatively highest EBITDA margin for the company. Over FY19-22, this vertical contributed around 20% to the consolidated revenue, while EBITDA margin stood in the range of 17-18%. Its EBITDA contribution to the consolidated EBITDA stood at around 60% in FY22.
- LCL further intends to expand into the after-sales service & spares business. It has invested in technology & platforms like Chatpay Commerce Pvt. Ltd. (known as Pitstop) and Sheerdrive Pvt. Ltd. (Sheerdrive). As of 30<sup>th</sup> Jun. 2022, the company held 8.26% equity interest in Pitstop, which aims to be a multi-brand car service & repair and spare parts provider. Currently, LCL is working on integrating the technology from Pitstop to improve efficiency and customer convenience for its after-sales service customers. Further it had 19.97% stake in Sheerdrive, an auto technology start-up focusing on used car transactions. The company has implemented Sheerdrive's platform for its pre-owned PV business vertical.
- LCL's operating and financial performance over FY19-22 is not encouraging. It has reported loss during FY19-20, however, mainly with improved realization over rest of the period, it turned profitable. Over FY19-22, the company reported a 1.7% CAGR rise in the consolidated revenue to Rs. 2,976.5cr in FY22. Key driver was the 4.5% CAGR rise in the blended realization of new vehicles. Sales volume of new vehicles declined by similar levels during the period. Business contribution from sales of new vehicles declined from 82.1% in FY19 to 77.4% in FY22. During the same period, business contribution from the servicing of vehicles increased by 362bps. Net cost of revenue increased by 0.7% CAGR (a rate lower than top-line growth), thereby leading to a 274bps expansion in the gross margin. EBITDA margin expanded in-line to gross margin. Consolidated EBITDA increased by 29.5% CAGR to Rs. 174.7cr in FY22. With expansion in the dealer outlets, depreciation charge increased by 9.3% CAGR, while lower financial liabilities led to a 12.6% CAGR fall in the finance costs. Pre-tax profit was at loss during FY19-20, however with improved profitability in later period led to a pre-tax profit of Rs. 19.8cr and Rs. 82.3cr in FY21 and FY22, respectively.
- LCL reported positive operating cash flow during the period, which increased by 11.7%. Average operating cash flow stood at Rs. 95.9cr over FY19-22. Financial liabilities declined by 4% CAGR with debt-to-equity ratio improving from 3.4x in FY19 to 2.3x in FY22. Pre-issue average RoIC and RoE stood at 6.9% and 0.6%, respectively.
- Based on our conservative assumptions, we are forecasting a top-line growth of 14.7% CAGR (mainly led by 8.4% and 4.5% CAGR higher new vehicle sales volume and blended realization, respectively) over FY22-24E to Rs. 3,915.4cr. However, EBITDA and PAT margins is likely to contract by 38bps and 40bps, respectively. Post-issue RoIC and RoE are likely to be lower by 297bps and 256bps, respectively, to 10.8% and 13.9% in FY24E.

**Peer comparison and valuation:** There are no comparable peers having business profile similar to LCL. At higher price band, the company is demanding an P/S multiple of 0.7x, which seems to be significantly higher than the international peers having almost similar business profile. Thus we assign a **"Subscribe with Caution"** rating for the issue.

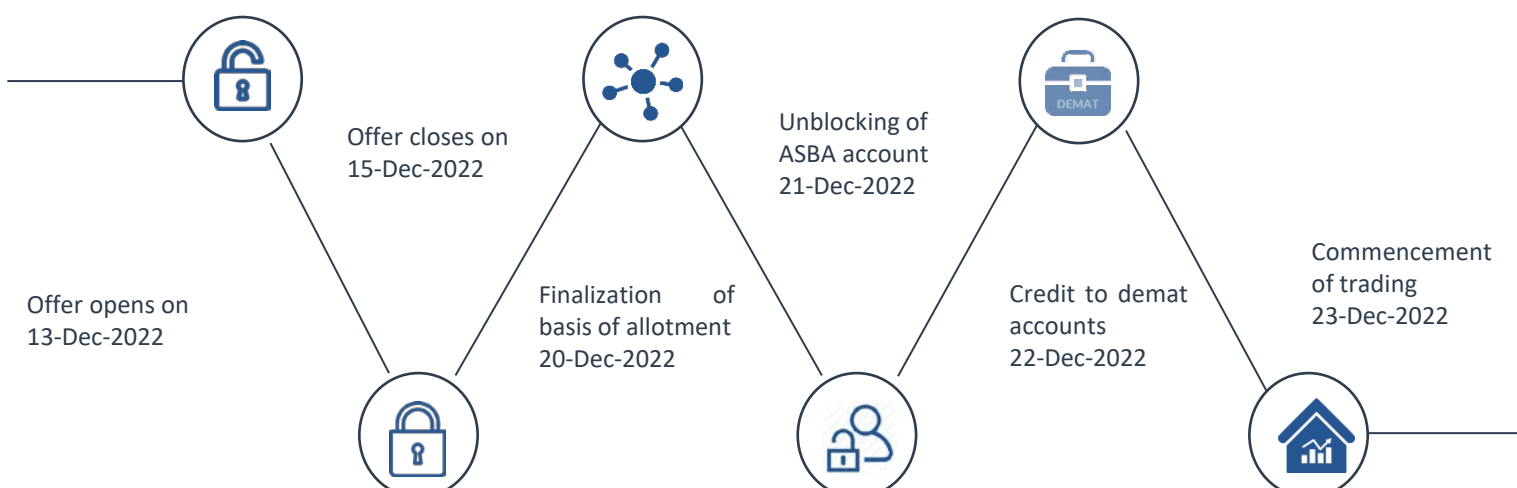
## About the issue:

- LCL is coming up with an IPO with 1.091 - 1.148cr shares (fresh issue: 0.296 - 0.312cr shares; OFS shares: 0.794 - 0.836cr shares) in offering. This offer represents around 27.56% - 28.87% of the post issue paid-up equity shares of the company. Total IPO size is Rs. 552cr.
- The issue will open on 13<sup>th</sup> Dec. 2022 and close on 15<sup>th</sup> Dec. 2022.
- The issue is through book building process with a price band of Rs. 481 - 506 per share.
- Lot size is 29 equity shares and in multiple of 29 shares thereafter.
- 0.002cr shares are reserved for eligible employees. A discount of Rs. 48 per share is offered to eligible employees.
- The net issue size is Rs. 551cr.
- The IPO is a combination of fresh and OFS issue. The company will not receive any proceeds from the OFS portion. Of the net proceeds from fresh issue, Rs. 120cr will be utilized for the repayment/pre-payment of certain debt availed by the company. Residual funds will be used for general corporate purposes.
- Through this IPO, the promoter group is participating in the OFS issue by offloading 0.02cr shares. TPG Growth II SF Pte. (TPG), an investor selling shareholder is partially offloading its stake in the company.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 60.24% stake in the company and post-IPO this will come down to 55.23%. Public holding will increase from current 39.76% to 44.77%.

| Pre and post-issue shareholding pattern (%) |           |                                   |
|---|-----------|-----------------------------------|
|   | Pre-issue | Post-issue (at higher price band) |
| Promoter & promoter group                   | 60.24%    | 55.23%                            |
| Public                                      | 39.76%    | 44.77%                            |

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY19-22:** LCL's operating and financial performance over FY19-22 is not encouraging. It has reported loss during FY19-20, however, mainly with improved realization over rest of the period, it turned profitable.

Over FY19-22, the company reported a 1.7% CAGR rise in the consolidated revenue to Rs. 2,976.5cr in FY22. Key driver was the 4.5% CAGR rise in the blended realization of new vehicles. Sales volume of new vehicles declined by similar levels during the period. Business contribution from sales of new vehicles declined from 82.1% in FY19 to 77.4% in FY22. During the same period, business contribution from the servicing of vehicles increased by 362bps.

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| Pre-issue consolidated financial snapshot (Rs. cr) | FY19    | FY20    | FY21    | FY22    | H1 FY22 | H2 FY22 | Q1 FY23 | CAGR over FY20-22 | Y-o-Y (FY22 annual) |
|--|---------|---------|---------|---------|---------|---------|---------|-------------------|---------------------|
| Sale of cars                                       | 2,295.2 | 1,686.9 | 1,480.3 | 2,296.4 | 1,143.0 | 1,153.4 | 596.1   | 0.0%              | 55.1%               |
| Commission income                                  |         |         |         | 31.1    |         | 31.1    | 19.4    |                   |                     |
| Sale of spares, lubricants and others              | 329.9   | 336.1   | 290.7   | 398.0   | 164.4   | 233.7   | 112.9   | 6.5%              | 36.9%               |
| Sale of services                                   | 130.4   | 144.6   | 132.3   | 188.9   | 78.6    | 110.2   | 51.9    | 13.2%             | 42.8%               |
| Revenue from sale of products and services         | 2,755.4 | 2,167.5 | 1,903.3 | 2,914.3 | 1,386.0 | 1,528.3 | 780.4   | 1.9%              | 53.1%               |
| Other operating revenues                           | 71.1    | 51.1    | 52.8    | 62.2    | 26.8    | 35.4    | 19.9    | -4.4%             | 17.8%               |
| Revenue from operations                            | 2,826.5 | 2,218.6 | 1,956.1 | 2,976.5 | 1,412.8 | 1,563.7 | 800.3   | 1.7%              | 52.2%               |
| Gross profit                                       | 364.0   | 323.7   | 308.7   | 464.8   | 191.5   | 273.3   | 138.5   | 8.5%              | 50.5%               |
| EBITDA   | 80.5    | 72.9    | 109.8   | 174.7   | 70.7    | 104.0   | 51.2    | 29.5%             | 59.1%               |
| Reported PAT                                       | (25.3)  | (28.7)  | 11.3    | 65.5    | 27.8    | 37.7    | 17.8    |                   | 477.9%              |
| Restated reported EPS                              | (6.4)   | (7.3)   | 2.9     | 16.5    | 7.0     | 9.5     | 4.5     |                   | 477.9%              |
| Cash flow from operating activities                | 54.9    | 209.7   | 42.8    | 76.4    | 18.3    | 58.2    | (64.6)  | 11.7%             | 78.7%               |
| NOPLAT   | 2.7     | (0.4)   | 26.7    | 84.4    | 39.1    | 46.3    | 28.0    | 213.5%            | 216.2%              |
| FCF  |         | 70.9    | 11.4    | 139.3   |         | 99.4    |         |                   | 1122.0%             |
| RoIC (%)   | 0.8%    | -0.1%   | 8.5%    | 18.3%   | 12.0%   | 10.0%   | 5.9%    | 1,749 bps         | 977 bps             |
| Revenue growth rate (%)                            |         | -21.5%  | -11.8%  | 52.2%   |         | 10.7%   |         |                   |                     |
| Gross profit growth rate (%)                       |         | -11.1%  | -4.6%   | 50.5%   |         | 42.7%   |         |                   |                     |
| Gross profit margin (%)                            | 12.9%   | 14.6%   | 15.8%   | 15.6%   | 13.6%   | 17.5%   | 17.3%   | 274 bps           | (17) bps            |
| EBITDA growth rate (%)                             |         | -9.5%   | 50.7%   | 59.1%   |         | 47.1%   |         |                   |                     |
| EBITDA margin (%)                                  | 2.8%    | 3.3%    | 5.6%    | 5.9%    | 5.0%    | 6.7%    | 6.4%    | 302 bps           | 25 bps              |
| EBIT growth rate (%)                               |         | -63.4%  | 377.1%  | 121.5%  |         | 64.9%   |         |                   |                     |
| EBIT margin (%)                                    | 1.0%    | 0.4%    | 2.4%    | 3.5%    | 2.8%    | 4.2%    | 3.8%    | 256 bps           | 110 bps             |
| Restated reported PAT growth rate (%)              |         | 13.8%   | -139.4% | 477.9%  |         | 35.7%   |         |                   |                     |
| Restated reported PAT margin (%)                   | -0.9%   | -1.3%   | 0.6%    | 2.2%    | 2.0%    | 2.4%    | 2.2%    | 309 bps           | 162 bps             |
| Inventory days                                     | 50.4    | 54.5    | 57.0    | 45.0    | 50.7    | 46.0    | 52.5    | -3.7%             | -21.1%              |
| Debtor days  | 10.1    | 8.4     | 7.4     | 7.4     | 8.9     | 7.4     | 9.5     | -10.1%            | -0.8%               |
| Payable days                                       | (10.4)  | (12.1)  | (17.3)  | (17.8)  | (15.6)  | (20.2)  | (14.2)  | 19.6%             | 3.1%                |
| Cash conversion cycle                              | 50.1    | 50.7    | 47.1    | 34.5    | 44.1    | 33.2    | 47.7    | -11.7%            | -26.8%              |
| Fixed asset turnover ratio (x)                     | 7.2     | 6.0     | 6.0     | 5.9     | 4.2     | 3.1     | 1.6     | -6.3%             | -0.7%               |
| Total asset turnover ratio (x)                     | 2.8     | 2.7     | 2.2     | 2.7     | 1.4     | 1.4     | 0.7     | -0.7%             | 24.5%               |
| Current ratio (x)                                  | 0.9     | 0.8     | 1.0     | 0.9     | 1.0     | 0.9     | 1.0     | 0.1%              | -4.5%               |
| Quick ratio (x)                                    | 0.4     | 0.4     | 0.4     | 0.4     | 0.4     | 0.4     | 0.4     | -1.8%             | -16.3%              |
| Total debt (Rs.)                                   | 647.8   | 512.1   | 468.4   | 572.8   | 543.9   | 572.8   | 714.4   | -4.0%             | 22.3%               |
| Net debt (Rs.)                                     | 611.2   | 476.5   | 445.7   | 542.8   | 473.3   | 542.8   | 668.4   | -3.9%             | 21.8%               |
| Debt to equity (x)                                 | 3.4     | 3.0     | 2.6     | 2.3     | 2.6     | 2.3     | 2.7     | -12.4%            | -10.0%              |
| Net debt to EBITDA (x)                             | 7.6     | 6.5     | 4.1     | 3.1     | 6.7     | 5.2     | 13.1    | -25.7%            | -23.4%              |
| RoE (%)  | -13.4%  | -17.0%  | 6.2%    | 26.5%   | 13.3%   | 15.3%   | 6.6%    | 3,995 bps         | 2,028 bps           |
| RoA (%)  | -2.5%   | -3.5%   | 1.3%    | 6.0%    | 2.8%    | 3.5%    | 1.5%    | 854 bps           | 476 bps             |
| RoCE (%)   | 7.9%    | 3.1%    | 14.5%   | 22.3%   | 13.1%   | 13.9%   | 6.3%    | 1,435 bps         | 780 bps             |

Note: Pre-IPO financial and ratios; Source: Choice Equity Broking



### Competitive strengths:

- Leading automotive dealership for major OEMs with a strong focus on high growth segments
- Growing presence in after-sales segment leading predictable growth in revenues and superior margins
- Comprehensive business model capturing entire customer value-chain
- Robust business processes leveraging technological innovation and digitalization
- Profitable and improving balance sheet
- Experienced promoter and professional management team with technical expertise

### Business strategy:

- Continue expansion focusing on high growth segments and brands
- Expand after-sales service business
- Build pre-owned passenger vehicle business leveraging the experience, technology and network
- Continue to invest in technology and digitalizing sales and service channels
- Continue strategic acquisitions to expand geographic reach in premium and luxury brands



### Risk and concerns:

- Unfavorable government policies & regulations
- Poor demand of premium/luxury vehicles
- Geographical revenue concentration risk
- Discontinuation of dealership agreement
- Poor profitability margins and difficulty in maintaining the current profitability
- Competition



## Financial statements:

| Consolidated profit and loss statement (Rs. cr) |                |                |                |                |                |                |              |                     |                         |
|---|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------------|-------------------------|
|   | FY19           | FY20           | FY21           | FY22           | H1 FY22        | H2 FY22        | Q1 FY23      | CAGR over FY19 - 22 | Annual growth over FY21 |
| <b>Revenue from operations</b>                  | <b>2,826.5</b> | <b>2,218.6</b> | <b>1,956.1</b> | <b>2,976.5</b> | <b>1,412.8</b> | <b>1,563.7</b> | <b>800.3</b> | <b>1.7%</b>         | <b>52.2%</b>            |
| Purchase of cars, spares and others             | (2,477.6)      | (1,780.8)      | (1,710.4)      | (2,552.8)      | (1,276.8)      | (1,276.0)      | (714.3)      | 1.0%                | 49.3%                   |
| Changes in inventories of stock-in-trade        | 15.1           | (114.0)        | 63.1           | 41.1           | 55.5           | (14.4)         | 52.6         | 39.6%               | -34.8%                  |
| <b>Gross profit</b>                             | <b>364.0</b>   | <b>323.7</b>   | <b>308.7</b>   | <b>464.8</b>   | <b>191.5</b>   | <b>273.3</b>   | <b>138.5</b> | <b>8.5%</b>         | <b>50.5%</b>            |
| Employee benefits expense                       | (152.3)        | (136.7)        | (107.7)        | (153.2)        | (67.5)         | (85.7)         | (45.0)       | 0.2%                | 42.3%                   |
| Other expenses                                  | (131.2)        | (114.1)        | (91.2)         | (136.9)        | (53.3)         | (83.6)         | (42.4)       | 1.4%                | 50.1%                   |
| <b>EBITDA</b>                                   | <b>80.5</b>    | <b>72.9</b>    | <b>109.8</b>   | <b>174.7</b>   | <b>70.7</b>    | <b>104.0</b>   | <b>51.2</b>  | <b>29.5%</b>        | <b>59.1%</b>            |
| Depreciation and amortization expense           | (53.4)         | (63.0)         | (62.5)         | (69.8)         | (31.1)         | (38.7)         | (20.8)       | 9.3%                | 11.7%                   |
| <b>EBIT</b>                                     | <b>27.1</b>    | <b>9.9</b>     | <b>47.3</b>    | <b>104.9</b>   | <b>39.6</b>    | <b>65.3</b>    | <b>30.4</b>  | <b>57.0%</b>        | <b>121.5%</b>           |
| Finance costs                                   | (52.8)         | (44.9)         | (37.8)         | (35.2)         | (18.2)         | (17.0)         | (12.3)       | -12.6%              | -6.8%                   |
| Other income                                    | 8.1            | 10.3           | 10.2           | 12.6           | 7.0            | 5.6            | 1.6          | 15.9%               | 23.0%                   |
| <b>PBT</b>                                      | <b>(17.6)</b>  | <b>(24.6)</b>  | <b>19.8</b>    | <b>82.3</b>    | <b>28.3</b>    | <b>53.9</b>    | <b>19.7</b>  | <b>-267.4%</b>      | <b>315.9%</b>           |
| Tax expenses                                    | (6.9)          | (4.3)          | (8.6)          | (16.1)         | (0.4)          | (15.7)         | (1.5)        | 32.8%               | 86.4%                   |
| <b>PAT before minority interest</b>             | <b>(24.4)</b>  | <b>(28.9)</b>  | <b>11.1</b>    | <b>66.2</b>    | <b>27.9</b>    | <b>38.2</b>    | <b>18.1</b>  | <b>(2.4)</b>        | <b>4.9</b>              |
| Minority interest                               | (0.8)          | 0.2            | 0.2            | (0.7)          | (0.2)          | (0.5)          | (0.3)        | -5.5%               |                         |
| <b>Reported PAT</b>                             | <b>(25.3)</b>  | <b>(28.7)</b>  | <b>11.3</b>    | <b>65.5</b>    | <b>27.8</b>    | <b>37.7</b>    | <b>17.8</b>  |                     | <b>477.9%</b>           |

| Consolidated balance sheet statement (Rs. cr) |                |              |              |                |              |                |                |                     |                         |
|---|----------------|--------------|--------------|----------------|--------------|----------------|----------------|---------------------|-------------------------|
|   | FY19           | FY20         | FY21         | FY22           | H1 FY22      | H2 FY22        | Q1 FY23        | CAGR over FY19 - 22 | Annual growth over FY21 |
| Equity share capital                          | 18.3           | 18.3         | 18.3         | 18.3           | 18.3         | 18.3           | 18.3           | 0.0%                | 0.0%                    |
| Other equity                                  | 169.7          | 150.8        | 163.5        | 228.6          | 190.2        | 228.6          | 250.0          | 10.5%               | 39.9%                   |
| Minority interest                             | 1.0            | 0.8          | 0.6          | 1.3            | 0.8          | 1.3            | 1.6            | 9.6%                | 117.1%                  |
| Non current borrowings                        | 54.2           | 59.6         | 56.5         | 56.5           | 59.7         | 56.5           | 56.9           | 1.4%                | 0.0%                    |
| Non current lease liabilities                 | 128.4          | 123.3        | 102.8        | 186.4          | 95.0         | 186.4          | 183.5          | 13.2%               | 81.2%                   |
| Net deferred tax liabilities                  | 2.3            | 1.4          | 0.9          | 0.6            | 1.2          | 0.6            | 1.4            | -37.1%              | -32.9%                  |
| Other non current liabilities                 | 4.7            | 4.6          | 7.2          | 9.2            | 6.6          | 9.2            | 13.0           | 25.6%               | 27.6%                   |
| Trade payables                                | 70.3           | 55.7         | 100.2        | 144.9          | 105.8        | 144.9          | 104.7          | 27.3%               | 44.5%                   |
| Current borrowings                            | 196.6          | 120.4        | 152.6        | 189.7          | 223.9        | 189.7          | 339.9          | -1.2%               | 24.3%                   |
| Vehicle floor plan payable                    | 228.0          | 177.9        | 118.4        | 62.3           | 125.2        | 62.3           | 67.6           | -35.1%              | -47.3%                  |
| Current lease liabilities                     | 30.2           | 23.8         | 33.1         | 43.2           | 34.4         | 43.2           | 44.9           | 12.8%               | 30.5%                   |
| Other current financial liabilities           | 10.4           | 7.0          | 5.0          | 34.7           | 5.7          | 34.7           | 21.6           | 49.3%               | 596.7%                  |
| Current net tax liabilities                   | 0.1            | 0.7          | 6.3          | 1.5            | 0.8          | 1.5            | 2.9            | 201.2%              | -76.5%                  |
| Other current liabilities                     | 94.0           | 87.3         | 122.5        | 108.2          | 131.0        | 108.2          | 102.9          | 4.8%                | -11.7%                  |
| <b>Total liabilities</b>                      | <b>1,008.0</b> | <b>831.8</b> | <b>887.9</b> | <b>1,085.4</b> | <b>998.7</b> | <b>1,085.4</b> | <b>1,209.4</b> | <b>2.5%</b>         | <b>22.2%</b>            |
| Property, plant and equipment                 | 227.1          | 211.4        | 190.1        | 214.6          | 197.0        | 214.6          | 213.6          | -1.9%               | 12.9%                   |
| Intangible assets                             | 5.7            | 4.5          | 3.2          | 26.0           | 4.0          | 26.0           | 24.2           | 65.9%               | 719.1%                  |
| Right-of-use assets                           | 145.3          | 131.1        | 109.6        | 208.9          | 105.8        | 208.9          | 206.3          | 12.9%               | 90.7%                   |
| Capital work-in-progress                      |                | 0.0          | 0.7          | 3.8            | 2.4          | 3.8            | 8.5            |                     | 467.0%                  |
| Intangible assets under development           | 0.4            | 0.6          | 0.9          | 0.9            | 0.9          | 0.9            | 0.9            | 27.5%               | 1.2%                    |
| Goodwill                                      | 13.5           | 23.2         | 23.2         | 47.8           | 23.4         | 47.8           | 47.8           | 52.6%               | 106.5%                  |
| Non current investments                       |                | 8.0          | 13.0         | 16.5           | 15.8         | 16.5           | 21.1           |                     | 27.3%                   |
| Non current loans                             | 1.5            | 30.9         |              |                |              | 0.0            |                |                     |                         |
| Other non current financial assets            | 16.8           | 14.8         | 12.6         | 15.0           | 16.7         | 15.0           | 18.5           | -3.8%               | 19.3%                   |
| Non current net tax assets                    | 4.9            | 5.6          | 2.7          |                | 1.2          | 0.0            |                |                     |                         |
| Net deferred tax assets                       | 8.9            | 4.9          | 5.7          | 6.0            | 11.7         | 6.0            | 10.2           | -12.3%              | 5.3%                    |
| Other non current assets                      | 0.5            | 0.6          | 2.1          | 1.8            | 2.2          | 1.8            | 3.2            | 58.2%               | -14.0%                  |
| Inventories                                   | 339.8          | 225.8        | 288.8        | 329.9          | 344.3        | 329.9          | 385.8          | -1.0%               | 14.2%                   |
| Trade receivables                             | 78.3           | 23.6         | 55.8         | 64.2           | 70.2         | 64.2           | 84.2           | -6.4%               | 15.0%                   |
| Current investment                            |                | 2.3          |              |                |              | 0.0            |                |                     |                         |
| Cash and cash equivalents                     | 36.6           | 33.3         | 22.7         | 30.0           | 70.6         | 30.0           | 46.0           | -6.4%               | 32.0%                   |
| Current loans                                 | 6.5            | 14.9         | 56.3         | 33.4           | 39.6         | 33.4           | 50.2           | 72.7%               | -40.7%                  |
| Other current financial assets                | 43.3           | 28.9         | 27.6         | 28.4           | 23.9         | 28.4           | 30.9           | -13.1%              | 2.9%                    |
| Current net tax assets                        | 1.2            | 3.1          | 1.4          | 6.3            | 4.6          | 6.3            | 5.3            | 73.6%               | 339.6%                  |
| Other current assets                          | 77.8           | 64.3         | 71.6         | 51.8           | 64.4         | 51.8           | 52.6           | -12.6%              | -27.6%                  |
| <b>Total assets</b>                           | <b>1,008.0</b> | <b>831.8</b> | <b>887.9</b> | <b>1,085.4</b> | <b>998.7</b> | <b>1,085.4</b> | <b>1,209.4</b> | <b>2.5%</b>         | <b>22.2%</b>            |

Note: Pre-IPO financials; Source: Choice Equity Broking

## Financial statements (Contd...):

| Consolidated cash flow statement (Rs. cr)  |               |                |               |               |               |               |               |                     |                         |
|--|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------------|-------------------------|
|  | FY19          | FY20           | FY21          | FY22          | H1 FY22       | H2 FY22       | Q1 FY23       | CAGR over FY19 - 22 | Annual growth over FY21 |
| Cash flow before working capital changes   | 93.5          | 80.5           | 116.4         | 178.8         | 73.0          | 105.8         | 51.8          | 24.1%               | 53.6%                   |
| Working capital changes                    | (24.2)        | 132.3          | (73.4)        | (78.6)        | (41.4)        | (37.2)        | (113.0)       | 48.0%               | 7.1%                    |
| <b>Cash flow from operating activities</b> | <b>54.9</b>   | <b>209.7</b>   | <b>42.8</b>   | <b>76.4</b>   | <b>18.3</b>   | <b>58.2</b>   | <b>(64.6)</b> | <b>11.7%</b>        | <b>78.7%</b>            |
| Purchase of fixed assets and CWIP          | (35.9)        | (22.4)         | (14.8)        | (41.5)        | (24.7)        | (16.9)        | (12.8)        | 5.0%                | 180.7%                  |
| <b>Cash flow from investing activities</b> | <b>(37.9)</b> | <b>(65.9)</b>  | <b>(22.0)</b> | <b>(33.9)</b> | <b>(11.1)</b> | <b>(22.8)</b> | <b>(43.3)</b> | <b>-3.7%</b>        | <b>54.0%</b>            |
| <b>Cash flow from financing activities</b> | <b>(27.6)</b> | <b>(148.3)</b> | <b>(33.4)</b> | <b>(37.5)</b> | <b>36.5</b>   | <b>(74.1)</b> | <b>121.3</b>  | <b>10.8%</b>        | <b>12.4%</b>            |
| <b>Net cash flow</b>                       | <b>(10.6)</b> | <b>(4.5)</b>   | <b>(12.7)</b> | <b>5.0</b>    | <b>43.7</b>   | <b>(38.7)</b> | <b>13.4</b>   |                     |                         |
| Opening balance of cash                    | 42.9          | 32.2           | 27.7          | 15.0          | 15.0          | 58.7          | 20.1          | -29.5%              | -45.7%                  |
| <b>Closing balance of cash</b>             | <b>32.2</b>   | <b>27.7</b>    | <b>15.0</b>   | <b>20.0</b>   | <b>58.7</b>   | <b>20.0</b>   | <b>33.5</b>   | <b>-14.7%</b>       | <b>33.1%</b>            |

| Consolidated financial ratios         |        |        |         |        |         |         |         |
|---------------------------------------|--------|--------|---------|--------|---------|---------|---------|
| Particulars                           | FY19   | FY20   | FY21    | FY22   | H1 FY22 | H2 FY22 | Q1 FY23 |
| <b>Profitability ratios</b>           |        |        |         |        |         |         |         |
| Revenue growth rate (%)               |        | -21.5% | -11.8%  | 52.2%  |         | 10.7%   |         |
| Gross profit growth rate (%)          |        | -11.1% | -4.6%   | 50.5%  |         | 42.7%   |         |
| Gross profit margin (%)               | 12.9%  | 14.6%  | 15.8%   | 15.6%  | 13.6%   | 17.5%   | 17.3%   |
| EBITDA growth rate (%)                |        | -9.5%  | 50.7%   | 59.1%  |         | 47.1%   |         |
| EBITDA margin (%)                     | 2.8%   | 3.3%   | 5.6%    | 5.9%   | 5.0%    | 6.7%    | 6.4%    |
| EBIT growth rate (%)                  |        | -63.4% | 377.1%  | 121.5% |         | 64.9%   |         |
| EBIT margin (%)                       | 1.0%   | 0.4%   | 2.4%    | 3.5%   | 2.8%    | 4.2%    | 3.8%    |
| Restated adjusted PAT growth rate (%) |        | 13.8%  | -139.4% | 477.9% |         | 35.7%   |         |
| Restated adjusted PAT margin (%)      | -0.9%  | -1.3%  | 0.6%    | 2.2%   | 2.0%    | 2.4%    | 2.2%    |
| <b>Turnover ratios</b>                |        |        |         |        |         |         |         |
| Inventories turnover ratio (x)        | 8.3    | 7.8    | 7.6     | 9.6    | 4.1     | 4.7     | 2.1     |
| Trade receivable turnover ratio (x)   | 36.1   | 43.5   | 49.3    | 49.6   | 20.1    | 24.4    | 9.5     |
| Accounts payable turnover ratio (x)   | 40.2   | 35.2   | 25.1    | 24.3   | 13.4    | 10.8    | 7.6     |
| Fixed asset turnover ratio (x)        | 7.2    | 6.0    | 6.0     | 5.9    | 4.2     | 3.1     | 1.6     |
| Total asset turnover ratio (x)        | 2.8    | 2.7    | 2.2     | 2.7    | 1.4     | 1.4     | 0.7     |
| <b>Return ratios</b>                  |        |        |         |        |         |         |         |
| RoIC (%)                              | 0.8%   | -0.1%  | 8.5%    | 18.3%  | 12.0%   | 10.0%   | 5.9%    |
| RoE (%)                               | -13.4% | -17.0% | 6.2%    | 26.5%  | 13.3%   | 15.3%   | 6.6%    |
| RoA (%)                               | -2.5%  | -3.5%  | 1.3%    | 6.0%   | 2.8%    | 3.5%    | 1.5%    |
| RoCE (%)                              | 7.9%   | 3.1%   | 14.5%   | 22.3%  | 13.1%   | 13.9%   | 6.3%    |
| <b>Per share data</b>                 |        |        |         |        |         |         |         |
| Restated adjusted EPS (Rs.)           | (6.4)  | (7.3)  | 2.9     | 16.5   | 7.0     | 9.5     | 4.5     |
| DPS (Rs.)                             | 0.4    | 0.0    | 0.0     | 0.3    | 0.3     | 0.0     | 0.0     |
| BVPS (Rs.)                            | 47.5   | 42.7   | 45.9    | 62.4   | 52.7    | 62.4    | 67.8    |
| Operating cash flow per share (Rs.)   | 13.9   | 53.0   | 10.8    | 19.3   | 4.6     | 14.7    | (16.3)  |
| Free cash flow per share (Rs.)        |        | 17.9   | 2.9     | 35.2   |         | 25.1    |         |
| Dividend payout ratio                 | -6.2%  | 0.0%   | 0.0%    | 2.1%   | 4.9%    | 0.0%    | 0.0%    |

Note: Pre-IPO financial ratios; Source: Choice Equity Broking



## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe with Caution:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

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