



Date: November 18, 2025

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 12, 2025

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

Dear Sir/Madam,

Further to our communication dated November 06, 2025, please find enclosed the transcript of the Earning Conference Call held on Wednesday, November 12, 2025 at 9:30 A.M. (IST) to discuss the unaudited standalone & consolidated financial results for the quarter and half year ended September 30, 2025.

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
Company Secretary & Compliance Officer
Mem. No.: A19459

Encl. as above

Landmark Cars Limited

CIN: L50100GJ2006PLC058553 | GSTIN: 24AABCL1862B1Z2

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“Landmark Cars Limited
Q2 FY '26 Earnings Conference Call”
November 12, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 12th, 2025, 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. VIVEK KUMAR – ICICI SECURITIES**

Moderator:

Ladies and gentlemen, good day, and welcome to the Landmark Cars' Q2 FY '26 Earnings Call hosted by ICICI Securities Limited. 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 date of this call. These statements are not 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 and then zero on your touchtone phone.

I now hand the conference over to Mr. Vivek Kumar. Thank you, and over to you, sir.

Vivek Kumar:

Thank you, Huda. Good morning, everyone. On behalf of ICICI Securities, I welcome you all to Landmark Cars' Q2 FY '26 Conference Call. From the management side, we have with us Mr. Sanjay Thakker, Promoter, Chairman and Executive Director; Mr. Aryaman Thakker, Executive Director; and Mr. Surendra Agarwal, Chief Financial Officer. We'll start the call with opening comments from the management, followed by Q&A. Thank you, and over to the management team.

Sanjay Thakker:

Good morning. Thanks, ICICI Securities team for hosting us. On behalf of the company, I extend a sincere welcome to everybody who has joined us today. And as informed, we have Aryaman Thakker as well as Surendra Agarwal, our CFO, with me on this call. The results and the presentations are uploaded on the stock exchanges and the company website.

I hope everybody has had a chance to look at it. We have witnessed a defining movement for the automobile industry. We navigated one of the most significant tax transitions in the recent memory that was also long awaited by the auto industry, revision of GST rates. What unfolded over the span of just 45 days is fundamentally reshaping the consumer behaviour, dealer operations and overall industry dynamics. Although this period coincided with the festive period, it was impact of the GST transition that truly dominated the automotive market outcome in Q2 of this financial year.

With the announcement of GST rate revision on 15th August, buyers chose to defer their purchases in anticipation of better pricing from 22nd September. While the revision of GST rates was a very welcome change, the abolition of the compensation cess significantly brought about ambiguity at the dealer level.

Dealers were left with uncertainty as the cess was removed under the new regime, leading to challenges in utilizing the accumulated cess credits. To mitigate this, selective discounting and incentive schemes were introduced by us on new as well as demo cars. While these short-term measures helped maintain customer engagement, they also exerted temporary pressure on the gross margins.

If we had not proactively liquidated inventory with cess credit, our gross profit margin would obviously have been much higher. We made a conscious and prudent call to implement this strategy. While the matter remains sub judice at present, only time will reveal how the situation ultimately unfolds. Currently, the cess credit in our books is not a very meaningful number. The matter regarding Compensation cess is widely reported in the media but not really understood that well.

Under GST 2.0, compensation cess was abolished. That meant that from September 22nd, no cess would be recovered from the customers. This meant that only if one wanted to recover cess paid on the vehicles in stock, one had to sell the vehicles before 21st of September, an uphill task considering announcements of reduction in effective GST rates already as well as the inauspicious period.

The cess is not allowed to be adjusted against the GST payment and thus would have effectively lapsed, hitting our profitability as well as cash flow. The poor sales during this period entailed higher discounts, extra incentives, marketing as well as transportation costs.

The higher growth in sales versus after-sales has also played a role in this subdued gross profit margin in this quarter. Coming to the final 9 days of September, that is 22nd September till 30th September, these were arguably the most action-packed phases of our life.

Pent-up booking for the previous 40 days, coupled with the festive demand had to be fulfilled merely in those 9, 10 days. The sudden spike tested the resilience of the supply chain logistics across the network. Nevertheless, Landmark responded with agility, ensuing swift deliveries and customer satisfaction despite the operational intensity.

The passenger car industry in October has seen a double-digit growth in reaching nearly 5.5 lakh cars for the first time in October. We are of the opinion that the demand for passenger cars has entered a fast lane due to GST reduction across all ICE cars and reduction in interest rates. Having achieved the desired top line, the entire focus will be on getting the robust profitability back on track.

We are aware that our current quarter GP percentage is lower, and we believe that it is an aberration due to the one-time discounts and free accessories that we just spoke about. We are guiding that the gross profit percentages going ahead for the balance part of the year will increase by over 100 basis points.

Our expansion has come at the right time when we have favourable wins behind us. Our large relationships like Honda have announced very aggressive plans for India, indicating a fivefold increase in the volumes in the next 5 years. Overall, the GST transition, though complex, proved to be a necessary recalibration of the industry. The old regime was a really complex one with nearly 6 different cess slabs. This is now history.

The global OEs are now having clarity on which products to introduce in the future. We are also hearing that several trade agreements and free trade agreements included will be signed soon to further help the cause. In the past, whenever taxation is reduced in India, the subsequent year has seen good demand growth. The industry, which promised so much, but has grown only at

approximately 4% CAGR in the last over 10 years looks finally poised to break out. As we move into October, our demand remains robust with limited need for incentives in sales.

Sales are happening at a much better margin than what happened in the previous quarter. While we are aware that some supply chain and delivery constraints still remain, we expect them to ease out in the coming time. The aftersales business, the monsoon plays an important role. Flood-affected cars give decent amount of aftersales revenue. This year, due to erratic monsoon, we have seen these being pushed to quarter 3 instead of quarter 2.

Looking ahead, we anticipate the demand momentum to sustain by a great model lineup and the promotions and the pricing that are still being offered by the OEs. The wedding season that is on us, the highest number of weddings are in November and the year-end demand. I now hand it over to Aryaman for his thoughts.

Aryaman Thakker:

Thank you. The GST rate transition during the quarter was a defining event for the entire industry. Although the transition phase brought short-term uncertainty, the overall reform has been received with optimism. The revised rate, which on a rupee basis have a substantial impact on the premium and the luxury segment, they are expected to attract a larger base of buyers, benefiting the entire value chain in the near as well as long term.

The VAHAN numbers for October, which was the first full month post the new rates, show a 12% year-on-year growth for the price for the 4-wheeler market. Many of our OEM partners have long recognized the immense potential of the Indian automotive industry, which has gotten thrust due to the GST transition. During the Navratri phase, Mercedes-Benz delivered 1 car every 6 minutes and went on to record its best ever monthly sales in September.

We at Landmark being the largest partners contributed meaningfully. Our average selling price in Mercedes-Benz has now reached just under INR 70 lakh, and this is evident from our highest ever ASP in new car sales posted by us in quarter 2 of FY '26. Mercedes India so far this year has not grown in volumes on a year-on-year basis.

Globally, they will be going on a massive product offensive from 2026. This is expected to result in a significant volume boost across. Honda's plan to introduce 10 new models in India by 2030 signals a fresh chapter for the brand's market presence. The focus will be on SUVs with hybrid as well as electric powertrains. They have an ambition to substantially increase volumes by 2030.

This move is expected to strengthen Honda's competitive position significantly in India. At Landmark, being the largest partners, we are very well positioned to benefit from this momentum. In October, BYD crossed the 1,000 unit sales mark, reflecting robust demand for models like the Atto 3, Sealion 7 and the eMax as well as the growing customer acceptance. To put this in perspective, the brand sold around 3,500 units in the entire calendar year 2024. The demand for models like the Sealion has been far higher than expected, which has resulted in us running out of stocks.

The next lot of cars are expected to arrive in January of '26 for which we have already started taking orders. Landmark being their largest -- to reiterate, Landmark is the largest partner for BYD, contributing upwards of 20% to their volumes. Renault India posted a healthy growth in

sales in October. The surge in sales was largely fuelled by the successful launch of the updated Triber as well as Kiger models and the favourable impact of the GST 2.0 reforms. January will be the launch of the all-new Duster.

This will be the first of a series of new Renault models expected over the next few years. For MG, our outlets have stabilized and started contributing as expected. The recent launch of the MG Select vertical is also seeing robust demand.

We remain optimistic about the continued growth potential of this segment. In Mahindra & Mahindra, our outlets are stabilizing and growing as per expectation with a healthy launch of new products planned over the next few years, we remain optimistic and will look for further opportunities to grow with the brand wherever possible.

The positive momentum from October has carried forward in November too. The demand continues to be robust. And in the beginning of November, we have seen a healthy year-on-year growth in terms of both bookings as well as customer inquiries. We expect this momentum to sustain until the end of the year due to the effects of GST, new model launches as well as ongoing schemes from OEMs. I will now hand it over to our CFO, Surendra Agarwal, to take us through the financial highlights. Thank you.

Surendra Agarwal:

Thank you, Aryaman, and a very good morning to everyone. Let me now take you through the financial highlights for the quarter and the half year under review. Our total proforma revenue for the quarter stood at INR 1,657 crores as against to INR 1,268 crores in the corresponding quarter last year, reflecting a strong year-on-year growth of 31%.

Within this, new car proforma sales contributed INR 1,403 crores, registering a growth of 35% year-on-year across all our OEM partners, while aftersales revenue stood at INR 254 crores, up 11.2% year-on-year. The gross profit for the quarter stood at INR 196 crores with a gross margin of 16.2% on reported revenue.

As explained previously, the GP was slightly lower in this quarter due to discontinuing in new as well as demo cars to utilize the cess in the period of 17th August (to be read as 15th August) to 21st September. One can notice that the lower GP as compared to last quarter is due to revenue mix also. Our new car sales have grown at a much faster pace than service in the last quarter, which mathematically compressed the GP margin in percentage.

It is also worth noting that the GST on spare parts have also been reduced to 18% from 28%, making genuine parts more affordable and authorized workshop more competitive against the local garages. Due to this, in Q2, we saw some postponement in repair during this quarter where the customer opted for benefit from lower cost of repair due to lower GST.

Our EBITDA for the quarter stood at INR 59 crores with an EBITDA margin of 4.9% on reported revenue. Depreciation for the quarter was INR 38 crores, marginally higher on Q-on-Q basis due to opening of new outlet during the quarter. Finance cost for the quarter stood at INR 20 crores, in line with the inventory level maintained for the quarter.

In quarter 2 FY '26, our profit after tax before the net impact of Ind AS stood at INR 3 crores, while cash PAT for the quarter was 17 crores. The average selling price of new cars in quarter 2 FY '26 came in at INR 23.16 lakhs, an improvement supported by higher sale of higher-end cars such as Mercedes-Benz. It is the highest ever ASP.

In Q2 FY '25 (this was said erroneously, to be read as Q2 FY'26), the per car service revenue was over INR 26,000. Coming to our performance in half yearly FY'26, we posted highest ever proforma revenue, reported revenue and gross profit despite various macro challenges. Our total proforma revenue grew by 26.4% on a year-on-year basis, was booked at INR 3,720 crores (this was said erroneously. To be read as 3,072 crores) as compared to INR 2,432 crores in H1 FY '25.

Within this, new car proforma sales contributed INR 2,584 crores, registering a growth of 30.1% year-on-year while aftersales revenue stood at INR 489 crores, up 9.7% on a year-on-year basis. Reported revenue for the period stood at INR 2,273 crores, leading to year-on-year growth of 30.7%.

Gross profit of H1 stood at INR 380 crores with a gross margin of 16.7%. EBITDA was INR 125 crores with EBITDA margin of 5.5%. Our profit after tax before net Ind AS impact stood at INR 11 crores versus INR 6 crores in H1 FY '25. In H1 FY '25 (this was said erroneously. To be read as H1 FY'26), we generated net operating cash flow of INR 177 crores, surpassing our FY '25 level of INR 152 crores. With this, we now open the floor for question-and-answer session.

Moderator: Thank you very much. The first question is from the line of Arnav Sakhuja from Ambit. Please go ahead.

Arnav Sakhuja: So my first question is what kind of growth did you see in the pre-owned segment?

Sanjay Thakker: Yes. So Arnav, as you know, thankfully, we have not been holding a lot of inventory of preowned cars. If we were actually holding, the loss would have been much higher due to the reduction in the prices. So in fact, what we are seeing on an industry basis is that because the new car prices have become affordable, there has been a pressure on used car sales because the difference between those prices have reduced.

Arnav Sakhuja: And so my next question is with regards to BYD. So correct me if I'm wrong, but currently, these cars are being fully imported. So is there any talks of local assembly of these cars with the help of any JV partner?

Sanjay Thakker: Yes, this is something which has been going around for a very long time and one can't really say until it actually happens. So currently, as you know, there are 4 models of BYD cars that we sell. The Atto 3, the eMax 7, which are both homologated and as such, do not have any restriction on the number of vehicles that can be sold for these 2 models. We believe that the Sealion, which Aryaman spoke about and which kind of ran out and did very well. That is in the process of getting homologated.

So that ceiling would also go away, and the Seal. So these are the 4 models that we sell. I think the company is looking at themselves assembling these cars. They are looking at maybe some advanced rulings to take away the challenges of regulatory interpretations. Once that happens, the prices could come down.

Right now, I think the volume for this year would have grown 3x over last year, and this seems to be like the beginning of very good journey with BYD.

Moderator: The next question is from the line of Pranay Roop Chatterjee from Burman Capital.

Pranay Roop Chatterjee: My first question is on the gross margins. Obviously, you have adjusted quite deeply. I was trying to look at it from another cut. So, if I separate out your standalone and subsidiaries gross margins and look at on a quarter-on-quarter basis, what I noticed is something interesting.

It seems that the entire quarter-on-quarter consol gross margin dip on which you commented can be explained by the stand-alone gross margin dip which has sort of taken a substantial hit, which is essentially your Mercedes business?

Whereas your subsidiaries, if I just add up, which is basically consol minus stand-alone, if I do that, it is almost flat quarter-on-quarter. So any reason why specifically your Mercedes stand-alone business has taken a hit? Or am I not reading the numbers correctly?

Sanjay Thakker: Look, Pranay, congratulations on reading the numbers right. And you are doing it in a quick time. Now what happens in Mercedes type of business, there are 2 things which happened to compress our margins in Mercedes-Benz. We have a decent amount of demo car stock in our Mercedes portfolio, which is in our books. Now we had to liquidate a lot of demo cars because of the reasons that we have stated at length in our presentation as well So, this is something which has impacted us mainly. This is, I think, the main reason and that should answer you.

Pranay Roop Chatterjee: So, is that liquidation done sort of currently, how is it looking?

Sanjay Thakker: Yes, it is done.

Pranay Roop Chatterjee: Great. Second question is on your operating expenses. If I look at it on a quarter-on-quarter basis, your employee expenses have risen by about 15% to 16% quarter-on-quarter after remaining stable at around INR 64 crores to INR 65 crores for the prior 3 quarters. So is it because of -- can it entirely be explained by store openings plus a sort of salary hike? Or is there some other one-off...

Sanjay Thakker: So, it is again, you have read it right. The point is that it is store opening, plus there has been an increment of our company, which has come into play from this quarter. And there have been some additional incentives that we had to pay out, out of line to liquidate some tough cars to sell in this quarter.

Pranay Roop Chatterjee: Got it. Great. My final question will be a quick one is on your ASP. And I noticed something, while ASP is rather an output, right? By itself, it makes 0 sense. It's more like an output of the mix of cars you sell. But if I look at it on a quarter-on-quarter basis, the mix has not drastically

changed, right, because your product mix changes very, very slowly across the quarters. So -- but this time I see it's gone between 3 lakh this quarter, which is like if I see Y-o-Y, it's a 15% growth. Is there anything worth calling out here from a new car ASP perspective?

Sanjay Thakker: BYD. So BYD Sealion, which was selling at upwards of INR 50 lakhs, we ran out of it. And if you ask me one thing, this is the top of the mind thing.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: Sir, my question was on the gross margin. I know you've clarified in detail, including in the previous question. In your presentation you mentioned that the cess is limited to 5% and you have been very well supported by OEMs. And then you have gone ahead and given further discounts over and above that. So this is purely demo cars and not to do with new cars, would that understanding be right?

Sanjay Thakker: Lokesh, I didn't understand the question. Cess at 5%?

Lokesh Manik: Cess impact you have been able to limit to mid-single digit cess liability.

Sanjay Thakker: No, no, it is not 5%. We are saying that currently the cess liability, which is standing in our books, which is then subject to what the Supreme Court opines is in the region of around INR 5 crores to INR 6 crores, not 5%.

Lokesh Manik: No, I understand that. So that has been limited, and that is driven by both the OEM schemes and also you giving further discounts?

Sanjay Thakker: Yes.

Lokesh Manik: Yes. So, the question was the further discounts that you gave, that was only for demo cars or there were other cars also where you had to...

Sanjay Thakker: No, no, that was also for other cars in, say, a Honda or a Kia or a Mahindra. So, it was across brands in all ICE cars. Demo as well as. For Mercedes, it was only demo cars. But for others, it was all ICE cars.

Lokesh Manik: Okay. Now if I see the comparison Y-o-Y, about 100 basis points can be attributed to the mix change and 100 basis points can be attributed to the discounts. And you can correct me if I'm wrong on that, in your gross margin impact. So when you're guiding for next -- the second half revision of 100 basis points or an addition of 100 basis points, does the aftersales mix not come into this because Q3, Q4 is expected to see aftersales mix also come in through the service workshops ramping up?

Sanjay Thakker: Yes. So in this business, this is the first time that we are trying to stick our neck out because we are feeling a little more confident right now and given a number. We actually thought deep and hard before giving this guidance and internally, I was challenged as to whether we should really go ahead and do it. This industry, as you know, Lokesh, is dependent on a lot of external factors, consumer behaviours, etc. In the past, we have kind of delivered what we have said, and I want

to keep that record intact. So let us kind of wait and see how things kind of pan out for the balance part of the year.

Lokesh Manik: Right. Sir, on the cess liability, if you can clarify, on 2nd September, what would have been your outstanding liability, cess liability, which caused you to take this decision? Just to understand the severity of the situation, what we were...

Sanjay Thakker: Yes, so it was not actually 2nd September, Lokesh. It was actually August. So the announcement which came on 15th of August, that's when the whole thing has started, though 2nd September when it kind of put a number to it. But my back of the envelope thing is that we have been able to recover approximately INR 15 crores plus of cess in this period.

Lokesh Manik: Okay. So, we've incurred about 1% discount to recover INR 15 crores. Would that be a fair assessment?

Sanjay Thakker: I would not say that we have incurred 1%. We have incurred a lesser amount and the expenses have gotten kind of into various heads, including incentives, including advertisements, including transportation discounts, incentives, all kinds of things. But it was nowhere near 1%. It was lower than that. The other thing is attributable to the revenue mix that is there. I wouldn't want to kind of put a number to it right now.

Lokesh Manik: Fair enough. Fair enough, sir. Sir, last question is on the interest expense that has come up this quarter to about INR 25 crores, if I look -- for the first half, if I remove the impact of Ind AS lease liability. So given that inventory days are down, the capex that we have done as per the cash flow statement and the cash PAT, which funds the capex. So why are we seeing such an increase in interest expense? And your second half guidance for the same, how do you see this tapering off?

Surendra Agarwal: So Lokesh, the interest cost, in the quarter, if we remove the Ind AS activity, it is at INR 12 crores versus INR 10.5 crores in the last year. So it is like a INR 2 crores increase in the quarter with the higher sale. And the inventory, if you look at is always be at the quarter end. So the quarter end, obviously, with the GST and the liquidation of more and more stock, the quarter end inventory is lower. So the benefit which we see on the lower inventory will come in the coming quarter.

Lokesh Manik: So we see a tapering down of interest expense. Would that be a fair assessment?

Surendra Agarwal: Yes, yes.

Sanjay Thakker: And RBI also reduces the interest rates in the December meeting.

Lokesh Manik: Sir, also it is very heartening to see your efforts on the cost optimization side and what you've added. I think marginally we've reached but we are on track for that. So happy to see that as well. Thank you so much.

Moderator: The next question is from the line of Bhavya from Tamohara Investment Managers.

- Bhavya:** Just a quick question. Service margins fell Q-on-Q even with the same set of workshops. So what explains that decline?
- Sanjay Thakker:** So Bhavya, it is not the same set of workshops. What has happened is that in this quarter, many of the newly set up workshops got added into it. So the workshops of Mahindra, or Kia and MG, for example, are working currently not at the same level as our, say, Mercedes or Honda workshops are working. So it is a mix effect, which will over a period of time go back to its level.
- Bhavya:** Okay. And if I can just squeeze in one more question. Sir, what was the average discount level that was given to offset the cess credit?
- Sanjay Thakker:** I mean this is the most difficult question that you have asked or this is a question has been asked on this call. I do not know because we were actually, during that period, we were having kind of, if not daily kind of every 2-3 day calls to figure out what discounts we would give to offset the cess credit in which state and all that. So there is no answer. The thing to kind of take back today is that those discounts are a thing of the past, and things are looking good as of now.
- Moderator:** The next question is from the line of Bhargav from Ambit Asset Management.
- Bhargav:** Congratulations on a good performance. Sir, in your opening remarks, you did mention that Honda is likely to have a fivefold increase in volume over the next 5 years. Is it possible to give some more details in terms of whether this will be back-ended or you believe that new launches can kick start from next year? And related question to Honda is that obviously the number of dealers for Honda are far lower. So is it fair to say that margins in Honda would be higher for us on new car sales?
- Aryaman Thakker:** Yes. This is Aryaman here. I was at the conference last week at the Japan Mobility Show. So there are 10 new car launches, which they have publicly announced. which will start from 2026, all the way till 2030.
- This will primarily be, out of the 10, I think 7 are SUVs, which are mainly going to be hybrid as well as battery electric cars. And some of these are also going to be India-focused, developed for India, manufactured here and then exported to other right-hand drive markets. So, I think starting from next year, we will start seeing a couple of new launches every year all the way till 2030.
- And I think the brand will increase in volumes, and they will also start catering more to this growing premium segment that they have currently not been participating in. So, we expect that I think 2027 onwards is when we can start seeing a jump in volumes for Honda at an India level.
- Bhargav:** And margins, sir, in Honda is generally better?
- Sanjay Thakker:** It is, Bhargav, similar to other brands. There is nothing good or bad about it. It's in the similar zone.

- Bhargav:** Secondly, sir, obviously, GST reforms have happened in the past as well. Any quantification you can share? How has the year past the GST change has been for EVs, it would be a bit helpful, 1 year after the GST change?
- Sanjay Thakker:** Yes. So we have had some past data, which our association had circulated to its members, if I'm not mistaken. The last reduction, I think, happened in 2015. At that time, the industry was going negative and it turned positive. So a swing of maybe around 10% or so had happened.
- There were past instances that were way back in financial year 2004, there was some excise duty cut. The industry jumped by 28% and so on. These are old data that we have. But our belief is that the industry, which was chugging along at a 3%, 4% growth has seen a 12% growth in October in registrations. In October, Bhargav, mind you, October last year was also not a small number.
- It was nearly 5 lakh cars that were registered. So that was beaten. November looks good. And hopefully, the mood and the sentiment will remain. The interest rate cut again in December should help the cause.
- This is our last chance for India, I'm saying, not as a company, but I'm saying that -- if not now, then when. I mean this GST cut, the government has done what they had to do. Now we have all been talking about hearing and narrating the India growth story, let it now play out, please.
- Bhargav:** And lastly, sir, if you look at your new outlets loss run rate, it has still continued at a loss level. Do you expect that in maybe third quarter or the fourth quarter, it can actually start becoming breakeven given the reformed momentum you are seeing?
- Sanjay Thakker:** Yes, Bhargav, it will. Last quarter we were hoping to have many of these outlets getting into that green zone. But for reasons known to all of us, it could not happen. For the new outlets by the end of next quarter, I would really not want any of these outlets to be loss-making.
- Moderator:** Thank you. The next question is from the line of Vishakha Maliwal from ICICI Securities. Please go ahead.
- Vivek:** Thank you for the opportunity. This is Vivek from ICICI Securities. I see a very interesting data point in your presentation regarding Landmark contributes about 0.5% to overall CV sales in India, while some of the biggest dealership chains in U.S. and China contribute about 1.5% and 2%. Could you talk a bit about this data point as in how many outlets the biggest dealerships must be running in those markets? What is the per dealership throughput? So if you can just give some more insights on that data point?
- Sanjay Thakker:** Yes, Vivek, thanks for asking this question. What has happened is that India, though being the third largest market in the world, has seen very fragmented kind of a retail landscape that we are looking at. This is because the management and the ownership in Indian dealership or the retail space has not been bifurcated.
- Now Landmark is one of the few organized retail players which has come into play. And nearly one-fourth or so of what we are is because of the acquisitions. Now acquisitions have played

globally an important role in making these kind of retail chains the way they are today. As of now, I do not have the per outlet or the throughput for those outlet sales.

We will try to get it. It is there with us somewhere, and I'll be happy to share it with you. What is though important is that even those large players in America and in China do not have -- like, for example, one in six Mercedes sold in India is by Landmark. One in maybe a five BYD sold in India is by Landmark.

The largest dealers in America and China are percentage-wise not as large as us. The problem is that the size of Indian market is today much smaller than that of a U.S.A. or China. We are hoping that when India grows, we remain and even if we were to maintain our market share, then the numbers that we are seeing today will look significantly different. So that way our basket is comparable or better than those global OEs, our volumes need to kick in.

Vivek: Sure, sir. And you touched upon the aspects of how those dealership chains have grown in those markets by the way of acquisitions. What is your thought process on this point, let's say, over a medium-term window, let's say, 3 to 5 years?

Sanjay Thakker: Our view, Vivek, is that this offers a tremendous kind of an opportunity to consolidate the space, get the operating leverages in the bargaining power with various stakeholders significantly goes up. And we have kind of done strategic kind of acquisitions over a period of time every year.

And I don't see this kind of stopping. In the last year, since we added 25 new outlets that we wanted them to start generating money. We should have ammunition in our arsenal to kind of again go for acquisitions. Now it is always a question of build versus buy. The feeling that we have is that there is adequate capacity in the market.

And if we are able to acquire, it is in fact better because it is a plug-and-play model. We can improve the operating efficiencies and go for it. So to answer your question, every year would look at acquiring some strategic assets in the markets of our choice. And over a 3 to 5 year period, we believe that we will become significantly bigger than where we stand today.

Moderator: The next question is from the line of Akhil Parekh from B&K Securities.

Akhil Parekh: Sir, my first question is on the October, November demand when you said it's very good. So is it fair to assume that it is in line to what we have achieved in second quarter?

Sanjay Thakker: Akhil, I don't know how to guide for sales numbers. We have kind of stuck our neck out and gone ahead with the profit margins at least. But it looks, as of now, pretty good. We'll have to kind of see how it pans out year-on-year. But this November, as Aryaman also mentioned in his speech, is looking significantly better than last November till date. Now we are only on the 11th, 12th of the month and the bookings that we have seen are far in excess of what we had hoped for. Let's not put a number, Akhil. Let's see what life has for us.

Akhil Parekh: Fair, sir. Sir, and second on the -- I didn't quite understand -- the impact on gross margin has largely to do with the Mercedes business. But if you look at the subsidiary, the impact is not that much. I didn't get the clarification. If you can please help me understand that part?

Sanjay Thakker:

Yes. So what our friend, Pranay basically had said is that though we are looking at the consol level, he had looked at it on a standalone level, where he kind of said that the margins in Mercedes had dropped, the gross margins in Mercedes business had dropped as compared to that of the subsidiaries.

Now there are two ways of looking at it. One is that the subsidiaries are finally performing to our expectation, which is how I look at it. So it's not that we have higher margins in the other brand, we have a bouquet, which all will fire in the times to come. Mercedes will come back because of what we had to do and there was absolutely no sale post 15th August till 22nd September of new cars because as you know, the cars are billed directly by the factory to the customers.

And there was nothing, we actually had a kind of 5 weeks of 0 sales in that. So, there are variable margins which get impacted during that time. He spoke about the demo cars that we had to sell at a loss. So the gross profit margin in Mercedes business was impacted more than that of the subsidiary is what Pranay had said on our call some moments back. That's what he meant.

Akhil Parekh:

And that, I think, should get kind of normalized by third quarter basically?

Sanjay Thakker:

That's right.

Akhil Parekh:

Okay. And sir, just last couple of questions. One on the after-sales service margins, right? You did allude that it has declined in the quarter and to do partly with the monsoons. That should come back to 18% in the next subsequent quarters. Is that a fair understanding?

Sanjay Thakker:

So, it will depend on the new workshop ramp-ups. Finally, they will all reach at around that period. The direction is up. I wouldn't want to put a number to it as a hardcoded thing. But this is where the direction is up. Some of the workshops like a Kia workshop in Hyderabad opened only 1 month before my quarter basically ended. So, we had, say 2-3 months of expenses in that workshop, 1 month of revenue. So there is nothing which is not going to be working, all 90 days of this quarter and going ahead. So this should improve.

Akhil Parekh:

Got it. And last question on the BYD front. I mean we have done a commendable job with the market share. Do we anticipate any outlet openings, or we are good enough basically for the BYD for at least next 2 years?

Sanjay Thakker:

We are in talks with them. We want to back the winning horse right now. We are in talks and hopefully something will emerge in the time to come.

Akhil Parekh:

Sure. And just one last bookkeeping question. If we have this number handy, if we have pre-IndAS operating cash flows for the first half of FY '26.

Surendra Agarwal:

Akhil, as per the IGAAP, the pre-IndAS cash flow for the half year is INR 128 crores.

Moderator:

The next question is from the line of Sabyasachi Mukerji from Bajaj AMC.

Sabyasachi Mukerji:

A few questions from my side, Sanjay ji. So first, on the guidance of gross margins, higher by 100 bps in second half. This is compared to the quarter 2 levels or H1?

- Sanjay Thakker:** It is compared to the quarter 2 levels that we are talking about right now. It will go back at least to the first quarter levels is what we are saying, or beyond.
- Sabyasachi Mukerji:** Understood. Got it. Second thing on the service business, I understand that many workshops probably would have opened during the quarter, and that's why margins kind of fell during the quarter. But my question is, I mean, we have been opening workshops for the past many quarters, right? And that has been the case for quarter 1 as well as quarter 4.
- I mean, past three, four quarters, this has been the expansion phase since we have tied up with the new OEMs. But last three quarters, we have this margin band of 18% to 18.5%. This quarter, it fell to 16.2%. And also, the average realization per service also moderated if I look quarter-on -- year-on-year. What is the reason behind this?
- Sanjay Thakker:** Yes, Sabyasachi, the average realization, if I'm not mistaken, has actually grown from last quarter to this quarter by around INR 1,000. So it is similar to what we had last year, INR 26,000 some. I'll check and let you know. So the average realization is not the issue. Average realization and what I also mentioned is that there are some high ticket repairs that we do during the monsoons, which has got postponed till third quarter this year because of the erratic monsoons.
- So that generally pushes up per repair because that is a high ticket item. But I wouldn't really read too much into the per service thing because I think it is in that zone. Last year also, we had similar numbers.
- Sabyasachi Mukerji:** Okay. Understood. Yes. I mean it's a 1% kind of a moderation. So it's there Y-o-Y. Got it. On the expansion plans, how many new outlets or workshops are lined up for opening in H2, if you...
- Sanjay Thakker:** None. As of now, unless we do some acquisitions, there is nothing which is organically planned to be opened. We opened our Patna Mercedes-Benz workshop last quarter. We also opened our Kia Hyderabad workshop last quarter. So the workshop expansion, we do not have anything in the pipeline.
- Sabyasachi Mukerji:** And anything on the new outlets?
- Sanjay Thakker:** One or two small ones like we are inaugurating our Bhopal Mercedes-Benz or one or the other small outlet of Mahindra in Hyderabad. That's what it is. Nothing which is right now looking like a big one happening. It's all done.
- Sabyasachi Mukerji:** Okay. That's good to hear. Last question from my side. On this GST rate rationalization, what has been your experience on the customer behavior? Are we seeing more first-time buyers coming into outlets? And also, are people upgrading their choices, maybe from a base or mid variant to a higher variant or maybe upgrading their models also? So what has been the experience?
- Sanjay Thakker:** Yes, Aryaman will take this. Yes.

- Aryaman Thakker:** So, I think on a rupee basis, because in the premium segment and luxury segment the rate reduction has been more substantial. So the trend had been for some time on a growing premiumization where a large part of the auto industry now transacts at INR 10 lakhs and over in terms of average selling price.
- What we are expecting with this GST cut is on a sustained basis that the pie of people who are in the premium and luxury segment will actually grow. And the trends in the last month and a little bit more are kind of leaning towards that. We are, of course, seeing people who are going for the higher trims or the higher variants in the brand. And we are also seeing a healthy number of inquiry growing for these segments. So, I think that points in a way to say that, yes, we should be able to attract more buyers in this segment on an ongoing basis.
- Sanjay Thakker:** So, I think on a November basis, if I were to look at my dashboard, we have 20% more inquiries over last November, all brands put together. So that basically shows -- and it's for a small car like a Renault to a large Mercedes-Benz, I'm giving you a blended average of 20% higher inquiries for the first 10 days of November that we are seeing.
- Moderator:** The next question is from the line of Varun Singh from AlfAccurate Advisors.
- Varun Singh:** So my question is on the performance of the existing outlets. So if I compare Q2 FY '26 existing outlet proforma revenue compared to the base quarter, which is Q2 FY '25. So we see a healthy 35% revenue growth. Even gross profit growth is also healthy around 15% to 17%. But at EBITDA level, it is hardly 4%, 5% growth.
- So in the existing outlet itself, which I believe has completed maybe more than 12 months in both numerator, denominator. So I mean, what -- how should -- I mean, what am I reading wrong? I mean I would have expected much higher growth in the EBITDA. And also, I mean, given the fact that our services level revenue from the base quarter has improved by around 9%, 10%.
- Sanjay Thakker:** So Surendra will also answer this question. The existing outlets definition has also changed because some of the new outlets have got added into that. Yes, Surendra.
- Surendra Agarwal:** So, Varun, the thing is in the current quarter, like our West Bengal, M&M and the Kia. So these outlets have now moved from new to existing and for these outlets, the service has still not ramped up to the older brand level. The moment the outlet completed the year, we moved from new to existing.
- Sanjay Thakker:** In fact, good you brought it up. From next quarter, we don't really want to or we will need to report this because I believe every or most of the outlets would have completed 1 year, and we may not be required to publish it one more quarter or maybe even not that.
- Varun Singh:** No. So I mean the point was to basically understand given that we are -- positively our showroom addition rate has gone down. So margin and all those things should accelerate in terms of improvement with the, I think, improvement in the revenue from services, et cetera. But this quarter, 4.5% margin was a little bit on the lower side again...

Sanjay Thakker:

Varun, my submission is that this quarter was a very khichadi kind of a quarter with really nobody had much control on what was happening on ground. So, with this GST thing after 15th August, we really didn't know what was happening. So, I think it may be a good idea to have a stable state, a regular period to discuss minute numbers.

Varun Singh:

No problem. Sure, sir. Thank you very much and wish you all the best.

Moderator:

Thank you. Due to time constraints, we will take that as the last question for today. I now hand the conference over to the management for closing comments.

Sanjay Thakker:

Yes. Thank you, ICICI, again for hosting us. And as we enter into a new era of Indian automotive market, we are looking at it very optimistically as we see the future. And the future need not be one or two quarters. We are hoping that now we have a sustained profitable growth for several years to come. And with that, I would like to close this call. Thank you.

Moderator:

On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.