Landmark
You drive us

Date: August 19, 2026

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

Scrip Code: 543714

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai- 400001

Symbol: LANDMARK

Sub.: Transcript of Analyst/ Investor Earnings Conference Call held on August 12, 2026

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Further to our communication dated August 07, 2026, please find enclosed the transcript of the Earning Conference Call held on Wednesday, August 12, 2026 at 09:00 A.M. (IST) to discuss the unaudited standalone & consolidated financial results for the quarter ended June 30, 2026.

The said Transcript is also available on the website of the Company at https://www.grouplandmark.in/investor-relation.html.

Request you to please take the same on your record.

Thanking You,

Yours faithfully,
For Landmark Cars Limited

AMOL ARVIND RAJE
Digitally signed by AMOL ARVIND RAJE
Date: 2026.08.19 17:38:19 +05'30'

Amol Arvind Raje
Company Secretary & Compliance Officer
Mem. No.: A19459

Encl. as above

"Landmark Cars Limited

Q1 FY27 Earnings Conference Call"

August 12, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 12, 2026, will prevail

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

MODERATOR: **MR. VIJAY PANDEY – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Landmark Cars Limited Q1 FY27 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management's opening remarks. Should you need assistance during this conference call, please signal the operator by pressing star, then zero on your touch-tone 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 expectation of the company as on date of this call. These statements are not the guarantee of future performance of the company, and it 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: Thank you, Ryan. Good morning, everyone. Welcome to the Q1 FY27 Post Results Conference Call of Landmark Cars. 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'll now hand over the call to Mr. Sanjay Thakker for his opening remarks. Over to you, sir.

Sanjay Thakker: 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, who have joined me. The results and the presentations are uploaded on the stock exchanges and the company's website. I hope everybody has had a chance to look at it.

Our financial year '27 started on a strong note with pro forma revenue from operations growing at 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 broader choice of powertrains. Electric mobility traction increased significantly in recent times amidst geopolitical situations and EV adaptation is emerging as an important structural change and a trend.

We are happy to report that 30% of the vehicles sold by value have been EVs at Landmark, much, 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 happening.

Sticking to the EV story. There have been questions about the aftersales revenue potential that the EVs would generate over time. The initial study indicates that there is absolutely no negative impact on aftersales revenue from EVs as compared to ICE vehicles. This augurs well for the annuity type of aftersales business that we have built over the years. Please refer to the Slide number 8 in our presentation. We have found that the EVs run much more on the road as compared to ICE vehicles due to its lower cost of running. This increases the frequency of its visit for periodic maintenance and accident repairs to our workshops.

On top of this, the accident repairs for EVs cost more than 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 the sophisticated technology, the EVs will come to the authorized workshops more often than the ICE counterparts. And this incidentally is finding similar to what I was reading in the commentary by Penske, one of the leading American automotive retailer, where they also found a similar trend happening in America.

The EV segment also presents a 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 retailers and the charging service provider, and it allows us to create an additional recurring revenue stream while deepening the engagement with EV customers well beyond the point of sale.

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

And with this, I'll hand it over to Aryaman to take us through his points.

Aryaman Thakker: Thank you. The beginning of this year has seen a strong momentum across the private vehicle car market. Due to various macro factors and post the GST cuts, we have seen that the premium and mass segments have grown faster than the luxury segment over the last few months. Let me now provide some colour 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 a sale of 9,786 units in H1 calendar year 2026which 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 the demand for it remains strong. We have seen this reflecting in our average selling price, which has increased to approximately INR79 lakh in Q1 FY27, which is up from INR73 lakh in Q4 FY26.

The increase in penetration of electric vehicles has positively impacted MG Motors. They are the second largest EV OEM. The new MG Majestor 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, which is to be launched later this month in August, and we expect that to significantly boost volumes. 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 aftersales momentum we are witnessing.

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

Kia continues its healthy momentum post the launch of the new Seltos, which has received a great response. The recently launched Syros EV has also received a very healthy 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 improvements 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 the 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 dealerships. We are awaiting details of the recent media reports of a potential deal between the JSW Group and Volkswagen India.

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

From 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 up the call for questions.

Moderator: Thank you. We will now begin the question-and-answer session. We take the first question from the line of Arnav Sakhuja from Ambit Capital.

Arnav Sakhuja: First question is that there were a few news articles which mentioned that some OEMs like Mercedes has been taking a few price hikes in the last few months. So, can we see some improvement in the Mercedes gross margins because of these price hikes? Or were the price hikes mainly just to cover the increased cost of the cars?

Sanjay Thakker: Yes. So, Mercedes Benz, along with most of the OEs that we represent and those who we do not, have taken a price hike because of the raw material prices going up globally. So what happens is that we get a percentage of that hiked amount. So the margins per se in percentage would not increase, in absolute number will increase.

Arnav Sakhuja: Got it. And there were also a few articles mentioning that Audi India is getting increasingly aggressive through some new model launches and they plan on increase -- their aim is to increase their market share from the current level of 8% to around 16%. So, do we expect that there could be any pressure on Mercedes sales because of this? Or would they likely capture the market share from other OEMs?

Sanjay Thakker: I think it's high time that the luxury market itself grew. And what we have seen is that new offerings many times actually expands the market, the addressable market. The luxury market, as you may recall, has been kind of hovering around 50,000 units and the penetration of luxury to the overall market has actually in the last year reduced, which is the contrary to everybody's belief. What Aryaman just mentioned that the premium as well as the mass market has grown faster this year than the luxury market. And it's time that luxury market catches up. That's how we have seen the trend panning out over the last several years.

So, competition is welcome. They generally expand the market. It's not that we will play only in this 50,000. It's a matter of time when that 50,000 will become 60,000 just like the passenger car market, which from 4 million will reach 5 million this year is what everybody expects. And, of course, Mercedes-Benz is having their own models, which are going to be launched in the next few quarters.

Moderator: We take the next question from the line of Akhil from 360 ONE Capital.

Akhil: Congratulations on a very good set of numbers and also good disclosures in PPT. And also, as Sanjay sir has said multiple times in past, this business is fairly predictable if followed a very disciplined approach. I think we have kind of showcased that now over last a few years as our profitability is increasing upwards basically.

So, the first question from my end is this from 2 to 3-year perspective, how should one look at it given that you know we are generating now strong cash flows. Last year also if you look at it, we generated almost INR250 to INR260 crores of operating cash flow. In this quarter almost INR60 crores of operating cash flow. So are there any white spaces which we may tap into maybe probably the OEM additions or further outlet or workshop additions, which can help us to sustain this growth momentum for the next couple of years at least. That's my first question.

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

So yes, we are in talks with some OEs who may be entering India, some who may want to expand, some may be a takeover opportunity, but we don't want to rush into it. We will do it on our terms. So the submission is that this is something which is we have built a platform. We have stabilized the ship.

We had gone through a very rapid amount of expansion and what I sometimes call a blood transfusion into our system to have a different fiber of what Landmark was and what it is today. And that ship has stabilized the matrix, are coming back to what where they belong and the opportunities are all there and we will take it one by one.

Akhil: Sir, second on the new vehicle sales business. We have been growing there handsomely and our margins which had dipped there to almost 1.7% in FY25 has been steadily on upper trend like FY26 if I look at it move to 2% and now at 2.3%. So, what would be some of the levers for the further margin improvement, basically the new vehicle sales business. That's my second question.

Sanjay Thakker: Yes, so in new vehicle sales, as you know, is a combination of what the market operating price is. The price hikes also help for a one-time kind of a thing. The demand basically being more than the supply or as much as the supply actually helps the situation where you don't need to give out any kind of freebies to the customers.

So, this is something which is a trajectory that we are seeing and I am pretty hopeful that this will continue to kind of go on the upward trajectory. It is also a factor of target achievements and I'm hoping that, and I'm feeling that our target achievements for one or the other brands will also improve. So, this trajectory should continue.

Akhil: And that brings me to my last question. So, from an overall profitability perspective, is it fair to assume that somewhere in FY28 we should be handsomely crossing the profits which we did in our peak cycle of FY23? That's my last question.

Sanjay Thakker: I wish I could say this in a VUCA world that we are all living in. We are on a trajectory which is going to take us there. We'll let the world kind of hold its place the way it is and not have some shocks.

Moderator: We take the next question from the line of Bhargav Buddhadev from Ambit Asset Management. Please go ahead. I'm sorry to interrupt you there, but your audio is not clear. Could you please use your handset and proceed with your question?

Bhargav Buddhadev: Is it clear?

Sanjay Thakker: Slightly better, Bhargav.

Bhargav Buddhadev: What was highlighted that we have about 141 outlets. And if you 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 years, is it fair to assume that over the next 2, 3 years, the mix of showroom and workshop can be 50-50 because effectively the ROCE in workshops is much higher.

And now that we have enough showroom penetration, the focus incrementally will be on workshops. You also highlighted the opening of Mumbai 55,000 square feet– workshop. So just wanted to know your thoughts on that front.

Sanjay Thakker: Yes. So Bhargav, let me kind of explain to you the number of workshops, the workshop could be of different shapes and sizes. We have workshops, which is 5,000 square feet, and we have workshop, which is 1 lakh square feet. So one workshop is not kind of comparable to the other. So the number of workshops may not be the best way to look at situation.

As what Aryaman just mentioned that we are opening a workshop in Jogeshwari today, 50,000 square feet. Actually, we'll house 3 brands over there. And what we will do is that we will give up once this is operational, some workshops which are smaller workshops and consolidate it in one workshop.

So on paper, you may see that the number of workshops has possibly reduced or remain the same, but we have added significant amount of capacity in that consolidated place where the margins would be better, our control would be better and operating costs will come down over there.

But what you are saying and I hear you and this is exactly what is happening, we are adding workshop capacity. It may not be looked at from the number of workshop basis, but the number of bays basis. So like in Mahindra and Mahindra, we have seen that our capacity has already got exhausted in Hyderabad in no time. And in, say, Mahindra & Mahindra, our contribution of aftersales to the overall revenue is single digit even now where the group level group is mid-teens.

So once we add this capacity, the Mahindra aftersales business will continue and contribute much more. Same thing is with Kia, where we have added workshops in MG, we are adding more workshops in BYD, where we are selling hundreds of vehicles now a month, which we did not think was happening. So we are desperately going to be adding more BYD workshop capacity. We have seen that the EVs actually are a good revenue stream for aftersales.

So the workshop capacity will, yes, come up much more, but it may not be seen in the number of workshops, but the number of bays. Let me see if we, over a period of time, our disclosures have always been kind of looking at and hearing investor voices and the questions because we are defining the segment. So whether we can actually give you the number of bays that we have rather than the number of workshops.

Bhargav Buddhadev: Yes. No, that makes sense. Sir, my second question is that if you look at your new high-growing brands, the share of EV within that is much, much higher. So -- and if you look at your aftersales contribution from these high-growing brands to our overall aftersales is 19% versus 38% in new car sales.

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

Sanjay Thakker: Hoping. So it's a factor, Bhargav, of variety of things. One is capacity in case of, say, BYD or Mahindra, we need more capacity, which we are adding. What we have given on Page 8 is the per car revenue. But in some brands, we need more cars. So once both things happen, the number of cars and which is going to happen sooner rather than later and the critical mass and the capacity being reached, this will reach. And you have rightly caught and that's why we have kind of said that the upside in aftersales for these brands is significant.

Bhargav Buddhadev: And Sir, even for normal service center or you need a separate service center?

Sanjay Thakker: Same service center with some different equipment. And once our Jogeshwari workshop is fully operational, we are inaugurating the Mercedes part of it today. You will read it in the newspaper. After 2 hours, I'll be cutting the ribbon over there. You will readit in the press and all that. But once the BYD and the Jeep part is also completed in the next few months, we will invite investors to have a look at this state-of-the-art workshop.

Moderator: We take the next question from the line of Dhiraj Kaswan from InCred Equities.

Dhiraj Kaswan: Congratulations on a great set of results. And I just wanted to first talk about the service mix that has been – it has been lowering. But that's because we have been experiencing a very high kind of growth the past 6, 7 quarters in the new car sales. But as you are seeing that you have posted at the new vehicles that we have added they are contributing 38% in our new car sales but only 19% in the aftersales service.

So I think we are expecting that maybe from FY28 onwards or mid FY28 onwards we will be seeing major kind of growth coming from there. There is also right now the volume growth from 14% of aftersales, we have only experienced 4.8% volume growth. Rather everything is coming from value growth. So I think most of our outlets are still very underutilized in terms of service sector, Correct?.

Sanjay Thakker: So yes, you kind of read this situation well. The upside in after sales for the brands which are in the 19% bracket is clearly much more. And yes, our sales growth has been far outstripping the service growth. But it doesn't say that the service growth is lower. Service growth is at 14%, 15% which has been our historic growth. So service is growing the way it should, but we are selling much more. That's why it's a question of this mix which is happening. But selling more is always good. One should look at the absolute number of money one makes rather than only the margin.

Dhiraj Kaswan: Also our margins has been like quite better in the past 2 to 3 quarters in the aftersales segment. So is this a structural shift like from above, we are going above 18% and we have been maintaining that.

Sanjay Thakker: Yes. I think it would hover around, and see, many times in some of the quarters like March or December, we also get annual bonuses, which are not accounted in the – first or the second quarter of the financial year. So that also plays up the thing. And as what we have disclosed kind of a revenue from charging. Now who would have thought that we would be able to open up a new segment in itself, which did not exist at all. So this, we believe, will also help us slowly gradually, and it's going to be pure profit from the commission from the charging that people will do.

Dhiraj Kaswan: So just last question, can you like explain like kind of in unit economics how this new partnership is going to help us? Like, if we sell like we are selling 30% of EVS, we are selling 20,000, 25,000 cars a year. So selling almost 7000, 8000 vehicles. How much of charging does -- how much units does a car usually consume and what kind of revenue share are we looking at from this segment?

Sanjay Thakker: I don't want to do it on a public forum right now to disclose the commercials over here because it's a unique first of its kind thing, and we want to kind of keep it exclusive before somebody else tries to copy it.

Moderator: We take the next question from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Sir, my question just continuing on the ChargeZone. I appreciate that you cannot disclose details. But some color on whether it would conflict with the OEMs because they would also want to up their charging zones and they have their battery certifications, all those kinds of nuances or it also helps you from an OEM perspective, you become a preferred dealer in a lot of areas because you are offering that charging zone which is coming through this partnership. So how should we look at this? Some idea on that, broad idea would be really helpful.

Aryaman Thakker: Yes, Lokesh. Aryaman here. I'll be happy to share some details. So ChargeZone, just a quick background on them. I think they operate close to 16,000 charging points across India. They are already working with most of the major OEMs in this space, including the mass market brands, the premium brands and many of the luxury brands of all shapes and sizes. So it will not really be a conflict with any of the OEM.

I think the idea is that Landmark will actually onboard our EV customers onto their charging network, which is already operational. We are not putting up additional charging capacity with them. We are onboarding customers to their charging network, which is already existing and approved for charging across OEMs.

And the idea is that we will be kind of getting a revenue share of those customers, the spend, which will be a recurring basis over multi years. And the customer will also benefit because they will be getting a certain amount of wallet credit, which they can redeem while utilizing the ChargeZone network. In a way the additional benefit is that it also helps us converting more customers on the sales side by utilizing this tool.

Lokesh Manik: My second question was on aftersales. So I don't need exact numbers but if you can just give us an idea, what is the space for utilization left where we can reach reasonable utilization level and how far are we let's say from 100, are we at 50, 60, 70 utilization? Just some broad idea on that would be really helpful to get a sense of the potential for aftersales in the portfolio.

Sanjay Thakker: Lokesh, it is location wise and it is brand wise. So difficult for me to off the cuff, rattle out a number and also please keep in mind that Landmark is one of the few who has made this entire asset allocation fungible. So what is happening is that wherever there we see and that's why we go deep in a geography. We not only go deep in a brand, but we go deep in a geography.

So in case of a downturn or lesser capacity that a certain brand would require either at the showroom level or the workshop level, it is quickly given to some other brand. So before we add up more capacity we always look at utilizing the existing capacity wherever we can actually do. We have cut our workshops, we have kind of reshaped, resized our workshops as well as showrooms to kind of do this activity.

Moderator: We take the next question from the line of Vijay Pandey from Axis Capital Limited.

Vijay Pandey: Sir, a couple of questions first on the outlet side. So our number of outlets is around 144 (Note: Actual outlet count is 141). So I remember that last time when we spoke, there were around 8 outlets that you classified as new. So just want to understand how many of these 144 are still -- are new and there the ramp-up can be on a higher side over coming quarters? And how many of them have moved to the nominal level like with more than 12 months of operation?

Sanjay Thakker: Yes. So Vijay, we stopped kind of taking refuge under this new category. We said that now there are no meaningful number of new outlets. So we don't want that handicap or some consideration from investors that these are new outlets. And we are putting everything under one bucket now because the nature of the business is that we will continue to have 2, 3, 4, 5 new outlets at any given time.

So that's fine. That's the way we have always been, that's the way the business is. So we are not kind of, we stopped classifying any kind of new outlets, I think a couple of quarters back. After that, we have kind of taken everything as if it's regular old.

Vijay Pandey: As of now, is it fair to assume that almost all of them are -- like broadly all of them are operating at nominal capacity.

Sanjay Thakker: No, that's not what I'm saying. There will be some which are not operating at the optimal capacity, but we are not kind of trying to carve them out. Whatever has opened, say, 3 months back, 6 months back, we opened 2 new outlets of BYD only, say, a week or 10 days back in Pune. Now obviously, they are not working at optimal capacity in the first 15 days of operation. So there will be outlets like these which will continue to be new, but that's the part of the journey. So there will be a few which will be like that.

Vijay Pandey: And sir, on the profitability side, so is it fair to assume that because last year, I remember that we had some GST-related issues in the second quarter. So should we assume that this year, quarter 2 and going forward, quarter 3 and 4 will be a more normalized quarter with like an EBITDA margin of 1.5% on pro forma on new car sales?

Sanjay Thakker: Yes, it would be a normalized quarter. I do not expect any disruption like what we have seen in this second quarter. Last year second quarter was a traumatic period, and I don't expect that to repeat.

Vijay Pandey: And sir, on the Mercedes side, the quarter-on-quarter, the revenue has declined meaningfully for Mercedes-Benz. So any particular reason?

Sanjay Thakker: Look at the business in a seasonality way. The first 2 quarters of the financial year are 40% of the business and the last 2 quarters are 60% of the business. We all know that the Jan, Feb, March quarter, not only for Mercedes-Benz, but for everybody, is bigger than the April, May, June quarter, which is the slowest quarter in the Indian automotive industry.

So the message here is that on the slowest quarter this kind of growth has happened though let me qualify that last year, the base was lower. And after September or October of last year, the Indian auto industry after the GST 2.0 started to grow at a much higher, faster pace. So, the 2 points here which I'm making is that there is a seasonality. March quarter is always bigger than June quarter, and we have grown with Mercedes-Benz year-on-year by a big number.

Vijay Pandey: Okay. And sir, anything on the interest cost? How should we expect over the coming quarters or coming period?

Sanjay Thakker: Yes. So the interest, the borrowing costs for us are pretty stable. We haven't seen anybody asking for a higher rate. Our cash generation is happening month-on-month, and our capex, which we had guided in the last year closing at around INR50 crores. We are as of now in line. The first quarter, we have spent less than the proportionate share. I can't say for the rest of the year so far. But as of now, we are holding that and that cash generation is going to be going to repay the working capital loans until we need the money.

Moderator: We take the next question from the line of Harsh Shah from Helios Capital.

Harsh Shah Congrats on a good set of numbers and very good set of disclosures especially on the after-market sales side. Now I understand that in the aftersales service business on the EV side, the sales are much higher up by 45% in brand 1 and 9% in brand 2. However, can you talk about the quality of the sales, like what sort of profitability margins will there be here? Because I'm assuming in EV, there's a lot of electronic sort of component changes, which might be on the material cost side and might not have very high margins.

Sanjay Thakker: Can you, Harsh, repeat this? I didn't exactly understand what you are asking.

Harsh Shah Basically, sir, I'm asking when we look at the revenue on the aftersales side EV versus ICE, I understand that it is higher. Can you also talk about the profitability on this higher revenue? Is it similar to what we are making right now at around 15% margins on EV?

Sanjay Thakker: Harsh, it is similar. What we have excluded from this, if we had not excluded the warranty, then the number was, in fact, looking much more in favor -- not in favor, favor is an incorrect word, where the EV cost was looking much higher if we had taken the warranty because warranty may involve changing a battery, which would be a very high-value thing, so we have taken it out.

So the margins as of now, what you are seeing will be similar. We are not saying that it is going to be higher over a period of time. We are trying to say that it is not going to be lower. Right now, it shows to be higher, but we are taking a cautious stand because things are just kind of unfolding, but we don't expect it in the near term to be lower.

Moderator: We take the next question from the line of Chirag from MS Capital.

Chirag: Congratulations on a strong set of numbers, sir. Just one clarification. I think in the opening remarks, you mentioned that gross margin is probably not the right way to think about our business in the interim. Could you elaborate on that? Obviously, gross margins have been a little soft this quarter. Could you help us understand what are the moving parts in gross margins that make it misleading on a quarter-on-quarter basis?

Sanjay Thakker: Yes, Chirag. So this is something while we do the business, we don't look at it so closely. Now when we started looking at it closely, what came out is that every brand has its own kind of a business model where there are higher margins that they may be able to make. The costs are also higher. Operating costs are higher. The manpower requirement, the quality, the infrastructure is different.

So the net -- what comes out of it. So this is one part. And the second is that the mix of sales and aftersales. So A business will have 16% after sales as a component of its overall revenue. Business B, which is starting now, may have 5% or 7% aftersales business, which will give a gross profit, which is lower for business B.

But the business B may also have costs which are lower prescribed by the OE. So it's a little complex thing. It is between sales and aftersales. It is within different brands. So when you have different portfolios, this is what emerges. So what we are focusing on is going towards why do we need a gross profit.

We are basically finally wanting an EBITDA and the PAT and the cash that the business generates. That is the objective of doing it. So that's why we make this separation. And maybe a one-to-one meeting, we can show you on a spreadsheet as to why we are saying what we are saying.

Moderator: We take the next question from the line of Abhisar Jain from Monarch AIF

Abhisar Jain: Sir, my question is on the employee cost and other expenses, we have done very well there. And I think we are now trending below our earlier stated targets. So as we ramp up from here in terms of the sales since the new OEMs sales volumes are ramping up, what do you see these numbers trending going ahead? And is there room for more efficiency in these 2 metrics?

Sanjay Thakker: Yes, thanks for this question. And I believe that on this call are some of our senior employees who may have also joined. So the message is unequivocal from my side, from our side on this table that the cost focus has to continue. And we believe that this has to further go down as the revenue increases, that it will. The point is with the newer launches, a lot of availability and ASP going up, the revenue is going to grow. We have to keep a razor focus on the cost, and we believe that this still as a percentage has way to go down.

Abhisar Jain: Sir, any indication on what could be efficiency over the next 2 years if you assume a certain growth in top line, which, of course, we are right now having a little higher growth with the industry doing well. But even at a much more normalized top line growth, what would you expect these metrics to further improve by, if any indication?

Sanjay Thakker: I would take a little more time, maybe once on a separate call or whatever. We will try to do a more detailed granular number rather than just throwing a number. What we have done, Abhisar, and you will appreciate is that, we have walked the talk. When we said that we will do, say, 4% of cost and we went there, we actually did that. When we say that a certain thing will happen, we want to be a credible organization. What we say is what we do. So please allow us some time to put a number. I'm only saying that the numbers, can the cost still go down? Yes, they can.

Abhisar Jain: Sure, sure. Understood. And sir, just one request on the gross profit front, is it possible to share the breakup of the gross profit quarter-wise in your PPT for aftersales and new car sales so that we at least get the trend and understand that there's sometimes fluctuations because of the OEM mix in every quarter, which impacts it. If it is possible, I would urge you guys to disclose.

Sanjay Thakker: I'll, Abhisar bhai, take this back with me. We will see what we can do.

Abhisar Jain: Sure. Understood. And sir, just the last thing. As you mentioned that with cash flows being robust and capex being on the lower side, at least for now. Of course, next year, you will have your own plans sorted out. But for now, the capex is also lower. So the excess cash flow will keep on reducing the debt and subsequent decrease in the finance cost. Is that understanding right?

Sanjay Thakker: It is right.

Moderator: We take the next question from the line of Akhil from 360 ONE Capital.

Akhil: My question is answered already. It was on debt and interest portion.

Moderator: We take the next question from the line of Raman KV from Sequent Investments.

Raman VK: I just have 2 questions. One, during this quarter, our top line grew around 22% to 23% roughly. How much was this because of what percent on a ballpark figure basis, how much was because of the increase in average price because the OEM took price hike and how much was volume?

Sanjay Thakker: I think the price would be maybe around 3% I'm just giving a ballpark. I don't have it off hand, but I'm just saying the rest was because of the volume.

Raman VK: So 19% will be the volume.

Sanjay Thakker: Yes, I would think so. I may stand corrected going ahead, but I don't think I'll be that way off.

Raman VK: Okay. And sir, second question is how much was the lease or rental cost for this quarter?

Sanjay Thakker: How much will what?

Raman VK: How much was the lease and rental cost for the quarter?

Sanjay Thakker: Yes. I think let's have Surendra. We haven't heard his voice in today's call. He didn't give an opening statement. So let's have him. He is also here.

Surendra Agarwal: So our lease cost, which is the amortization of lease is around INR19 crores for the quarter. If you look at the lease and interest cost is put together is INR27 crores. So roughly around INR25 crores is our rental cost. So there is an Ind AS impact on the lease is around INR2 crores, we can say.

Raman VK: So going forward, yes -- can you hear me?

Surendra Agarwal: Yes, yes.

Raman VK: So going forward for the entire year, our rental cost or like including the adjustment will be around INR100 crores, INR110 crores, right?

Surendra Agarwal: Yes, INR100 crores around.

Raman VK: Okay. Understood. And sir, my last question is, internally, what's your target of converting EBITDA to CFO? Is there any particular target?

Surendra Agarwal: So if you look at our EBITDA percentage is 5.8%, which is roughly similar to the last 2 years, we are maintaining that percentage. We see further improvement in that percentage.

Raman VK: No. I was actually -- I just want to understand whether there is any internal target of EBITDA to CFO conversion, cash flow conversion.

Surendra Agarwal: Okay. So cash flow last year, it was 0.95%. We will be around that only.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Sanjay Thakker: Yes. Thank you, Axis Capital and the participants for a positive and productive earnings call. The GST 2.0 has given a fillip to the industry and the demand side remains to be robust. Having added the capacity in the times which were tough, Landmark is well poised to capitalize on this and reward every stakeholder in its journey. Thank you.

Moderator: 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.

***