

CMP: ₹ 460

Target: ₹ 620 (35%)

Target Period: 12 months

BUY

February 27, 2025

Worst behind, ramp up at new outlets to drive growth

About the stock: Landmark Cars is a leading auto retailer for premium/luxury cars in India. Its key OEM partners in PV space include Mercedes Benz, Jeep, Honda, Volkswagen, Renault with recent additions being MG Motors, Mahindra & Mahindra, Kia & BYD. It has also partnered with Ashok Leyland in the CV space.

- It has a network of 135 outlets (sales showroom + Workshops) spread across 11 Indian states and 31 cities. It also has 7 upcoming outlets.

Q3FY25 Results: Topline for the quarter came in highest ever at ₹1,195 crore (up 24.6% YoY). EBITDA in Q3FY25 came in at ₹66.5 crore (up 2% YoY and 28% QoQ) with corresponding EBTDA margins at 5.6% (down 124 bps YoY, 16 bps QoQ). Resultant PAT for the quarter came in at ₹12 crore vs. ~₹ 19 crore in Q2FY24.

Investment Rationale

- Landmark cars best placed to play premiumisation trend in PV space:** Luxury car penetration in Indian PV market stand at ~1%, one of the lowest globally. In CY24, Domestic annual luxury car sales stood at ~51.5k units amidst total PV sales pegged at ~4.3 million units. Thus, with significant growth in income levels, consequent rise in HNI's/UHNI's share of population & growing consumer preference for premium products, there exists significant tailwind of growth for luxury car segment in India. As per industry estimates, luxury PV segment is expected to grow healthy double digit in volumes vs. mid-single digit long term growth envisaged for the PV space in general. Landmark is strategically positioned to seize this opportunity, leveraging its long-standing relationships with existing marquee OEM partners like Mercedes Benz, etc. as well as diversifying its offerings with other OEMs like BYD, M&M, Kia Motors and MG Motors. With new outlets in place, we built in new car sales revenues to grow 17% CAGR over FY24-27E to ₹ 3,941 crore in FY27E vs. ₹ 2,438 crore in FY24
- After-sales service to cushion earnings and RoCE recovery:** After-sales service and aftermarket sales is the most lucrative business proposition for the auto retailer and provides stability to the overall earnings and return ratios profile. EBITDA margins in this business are at ~18%. Landmark drives ~23% of its topline from this segment, the contribution of which to the total EBITDA is pegged at ~73%. Thus, with increasing car sales as well as ramp up at new workshops, the company is expected to witness a recurring & stable revenue stream from this segment thereby supporting the overall earnings & RoCE profile. We have built-in 12% sales CAGR in this space over FY24-27E to ₹ 1,200 crore in FY27E vs. ₹ 850 crore in FY24.

Rating and Target Price

- With large part of initial ramp up cost of new outlets behind us & company focussing on optimising sales at these outlets, we expect profitability to meaningfully improve at Landmark cars going forward. We believe current correction in stock price offers attractive risk-reward play. **We assign BUY rating on the stock with target price of ₹ 620 i.e. 22x PE on FY27E.**

Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	FY24	4 year CAGR (FY20-24)	FY25E	FY26E	FY27E	3 year CAGR (FY24-27E)
Net Sales	1,956.1	2,976.5	3,382.3	3,288.0	10.3%	4,042.1	4,612.8	5,140.8	16.1%
EBITDA	109.8	174.7	238.0	217.7	31.4%	233.8	280.5	339.3	16.0%
EBITDA Margins (%)	5.6	5.9	7.0	6.6		5.8	6.1	6.6	
Net Profit	11.3	65.5	84.5	56.0	LP	23.4	67.3	116.0	27.5%
EPS (₹)	3.1	16.5	21.3	13.6		5.7	16.3	28.1	
P/E	148.7	27.8	21.6	33.9		81.3	28.2	16.4	
RoNW (%)	6.2	26.7	19.4	10.1		3.8	11.1	16.3	
RoCE (%)	9.4	15.2	16.9	10.0		8.3	10.9	14.7	

Source: Company, ICICI Direct Research



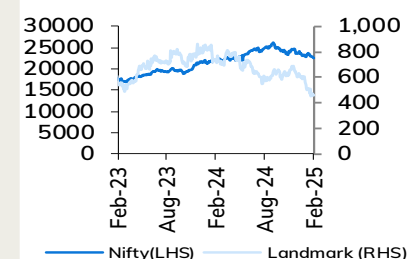
Particulars

Particulars	₹ crore
Market capitalisation	1,900
Total Debt (FY24)	364
Cash & Investment (FY24)	31
EV (₹ crore)	2,232
52 week H/L (₹)	841 / 449
Equity capital (₹ crore)	20.6
Face value (₹)	5.0

Shareholding pattern

	Mar-24	Jun-24	Sep-24	Dec-24
Promoter	51.6	51.6	51.6	51.6
FII	8.7	9.7	9.8	10.7
DII	15.9	16.6	14.3	13.8
Other	23.8	22.1	24.3	23.9

Price Chart



Recent Event & Key risks

- Reports steady Q3FY25. EBITDA margins came in at 5.6%, Opened 10 facilities during the quarter.
- Key Risk: (i) lower than anticipated uptake in new vehicle sales (ii) lower than built in margin gains as new facilities ramp up

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Bhavish Doshi
Bhavish.doshi@icicisecurities.com

Key takeaways of Recent Quarter

Exhibit 1: Quarterly Financial Snapshot

	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Total Operating Income	1,195	959	24.6	907	31.7
EBITDA	66	65	1.8	52	27.9
EBITDA Margin (%)	5.6%	6.8%	-124 bps	5.7%	-16 bps
Other Income	3	2	64.6	3	8.9
PAT	12	19	-36.4	0	LP
Key Metrics					
New Vehicle and Allied Business					
Average Selling Price (₹/Units)	20,38,000	18,75,000	8.7	20,20,000	0.9
Proforma Revenue	1,422	1,074	32.4	1,039	36.8
EBITDA	21	22	-2.7	10	124.2
EBITDA Margins (%)	1.5%	2.0%	-54 bps	0.9%	58 bps
Vehicle Service and after sales					
Sales Volume (Units)	91,491	87,487	4.6	87,003	5.2
Average Selling Price (₹/Units)	26,993	25,965	4.0	26,272	2.7
Revenue	247	227	8.8	229	8.0
EBITDA	46	44	4.6	43	6.5
EBITDA Margins (%)	18.6%	19.3%	-76 bps	18.9%	-27 bps

Source: Company, ICICI Direct Research

Q3FY25 Earnings Conference Call highlights

Operational Expansion & New Partnerships: Landmark Cars has made significant progress in its expansion strategy, with 23 out of the planned 24 new outlets already operational. This includes seven Mahindra and Kia outlets in Hyderabad, which commenced operations in November. Additionally, the company acquired a Kia sales outlet from a co-dealer in Hyderabad in December, further strengthening its presence in the region. Landmark also received a Letter of Intent (LOI) to establish MG Select dealerships in Ahmedabad and Kolkata, along with new Mercedes-Benz dealerships in Bihar and Jharkhand. However, the company stated that its focus for the coming year would shift from aggressive expansion to optimizing and ramping up existing operations.

Service Business Growth: The service business remains a crucial pillar of Landmark Cars' growth strategy. The company is on track to exceed ₹1,000 crore in annual service revenue, a significant milestone. While newly launched workshops are currently operating at 50% capacity, they are steadily ramping up and are expected to reach full utilization over the next few quarters.

Cost Management: In terms of cost management, Landmark Cars has successfully implemented expense optimization initiatives. Personnel expenses were brought down to 3.9% of pro-forma revenue, while other expenses were reduced to 3.5%, achieving the company's cost reduction targets ahead of schedule. The streamlined cost structure has strengthened the company's overall financial position, allowing it to remain competitive and efficient.

Strategy: Looking ahead, Landmark Cars has clarified that it will not aggressively expand with another 25 new stores in the next year. Instead, the focus will be on improving operational efficiencies and maximizing profitability from existing stores. However, the company remains open to opportunistic expansion, particularly if attractive deals arise from OEM partners.

Outlook: With several new workshops coming online, double-digit growth in service revenue is expected as these facilities achieve full-scale operations. Landmark Cars also aims to consistently achieve a net profit margin of over 2% in the long term, a key financial goal that will drive sustainable growth.

Others: The Company has further reduced its new car inventory to near normal ~35 days, far below the industry average of ~55 days.

OEM Performance and Market Position:

Landmark Cars continues to maintain its leadership in the luxury and premium automotive segments.

Mercedes-Benz remains India's number one luxury car brand for the 10th consecutive year, selling 19,565 units in 2024, representing a 12% YoY increase. Landmark is the largest dealer partner for Mercedes-Benz in India, with a 16% market share in total sales.

Mahindra & Mahindra is witnessing strong demand, particularly for models such as the Thar ROXX, BE 6E, and XEV 9e, which have generated significant customer interest. The new Mahindra facilities in Hyderabad are also ramping up, and with upcoming launches, the company expects higher sales volumes.

MG Motors is another key growth driver, with its Windsor EV emerging as the best-selling electric vehicle (EV) in India. Landmark has already achieved a 5% market share in MG sales, reinforcing its strong position in the EV segment. The introduction of MG Select, which targets the accessible luxury market, is expected to further boost MG's presence.

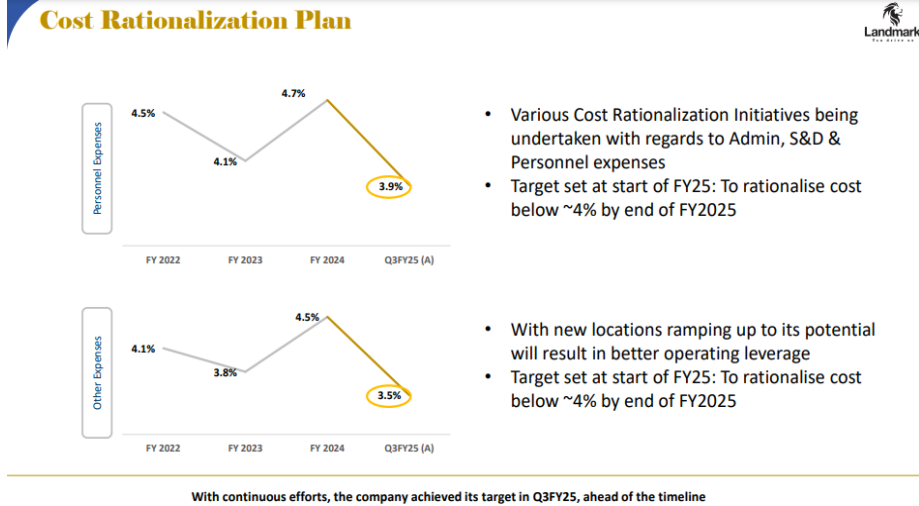
Kia's latest launch, the Syros SUV, introduced in January, has received an enthusiastic response and is projected to contribute 15% of Landmark's Kia sales in 2025. Meanwhile, BYD is aggressively expanding in India, having closed 2024 with 3,500 units sold and targeting 10,000 units in 2025. New launches, including the Sealion 7 SUV, are expected to drive growth, with Landmark Cars continuing as BYD's largest dealer partner in the country.

Exhibit 2: Landmark Cars – Company Overview



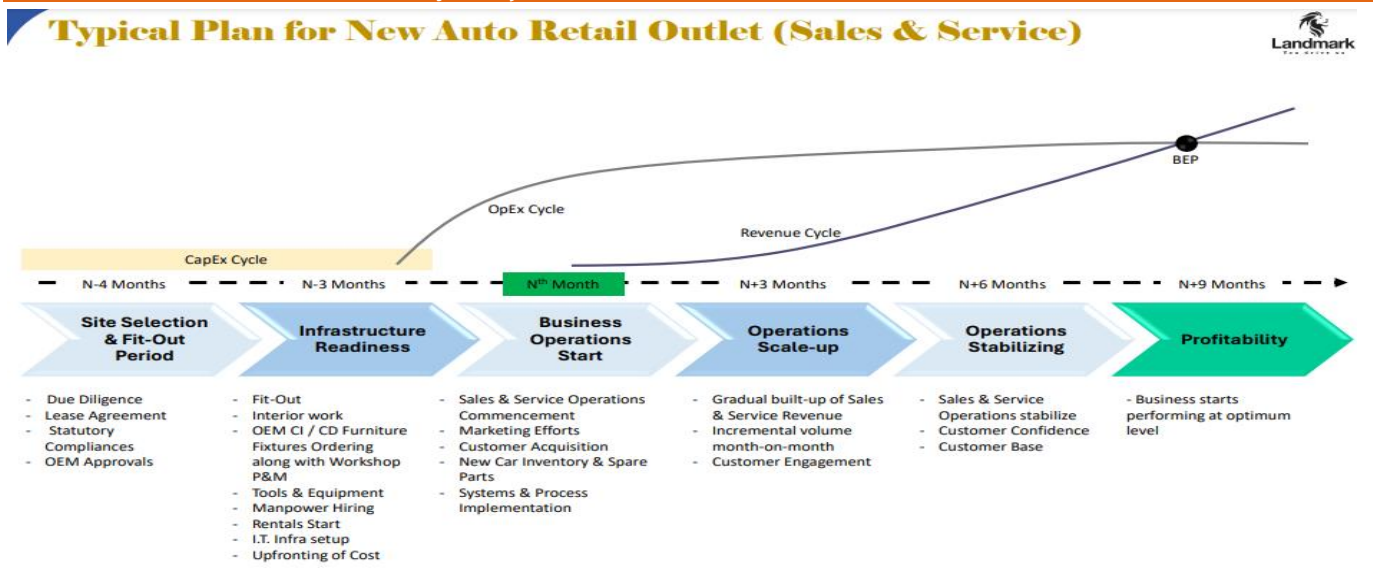
Source: Company, ICICI Direct Research

Exhibit 3: Landmark Cars – Costs rationalisation underway



Source: Company, ICICI Direct Research

Exhibit 4: Landmark Cars – breakeven journey for new retail outlet



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Net Sales	3,288.0	4,042.1	4,612.8	5,140.8	
Other Operating Income	0.0	0.0	0.0	0.0	
Total Operating Income	3,288.0	4,042.1	4,612.8	5,140.8	
Growth (%)	-2.8	22.9	14.1	11.4	
Raw Material Expenses	2,646.3	3,341.2	3,824.9	4,246.3	
Employee Expenses	216.7	248.5	276.8	298.2	
Other Operating Expense	207.3	218.7	230.6	257.0	
Total Operating Expenditure	3,070.3	3,808.4	4,332.3	4,801.5	
EBITDA	217.7	233.8	280.5	339.3	
Growth (%)	-8.6	7.4	20.0	21.0	
Depreciation	101.3	130.8	142.6	152.7	
Interest	53.5	74.5	56.8	41.8	
Other Income	9.6	9.1	10.4	11.8	
PBT	72.5	37.6	91.5	156.6	
Exceptional Item	-3.0	-4.3	0.0	0.0	
Total Tax	12.3	8.7	22.9	39.1	
PAT	56.0	23.4	67.3	116.0	
Growth (%)	-33.8	-58.2	187.8	72.5	
EPS (₹)	13.6	5.7	16.3	28.1	

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Profit after Tax	56.0	23.4	67.3	116.0	
Add: Depreciation	101.3	130.8	142.6	152.7	
(Inc)/dec in Current Assets	-208.8	-167.6	-120.1	-131.8	
Inc/(dec) in CL and Provisions	22.4	114.9	31.6	61.3	
Others	53.5	74.5	56.8	41.8	
CF from operating activities	24.4	176.0	178.1	240.1	
(Inc)/dec in Investments	0.0	-1.0	-1.0	-1.0	
(Inc)/dec in Fixed Assets	-179.4	-135.0	-75.0	-75.0	
Others	33.5	0.3	0.3	0.4	
CF from investing activities	-145.9	-135.7	-75.7	-75.6	
Issue/(Buy back) of Equity	0.8	0.0	0.0	0.0	
Inc/(dec) in loan funds	153.0	50.0	-35.0	-100.0	
Dividend & interest outgo	-59.7	-80.7	-65.1	-54.2	
Inc/(dec) in Share Cap	0.0	0.0	0.0	0.0	
Others	18.7	0.0	0.0	0.0	
CF from financing activities	112.9	-30.7	-100.1	-154.2	
Net Cash flow	-8.7	9.6	2.4	10.3	
Opening Cash	40.0	31.3	41.0	43.4	
Closing Cash	31.3	41.0	43.4	53.7	

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet					₹ crore
(Year-end March)	FY24	FY25E	FY26E	FY27E	
Liabilities					
Equity Capital	20.6	20.6	20.6	20.6	
Reserve and Surplus	518.3	535.5	594.5	698.2	
Total Shareholders funds	539.0	556.2	615.2	718.8	
Total Debt	363.7	413.7	378.7	278.7	
Deferred Tax Liability	2.7	2.7	2.7	2.7	
Minority Interest / Others	257.1	260.4	263.7	267.1	
Total Liabilities	1,162.5	1,232.9	1,260.3	1,267.3	
Assets					
Gross Block	884.0	1,018.8	1,093.8	1,168.8	
Less: Acc Depreciation	341.2	472.1	614.7	767.4	
Net Block	542.8	546.7	479.1	401.4	
Capital WIP	1.8	2.0	2.0	2.0	
Total Fixed Assets	544.5	548.7	481.1	403.4	
Investments	67.1	68.1	69.1	70.1	
Inventory	568.8	664.5	733.0	816.9	
Debtors	130.7	166.1	189.6	211.3	
Loans and Advances	0.2	0.2	0.2	0.3	
Other Current Assets	166.7	203.2	231.3	257.4	
Cash	31.3	41.0	43.4	53.7	
Total Current Assets	897.7	1,075.0	1,197.5	1,339.5	
Current Liabilities	114.2	166.1	189.6	211.3	
Provisions	98.3	120.9	115.3	128.5	
Current Liabilities & Prov	389.0	503.9	535.5	596.8	
Net Current Assets	508.7	571.0	662.0	742.7	
Others Assets	42.2	45.2	48.2	51.2	
Application of Funds	1,162.5	1,232.9	1,260.3	1,267.3	

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios				
(Year-end March)	FY24	FY25E	FY26E	FY27E
Per share data (₹)				
EPS	13.6	5.7	16.3	28.1
Cash EPS	38.1	37.3	50.8	65.1
BV	130.5	134.7	149.0	174.1
DPS	1.5	1.5	2.0	3.0
Cash Per Share	7.6	9.9	10.5	13.0
Operating Ratios (%)				
EBITDA Margin	6.6	5.8	6.1	6.6
PAT Margin	1.7	0.6	1.5	2.3
Inventory days	63.1	60.0	58.0	58.0
Debtor days	14.5	15.0	15.0	15.0
Creditor days	12.7	15.0	15.0	15.0
Return Ratios (%)				
RoE	10.1	3.8	11.1	16.3
RoCE	10.0	8.3	10.9	14.7
RoC	10.3	8.7	11.3	15.4
Valuation Ratios (x)				
P/E	33.9	81.3	28.2	16.4
EV / EBITDA	10.3	9.7	8.0	6.3
EV / Net Sales	0.7	0.6	0.5	0.4
Market Cap / Sales	0.6	0.5	0.4	0.4
Price to Book Value	3.5	3.4	3.1	2.6
Solvency Ratios				
Debt/EBITDA	1.7	1.8	1.4	0.8
Debt / Equity	0.7	0.7	0.6	0.4
Current Ratio	2.9	2.7	2.7	2.7
Quick Ratio	1.0	0.9	1.0	1.0

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Bhavish Doshi, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservation@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.