Date: November 20, 2026

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

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

Scrip Code: 543714

Symbol: LANDMARK

Sub.: Transcript of Analyst/ Investor Earnings Conference Call held on November 13, 2026

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

Dear Sir/Madam,

Further to our communication dated November 07, 2026, please find enclosed the transcript of the Earning Conference Call held on Friday, November 13, 2026 at 09:00 A.M. (IST) to discuss the unaudited standalone & consolidated financial results for the quarter and half year ended September 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: 2026.11.20 12:15:37 +05'30'

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

Encl. as above

“Landmark Cars Limited
Q2 & H1FY27 Earnings Conference Call”
November 13, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 13, 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. AKHIL PAREKH – 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Landmark Cars Limited Q2 FY27 Earnings Conference Call hosted by 360 ONE Capital. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhil Parekh from 360 ONE Capital. Thank you, and over to you, Mr. Parekh.

Akhil Parekh: Yes. Thank you. Good morning, everyone. On behalf of 360 ONE Capital, I welcome you all to Q2 FY27 Conference Call of Landmark Cars. We have with us management of Landmark Cars including Mr. Sanjay Thakker, Promoter Chairman and Executive Director; Mr. Aryaman Thakker, Executive Director and Mr. Surendra Agarwal, Chief Financial Officer. I'll hand over the call to Sanjay, sir, for his opening remarks, post which we'll open the floor for Q&A session. Over to you, sir.

Sanjay Thakker: Thanks, Akhil and good morning to everyone. I hope everybody has had a wonderful Diwali. On behalf of the company, I extend a warm welcome to everyone who has joined us today. And I would like to especially thank 360 ONE Capital for hosting this call. As Akhil mentioned, I have with me Aryaman Thakker and Surendra Agarwal, our CFO, who are with me on the call.

The results and the presentation are uploaded on the stock exchanges and on the company's website. I hope everybody has had a chance to look at them. The growth in the auto industry is relentless since GST 2.0 last September. The Indian PV industry, already the third largest PV market in the world, will comfortably cross the mark of 5 million vehicles this financial year.

This has brought the focus of global OEs back strongly into India. In the last 6 months alone, Board members of Mercedes-Benz Global, including the Global CEO, visited India twice to firm up their India plans and further investments. Stellantis, Renault and Honda have all announced big plans for India starting soon.

The EU FTA is also likely to come into effect early next year. This is likely to boost our business positively. Landmark is best poised to take advantage of the move towards new energy vehicles. Nearly 29% of the vehicles sold by us are new energy vehicles, which is nearly 3x the industry average.

BYD is launching its luxury brand Denza in India today. The initial response is overwhelming to say the least. The investments done by the company in the last 2 years are bearing fruit. The

new brands, BYD, MG and Mahindra today are number two, three and four position in our revenue in terms of the PVs.

Our company acted decisively and boldly to embrace the changing scenario, undergoing short-term pain for long-term benefits. In the last quarter, apart from having the highest ever EBITDA in the history of the company, we also recorded the highest ever new car sales EBITDA. The new car sales EBITDA is now 40% of the total EBITDA (To be read as 39% of EBITDA).

We have always maintained that in our business is well run, keeping a hawk eye on expenses, both sales and service will be very profitable. The aftersales business has once again proved that it is an annuity business. Our per service revenue has kept on rising and has reached a record INR30,000 plus this quarter per service.

We have, in our presentation shared how service revenue for EV repairs has no negative impact on our workshop business. The number for the last quarter would have been better had it not been for the disruption of business in many workshops in Gujarat in the month of August due to heavy rains and flooding.

We have commissioned a very large state-of-the-art multi-brand workshop in Jogeshwari in place of three smaller workshops in the Mumbai region. This will give us operating leverage. The quarter gone by includes some additional expenses on account of overlap of transition, which has normalized as we speak. In our industry, the second half of the year is generally much stronger than the first half. To summarize, we are feeling very confident about the future sitting here today.

I would now hand over to Aryaman to give us further insight into the business of the company.

Aryaman Thakker: Thank you. At Landmark Cars, we continue to focus on strengthening our business relationships, expanding our offerings and identifying new opportunities across the automotive value chain. In this context, we have made some important progress across our existing and new partnerships.

Before moving to individual OEM updates, I would like to highlight a recent development in our pre-owned car business. We have signed an agreement with OLX India, part of car trade tech, to develop a phygital proposition that combines OLX India's industry-leading digital reach with Landmark's leadership in physical retail and service networks.

OLX will help with digital customer journeys, while our outlets will serve as physical experience centers for vehicle inspection and handover. The vehicles will be bought and sold on a revenue-sharing basis and in a co-branded way. The partnership will be rolled out in phases beginning with select cities with the objective of building a scalable, profitable and sustainable presence in the pre-owned car market, which has so far not been done in India.

Our objective is to be a prominent player in the pre-owned car industry over time. Let me now take you through some of the important developments of our OEM partners and their respective businesses.

Starting with Mercedes-Benz. The brand delivered a record quarter in India, achieving its highest quarterly volumes, supported by a strong product portfolio, new launches and sustained demand for its models. The brand has recently introduced the India-made GLC electric SUV, which has received a fantastic response with over 1,000 bookings in a short period of time and the product being sold out till March of 2027. This is the first of the 40 plus new launches planned by the OEM globally. Deliveries have already started this month.

We also expect improved availability of the CLA EV, which has witnessed strong customer demand alongside initial supply constraints. The new S-Class and S-Class Maybach will further strengthen the top end vehicle portfolio and position of the brand.

Moving to MG Motors. The company continues to strengthen its position in India's new energy vehicle market, with the Windsor EV remaining the highest selling electric vehicle model in India. The recently launched Hector Tomahawk EV further broadens its electric portfolio and has received phenomenal bookings with delivery commencing in October and likely to ramp up going forward. The Tomahawk Hybrid, which is soon to be launched, will bring another dimension towards powertrain portfolio providing customers with an alternative mobility proposition.

Mahindra continues to have a strong year, crossing 6 lakh SUV sales for the second year running. The models have been very well received, and the company has recently announced that they will be introducing four new models till June of 2027. Together, these developments highlight Mahindra's strategy of strengthening its core SUV franchise while catering to evolving customer preferences across petrol, electric as well as CNG vehicles.

Coming to Kia, they have announced a further USD 2 billion investment into India to increase production capacity and introduce new models across powertrains. The Seltos continues to anchor its demand with most variants still in a waiting period. The Carens and the Syros EV strengthened Kia's presence in electric mobility. The new Sorento has received a strong response with it being in a book and wait situation. During the last month, Kia has become the fifth largest OEM in India.

Turning to BYD. The company is expanding its ambitions in India with the introduction of its luxury brand, Denza, marking its entry into the higher-end premium mobility segment. We will be establishing their dealership in Mumbai. Two models will be launched initially, the D9 luxury MPV and the Z9 GT. The response for both these models have been great with them already being sold out for the next quarter, even prior to launch. The recently launched Sealion 7 Dynamic commenced deliveries in the previous quarter and has received encouraging customer interest.

Honda is sharpening its India growth strategy with a focus on quicker product development cycles and deeper localizations to strengthen its market presence. The updated Honda Elevate launched first in India underscores the strategic importance of the Indian market for the company. It's planned entry into the battery electric vehicle segment this year with the Alpha 0 SUV also marks an important step towards broadening its portfolio and addressing emerging opportunities. Landmark continues to be the largest partners for Honda in the country.

Stellantis has announced a further INR4,000 crores investment underlying their commitment to India. The company plans to introduce 12 new models under the Jeep and Citron brands by 2030. They have also gotten into a partnership with Tata Motors to collaborate on vehicle technologies and platforms.

Landmark has recently received the letter of intent for JSW Motors for the markets of Ahmedabad and Bhopal. The company is heavily investing in a new production facility at Chhatrapati Sambhajinagar. The first product called the JSW Combat which is based on the Jetour T2 will go on sale early during Q4 FY27.

The GST cuts came into effect last October. In spite of a higher base, the festive momentum remains strong. New model launches across powertrains, ongoing effect of the GST cuts, along with the traditionally stronger H2 of the financial year should keep the industry buoyant in the future. We remain focused on continuously adapting our business model, strengthening our OEM relationships and building capabilities to capitalize on emerging opportunities. Thank you.

Moderator: Thank you very much, sir. We will now begin with the question and answer session. The first question is from the line of Vijay Pandey from Axis Capital.

Vijay Pandey: Hi, sir. Thank you for taking my questions. Sir couple of questions. I wanted to check on the margin front. So our margin sequentially was relatively better. So I just want to understand how do you see whether this margin is sustainable or not going forward? Was there some inventory gains built in this quarter that we may not see in the coming quarters? And secondly, on the growth expectation for upcoming years in the second half and moving into FY28. So if you can just highlight what will be your expectation moving ahead? How do you see both in terms of volume and revenue expectation?

Sanjay Thakker: Yes. Thanks, Vijay. So what we are seeing in the industry today is a kind of a secular growth which is happening. And on ground, we have had a great October. We believe that this momentum as of now will continue, unless some very major macro event happens. We believe that this growth in the industry right now is there for the next few quarters at least.

And we have entered a new unchartered zone, which we all know that the penetration of passenger cars in India is hardly 3% or so. So this is something which has a very long road ahead, and this looks good. You spoke about the margins. Yes, there has been a significant margin improvement year-on-year on EBITDA level.

And that is something we had kind of indicated that once the outlets kind of mature, this is kind of bound to happen. And we are happy that we have more or less reached there. And the margins would have been even higher had we not had some rain disruptions. And also the newer brands, which are selling a lot of cars as when their after sales does as well as the old brands after sales, that we believe the margin is a sustainable thing that we have kind of delivered.

The inventory, you rightly pointed out, last year, the festive season was in a different quarter. So the industry itself has built the inventory. If you look at the FADA announcement, they have said that the industry inventory is nearly 45 days. We are at around 35 days. So our sales has

also gone up. So in absolute numbers in rupee terms, it looks higher. But this should normalize in the next 2 months or so.

Vijay Pandey: Sir, I was talking about the inventory pricing?

Sanjay Thakker: Yes. So it is difficult to pinpoint as to how much extra money we made. The prices will again go up, Vijay, in the month of January. So this is something which is an ongoing thing within the industry. But we are confident about keeping our margins where it is as far as sales is concerned. Difficult to exactly put a number to it, but there's nothing unusual that we are seeing.

Vijay Pandey: And sir, can you guide us about the capex expectation for the year? Because I think last quarter, you said around INR50 crores, but we have already done INR50 crores capex in first half?

Sanjay Thakker: Yes, it would be a little higher than that. You are absolutely right. This was our estimate at that time, then JSW has come along, and so has Denza, which we did not have exact visibility of at that time, apart from our making a new workshop at Jogeshwari. We believe that it would maybe another INR30 crores or so as of now as we believe.

Vijay Pandey: Okay, sir.

Moderator: Thank you. The next question is from the line of Simran Thakkar from Beas Capital. Please go ahead.

Simran Thakkar: Okay. Sir, I wanted to understand on the revenue share split with the OLX and what model will this follow? Will that be on the gross sales booking basis or will it be on a commission basis like we have in case of Mercedes-AMG model? And also in the presentation where you have mentioned vehicles acquired and sold. So, what does that mean? Will the inventory be on our balance sheet till the time it is resold? So that's my first question.

Aryaman Thakker: Yes. So I'll take that question. So what it is. As we said, it's an industry-first sort of partnership. It's a business agreement between 2 parties. What we are doing is that to create this digital model and merging 2 leaders in their respective industry. The point is that, the vehicles will be jointly acquired and co-funded. Yes, it will be lying in the balance sheet of Landmark Cars. So the cars will be jointly acquired, refurbished where needed and then put up back for sales. And the margins, which are kind of accrued will then after costs be shared with between both the entities.

Simran Thakkar: Understand. Also taking this question ahead. In the US, usually we see these used cars, the revenue share is around 30% to 40% for the US dealer. So what share of revenue and EBITDA is Landmark management expect out of the used cars and what are the ratings that we are expecting onsite?

Aryaman Thakker: So yes, you are right. I think in the US, it is a much more mature used car market. And the new car retailers have a very healthy contribution of used car turnover as well as profits in their books as you rightly said, around 30%. In India, that penetration is significantly low. The new car retailers approximately only account for 3% to 4% of their sort of revenue profitability, it's in

the single digits. For us, as what we said, I think the idea is that we will be rolling this out in phases.

In the first phase, we will be going live with a certain number of cities and brands. The idea is to get the process and the exact business model right, because we are looking at it in a long-term way and we want to build a profitable and scalable model, which has so far not been successfully done in the country.

So we will kind of build it over time. And we've just gone live having done our first few transactions in the post Diwali period. And post this phase, we will kind of expand in our cities and our brands. So difficult to give you an exact number right now. But I think once we have the processes and we are confident that can be replicated, then we will press the accelerator and see much more transactions happening here.

Simran Thakkar: Understand, sir. That was clearly helpful. Sir, my third question is on the inventory and the OCF turning negative for this quarter at INR16.9 crores. And also, we see the gross borrowings which rose to INR144.5 crores. If you speak on Quarter 4and Quarter 1 FY27 con call, where we mentioned that the debt would be reduced. So if we could just let us know like what would be the inventory and debt expected by FY27, and how the trajectory will look like, please?

Sanjay Thakker: Yes. So as I said, the inventory levels will come down. It's difficult for me to put an exact number to it. But this is something we never thought that the demand would be so strong. And the prices, as was discussed earlier, sometimes it makes sense to buy the inventory because the prices are going up. So it's a very dynamic kind of a situation.

There has also been some talks of supply chain disruption because of the war and all that. So whenever the inventory comes, we sometimes take a business decision to procure it. There are certain vehicles, which are imported, and the ships and the kits kind of reach at a particular time. So it's at a certain time zone.

We are, as of now, comfortable with what we are holding and not really that concerned. We believe that over a period of time, this will come down. We are at around 35 days of new car inventory, which I think most people in the industry believe that anything under 30 is good. So keeping that in mind, I wouldn't be too worried on this matter right now.

Simran Thakkar: So Vahan data, the new data which is out. So there, it mentioned that there is some slower growth which is being seen in the market. So should we interpret it in terms of mass market demand or should we also see something that you're facing in terms of luxury market as well?

Sanjay Thakker: So I think what you are referring to is the numbers, the Vahan numbers for the month of October 2025 versus 2026, is that, Simran, what your question is? Because you are right, the October of 2025 was a very unusual month where the GST cut happened, the festival was all there and it got all bunched up. There was a 2-month pent-up demand last year same time.

So it is no surprise. Clearly, the growth percentage that we have seen in the first half of the year will not continue in the second half as a percentage, but I personally believe that the growth will

happen in the next 6 months also. This is also the view of SIAM, which believes that we will have a decent growth even in the months to come.

Simran Thakkar: Understand, great. Thank you so much for taking my questions.

Moderator: Thank you. The next question is from the line of Ronak Mehta from ICICI Securities. Please go ahead.

Ronak Mehta: Thank you for the opportunity. Sir, I have two questions. One is with respect to your partnership with OLX, would you be tracking any internal metrics to see how efficient this partnership turned out to be or to keep evaluating whether this is actually beneficial for you because there could also be a risk where some of the customers that come via OLX would have anyway come to you and just because they have come by OLX you will have to share some revenue or margin. So profitability on those revenue could be lower, which would otherwise not be the case. So is there any metric that you will track such as the number of vehicles sold per employee? Is it improving or something of that sort? That would be my first question?

Aryaman Thakker: Sure. So yes, the idea is that, of course, we have internal metrics and KPIs that we will be using to track it. However, what we are also looking at is that OLX right now represents upwards of 60%, I think cartrade OLX, its around upwards of 60% of used car listings in India are happening on one of their platforms.

For us, I think the idea also is that we get expanded reach. While procuring used cars is there, we need to make sure that we are also able to liquidate them at a quicker rate because that to make a profitable and scalable model. So that is where we believe that their expertise will also help us, will be in the listings and the reach.

And because these vehicles will also be branded jointly by both the parties that will give a sort of expanded reach, and we can get the transactions done quicker. What we also expect will be a secondary benefit to this is that while customers come to sell their cars, it may also act as a funnel for new car inquiries that we will generate at our existing locations. So that is another added benefit that we believe will come out of this partnership.

Sanjay Thakker: Ronak, if I were to add. Aryaman answered this question, let us look at the bigger picture. The point is that, so far, nobody has been able to crack the pre-owned car space in India profitably. And there have been a lot of money which has been burned. So the 2 organizations have a kind of shaken hands with the idea that we will not burn money, we will be capital efficient.

And is there a way that this whole business of preowned cars can it be done profitably? Nobody has been able to do it. So we are making an effort of an online leader with an on-ground present leader. Now this is something which is an emerging kind of a business model, and we are internally pretty excited with the prospect of it. The softwares are getting built, the teams are getting built. And as the time goes by, we will share more details with you on this.

Ronak Mehta: Perfect, sir. Okay. My second question is if you could help us refresh your positioning across different brands? For instance, Mercedes and Honda you are the largest partner for them in India. But for some of the newer brands like say JSW, basis your current engagement with the group,

do you envisage a scenario where your positioning could be similarly strong in JSW? And how do you see that panning out for some of the other newer brands?

Sanjay Thakker: In the newer brands, we are the largest partners for BYD. We are the third largest partner for JSW MG Motors. So if you count 4 new brands in 2 of them, we already have a sizable kind of a presence. And the thing is that we are continuously evaluating. The global scenario is so dynamic and things keep on changing.

Who would have thought that companies like a Volkswagen, 7 years back, if you were asked this question as to what is going on to a Renault or Volkswagen or Honda, you would not have been able to answer or I would not have been able to answer. So this is an ever-changing thing. So the good part about our organization is that we have made a lot of our infrastructure fungible.

Our people, we are able to kind of put them in different roles. So wherever the business demands investments, we kind of put our capital and efforts behind it. But to answer your question, the point is that wherever we go, and if the business is profitable, we become a meaningful partner for those brands. So it is not only that for these 4 brands where we are in the top 1, 2.

Ronak Mehta: All right sir. Thank you.

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

Lokesh Manik: Sir, just wondering your views on the recent IRDAI announcement on the motor insurance. If you had a chance to speak to your OEM partners, how are they looking at this? How are you looking at this internally? And what could be the impact broadly if these guidelines are to become as they are proposed on our profitability as well? So this so if you can share thoughts would be really great we have some clarity on that?

Sanjay Thakker: Yes. Thanks, Lokesh. Now this IRDAI matter, you may know that the first phase was the consultation paper, which will be followed by draft regulations and then the third stage is the actual regulations. So the regulator asked for comments and suggestions. And our association FADA has made a very strong representation on what needs to change in those draft regulations.

I have been a part of that kind of submission. So I'm aware of it. So let us wait and see the indications are that the consultation paper will be modified. That's the view we are getting. It's a little early. So we have had no conversations with the OEs on this matter because we do not know what is really going to happen.

Also, just so that you know that the deals that happen at our end when you sell a car and it's like an on-road price, which includes the RTO, the insurance, sometimes the accessories and all that. So it's a package deal sometimes that happens. So we will have to kind of wait and watch how industry evolves over here. Very difficult to put a thing right now.

Lokesh Manik: Okay. That's it from my side sir. Thank you so much.

Moderator: Thank you. We'll take the next question from the line of Akhil Parekh from 360 ONE Capital. Please go ahead.

Akhil Parekh: Thanks for the opportunity and congratulations on a strong set of numbers. Sir, my first question is, I think in previous call, you have broadly mentioned that first half and second half split in the profitability is usually 40%, 60% or 45%, 55%. So does that hold true for this year, if you can give some broad direction on that one? That's my first question?

sSanjay Thakker: That's what my 27 years has basically shown me. So I hope that trend continues. I mean there's no reason to feel otherwise. Generally, there are strong months, which is the Diwali month October, there is a strong December in the industry, I'm talking about the industry, then there is a March. So there are very big months which generally happen in our industry, and we are hopeful as we speak.

Akhil Parekh: Sure. So broadly you're saying 60% profit should -- kind of 55%, 60% should come in?

Sanjay Thakker: I'm saying that, that's what has been the historic trend.

Akhil Parekh: Great. That's very good to hear. Sir, second, on the operating cash flow, you did mention that inventory has increased mainly because of certain festivals this year. Last year, we did a ballpark INR 270 odd crores of operating cash flow and INR 200 crores of free cash flow, implying 100% of EBITDA to OCF conversion, basically for FY26. Would it be fair to assume that you would do similar kind of EBITDA to OCF conversion broadly in FY27 as well? That's my second question. How should OCF free cash flow looks like?

sSanjay Thakker: We will have Surendra, let's see is voice also. He hasn't participated today. Let's have him here.

Surendra Agarwal: Yes. So as we told that this is the seasonal impact on the September cash flow, what we have published we are expecting this a little lower than the last year one because last year, 0.95 was the ratio of the operating cash flow versus EBITDA, but not much different, a little lower than the last year.

Akhil Parekh: So that implies you have a substantial free cash flow ratio, and you mentioned that capex is not major in FY27, so anything you would like to highlight what we would be doing?

Surendra Agarwal: So we will be repaying our debt with the free cash flow.

Sanjay Thakker: So maybe let's wait for a quarter more, Akhil. Let's see what is in store.

Akhil Parekh: Sure, sir. Sure. And sir, last question before I get back in queue. On the cost initiative. I think we have quite well. And I think 1.5 years back you had guided that employee expenses and other expenses will go I think, below 4.5%-4% of pro forma revenue, and we have kind of overachieved on those line items as employ expenses are now 3.9% and other expenses are 3.4% of pro forma revenue. A line in the PPT mentioned that further the profitability can improve from the cost initiatives. If you can throw more light on if there a scope of further improvement on these 2 line items? And any new guidance of employee expenses and other expenses?

Sanjay Thakker: This is the ongoing exercise at our end. We want to be a frugal organization where we wake up, and we believe that there is some improvement to be done. So this is something that we will continue to do. We still believe that there is juice in it. It's difficult for me to put a number because that becomes sometimes a discussion point for a very long time, but the effort is a continuous process. We have targets internally for everybody to reduce costs. There are committees. There are process owners for one or the other small items. And we continue to kind of push it down. And I'm hoping that it would further reduce. I don't want to put a number right now.

Moderator: Thank you. We'll take the next question from the line of from Prolin Nandu Edelweiss Public Alternators. Please go ahead.

Prolin Nandu: A couple of questions from my end. Just wanted to understand, I'm on Slide 8, right, where you have mentioned that there hasn't been a significant difference in service revenue from an ICE and EV angle. So just wanted to understand why would that be the case? Why would the frequency of visit be higher for an EV on a per year basis versus an ICE?

Also, even though preventive maintenance is, let's say, 12% and 35% lower, but in brand why would an EV car still require this high repair and maintenance? And at the same time, what is it on the accident side, which is the biggest delta, right? What is it that is costing a lot for an accident repair, right? So this slide is slightly counter-inclusive where even on the first point where the run per kilometer per year for an EV is higher. So if you can just explain, is it contrary to your initial expectation as well? And some nuts and bolts on why is that the case on each of these points?

Sanjay Thakker: Yes. Thanks, Nandu. So this is something that we were all so accustomed to believing that the repair cost for EVs will be significantly lower. That was the starting point in everybody's mind and in WhatsApp and all that. Then we deep dive into the data and we waited and we waited and we wanted some decent sample size to then come up with the answer.

What is happening in brand 1 and 2 both, as you will see is that because the running cost of EVs is much lower than that of the ICE cars, which we all understand. that the fuel cost is not there. So EVs generally cost significantly lower to run. So people use it more. Now this is the first thing that we found that if it is an EV, people use it much more.

Now what happens consequently is that because the car is on the road for more kilometers, more time, the propensity to meet with an accident is higher. There's a clear math. There is no science in it apart from that, the things that the EVs accelerate faster and all that, that is a smaller issue. I think the bigger issue is that because they are on the road for a longer period of time, then they are likely to be with an accident more.

And the second thing is that because the kilometers are higher, the service interval gets kind of compressed. Assume, I'm just giving an example, that every, say, 7,500 kilometers, there is a service, then those 7,500 kilometers comes faster. If it is, say, 6 months for the ICE car. For this, it may be 4.5 months. So that's why the number of visits to the workshop is higher.

Also, the local garages are completely clueless about EV repair. So most of the cars or all the cars will come back to the authorized workshop for repair. So that's one part of it. And this is something which was in U.S.A. Penske,we saw their commentary a couple of years back and they had come to a similar conclusion that the EVs were actually generating higher service revenue than lower as what people believed.

And yes, it was a surprise to us also and we continue to watch this space. There is another data point for you. In America and some other Western countries, the insurance premium for EVs is going much higher than ICE cars because the cost is higher.

Prolin Nandu: So that's very clear, Sanjay bhai. The second question would be on your brand Mercedes-Benz, right, which you have as one of your brands that you distribute, right? So here, how is the typical mindset of the customer when he walks in, right? And I'm talking more in terms of his inclination towards buying a Mercedes EV versus the Mercedes ICE, right? Is it that the conversion happens at our end or has he pre-decided?

And then just a question related to that, do you think that the overall numbers of, let's say, ICE will keep on coming down for luxury brand like Mercedes in your repertoire based on whatever experience that you have while talking to some of your sales managers, right? So for a luxury brand like Mercedes, what do you think will happen in terms of the mix between ICE and EV?

Sanjay Thakker: So since you asked specifically about Mercedes-Benz, the availability was the biggest challenge this year as far as the EV portfolio is concerned. So this year, the EV penetration for Mercedes would be just under 10% or so. But this will go up as the availability increases. Aryaman mentioned in his talk that the GLC EV, which has got launched has kind of sold out for the next 4 months. We have the CLA, which is a sold-out situation. So it is a supply issue more than the demand issue. And as the industry evolves more and more EVs will sell.

Prolin Nandu: Right. So then typically, so what you're saying is that, for that kind of a customer also the preference is more towards EV, right, or it's an increasing preference that you see EV versus an ICE, right? So what might happen is that even the total volumes on ICE might see a decline for a brand like Mercedes, right, and EV we will see a huge growth, right, because availability is improving, that's a fair conclusion to make or how should one think about?

Sanjay Thakker: It's a dynamic thing, Nandu. It's difficult to say how the customer preferences the change overnight. It will depend on a lot of stuff. But from where EVs are, the numbers will clearly increase. Now, where it will go and stop or whether it will just continue, our belief is that all powertrains and then you will have a plug-in hybrid and some new technologies will also kind of come in. So it's something that is happening globally, we will find the kind of a balance in the next 2-, 3 years.

Prolin Nandu: Thank you, Sanjay bhai, and all the very best.

Sanjay Thakker: Thanks.

Moderator: Thank you. The next question is from the line of Harsh Shah from Helios Mutual Fund. Please go ahead.

Harsh Shah: Yes. Hello. Good morning, Sanjay bhai. Congratulations on a good set of numbers. My first question was with respect to the OLX partnership. Can you allude like how much capital we are going to commit initially until you get the business model right?

Sanjay Thakker: It is going to be a very small kind of a capital over a year. And till we get the model right, there is no meaningful capital that will happen. And as I think we have said, it will be -- the capital allocation will be shared between the two organizations.

Harsh Shah: Okay. Anything less than INR5 crores, INR10 crores, fair estimate or a bit high?

Aryaman Thakker: Yes. In that range to start with.

Harsh Shah: Okay. Got it. And secondly, sir, with respect to the capex, we had guided for INR50 crores, we have done INR50 crores in H1, and there is still five more branches, five more dealerships we are planning to open with JSW. And also, we have invested around INR50 crores in the subsidiaries. So is there an upside risk to the INR30 crores number as well for H2?

Sanjay Thakker: So when I say INR30 crores, we have taken the JSW in mind. Our Denza is coming at kind of a same location as where BYD is. We are keeping a Hawk eye on the thing. The JSW is where our subsidiary investment is going. So it's the same thing that you are talking about.

Harsh Shah: Okay. Got it. And sir, the last thing we had very high capex, there was an impact on margins because the cost typically get upfronted. So because of this higher capex, do you think that the margin recovery that we have seen over the last few quarters, that may see moderation and going forward, we see some decline in margins, EBITDA margins?

Sanjay Thakker: See, what you need to keep in mind is that the capex that we are talking about or the INR50 crores also includes some vehicles. Now, this is maybe not coming out over here. There are some Mercedes-Benz vehicles, which are used in the workshop, which has been classified. So it is not a pure, pure capex which has happened. That's the first point.

The second thing is that the money that has gone in is to kind of relocate the existing workshops. I spoke about three workshops becoming one in Mumbai, where I'm sure we'll call you all maybe in the next 2-3 months. So it is nothing that requires any gestation period. It's just a seamless kind of a transition. So there is really nothing from this capex, which tells us that there is any gestation period in there.

Harsh Shah: Okay. Got it, sir. This was very helpful. Thank you.

Moderator: Thank you. A request to all the participants to kindly limit their questions to only two per participants. Should you have a follow up question, please rejoin the queue. The next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan: So the first thing is on the volume for H1. So it was sort of flat year-to-year. So just wanted to understand, what contributed to this sort of volume growth? And given the workshops that were added and the volumes of cars sold in the last few quarters, could we see marginal uptick in this volume also going forward?

Sanjay Thakker: So we have, in our presentation, also said that nearly four of our workshops were impacted because of rains and they were not operating for maybe some workshops for over a month different brands, Honda, Volkswagen, MG and all that. So the service volume was impacted because of the rains in Gujarat, South Gujarat and Ahmedabad mainly.

So this is something which is there. But you will see that the revenue growth is nearly 11%, which is good growth in my mind. You will also see that the per service revenue has again gone up to an all-time high of nearly INR30,300. Now, we are making up for the lesser volume with higher revenue and sometimes it is a deliberate thing. The infrastructure is an expensive proposition. So we don't want to kind of utilize it for low paying jobs, just to increase the volume for the sake of it.

Hitaindra Pradhan: Okay, sir. Sir, my second question is on the insurance commission revenue. I understand that there's still like a draft and the discussions are going on. So sir, how do you see it evolve? Like do you think a glide path will be provided or the caps, itself would be reset? I mean, any view or any comment on that?

Sanjay Thakker: That is the hope of a lot of people in the industry, not only auto dealers, but also insurance brokers and agents and all that because there has been a glide path given to the insurance companies to meet the expense of management. So why should there be no glide path for the other matters.

So this is something like anything else that I say is going to be pure speculation. So let's wait and watch.

Hitaindra Pradhan: Sure. Okay, sir. Thank you, sir. And all the best.

Moderator: Thank you. The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.

Shashank Kanodia: Yes. Good morning, sir, and congratulations on good operational performance. Sir, I would appreciate to take to express the financial performance during the quarter. Sir, my first question is on the margin front, right? On the new car sales, we have plus 2% margins for quite some time. So what will be your sustainable outlook there? And are there any levers for further uptick going forward?

Sanjay Thakker: So Shashank, we have had this discussion. At Landmark, we held on to the belief and the understanding that the business of sales as well as service, both are profitable, and we have in the past kind of done this consistently.

The reason why the sales margins had gone down in the last maybe 2 years or so was for the reason that we had started new brands, and there was front-loading of expenses mainly, which was playing out. So we are getting back to our normal kind of ourself. And as of now, there is no reason to believe that it will be anything different.

Shashank Kanodia: So sir, should we expect a further uptake?

Sanjay Thakker: Shashank, it also depends a lot on the new car sales, depends on the discount level,. –We are wedded to the state of the economy as you know. Things are looking good as of now. Going ahead 1 year out, 2 years out, difficult to kind of say. But as of now, we are confident of what is happening.

Shashank Kanodia: It's because you also alluded to this fact that you realized better margins on EV sales, right? So this should be a base case for us and we probably build up in these numbers, right?

Sanjay Thakker: I think I will reiterate, what I just said. We have done it in the past. We are confident of what is happening. Things are looking quite fine right now.

Shashank Kanodia: Right, sir. So after sales, sir, you always have a tendency of clocking double-digit volume growth on after sales side. So last 2 quarters have been kind of muted. Obviously, this quarter, you mentioned that there has been an impact of the Gujarat Floods, but effectively should we be resuming this double-digit sales volume growth there?

Sanjay Thakker: It has been a double-digit growth even in this quarter, Shashank. We have an 11% growth in aftersales right now,

Shashank Kanodia: I'm talking about the volume side.

Sanjay Thakker: No, we never kind of gave guidance on the volume. We are always on the value. So if you look at our presentation also, I talked about the value, which we are never kind of focused on the volume. Same as for new cars. We don't disclose the number of cars sold and all that.

Shashank Kanodia: Right. And sir, last time you clocked INR30,000 at ASP, you had 20% margin profile. This time it's 17.6%. So do we expect a better margin on this division going forward?

Sanjay Thakker: Again, this I have kind of explained. We have said that the business is approximately 18% margin business, 40% gross, 18% EBITDA. This is what we in our business kind of talk about. And now last quarter, and again, that I said that there was a transition period where we had to kind of pay expenses for four workshops when they were transiting.

Now that is normalized, but this 0.5% or 0.25% here, there is based on seasonalities. It also depends on some annual bonuses that we get at the end of, say, December or March. So it will all even out over a period of time.

Shashank Kanodia: Right, sir. And sir, are we adding any other luxury brand in our portfolio, given other global OEMs bigger about India, let's say, something like JLR or something?

Sanjay Thakker: No, there's nothing I can say on this call. We have got Denza and that's received a great response. We launched it at 12:00 today.

Shashank Kanodia: So sir, wish you all the best, sir. Thank you so much.

Sanjay Thakker: Thanks.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Sanjay Thakker: Thank you, everybody. I think the hard work of our team has paid off and it will continue to deliver. Thank you for having faith in us, and thank you, and happy Diwali.

Moderator: Thank you, members of the management. On behalf of 360 ONE Capital, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

***