Equity Research

June 12, 2023

BSE Sensex: 62626

ICICI Securities Limited is the author and distributor of this report

Initiating coverage

Autos

Target price Rs766

Shareholding pattern

	Dec '22	Mar '23
Promoters	55.2	55.2
Institutional investors	15.4	14.5
MFs and others	6.5	6.6
FI/Banks	1.1	0.9
FIIs	7.8	7.0
Others	29.4	30.3

Source: NSE

ESG disclosure score

Year	2020	2021	Chg
ESG score	**NA**	**NA**	**NA**
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Research Analysts:

Basudeb Banerjee
Basudeb.banerjee@icicisecurities.com
+91 22 6807 7260

Vishakha Maliwal
vishakha.maliwal@icicisecurities.com
+91 22 6807 7161

INDIA

ICICI Securities

Landmark Cars

ADD

Beneficiary of domestic car premiumisation

Rs685

We initiate coverage on Landmark Cars (LMC) with an ADD rating and DCF-based target price of Rs766, implying multiple of 18x FY25E earnings. We believe, LMC is a direct beneficiary of the ongoing car premiumisation in India, which has resulted in a rising proportion of UVs and 10%+ CAGR in car ASP during FY21-FY23. Nevertheless, mean ASP in the India PV industry is only ~US$13k *vs* ~US$35k+ in the developed markets and ~US$20k+ in the developing markets. Thus, we believe, premiumisation of PVs in India has a long way to go and LMC is ready to benefit by adding new OEMs to its client-list in addition to the ones with whom it is already doing business (e.g. Mercedes Benz, Jeep, VW, etc). LMC is focused on maximising higher-margin service/spares revenue from its target catchment areas and existing stores for car sales instead of adding new sales outlets in new areas. By principle, it would avoid being a third or fourth player entering a market and having a lower share in it. Thus, in FY19-FY24E, without changing the net number of outlets, LMC is set to more than double its revenue. With stable profitability and asset-light business model, we expect the company to deliver ~20% RoE in FY24E-FY25E. Despite building-in capex-cum-investment at Rs1.1bn p.a. in FY24E-FY25E, we expect LMC to deliver FCF of Rs1bn p.a. on an average and an earnings CAGR of ~35% in FY23-FY25E. Factoring-in 12% WACC and 5% terminal growth rate, our implied FY25E earnings multiple at the target valuation is ~18x. As against forward P/E of ~6-11x for listed global car dealerships, we believe superior RoE and growth would drive a higher valuation premium for LMC on a sustainable basis.

- **Industry growth + continued premiumisation + LMC targeting new OEM addition ≥ ~29% revenue CAGR in FY23-FY25E:** Apart from industry growth and premiumisation trend, LMC is set to benefit in FY24E-FY25E from new launches by Honda and Renault along with potential addition of new OEMs to its kitty. Additionally, with rising vehicle population, servicing/spares revenue is set to continue with its ~20% value CAGR, accounting for ~20% of LMC's overall revenue. Against ~23% CAGR in the volume of new cars sold in FY23-FY25E, the CAGR of total value of new vehicles (ex-Mercedes Benz) sold during the same period is expected at ~32%, implying an improving ASP (LMC is the largest dealer of Mercedes in India with ~17% share).

- **Steady profitability and asset-light model helping LMC operate at ~20% RoE**: LMC has been able to sustain its ex-Mercedes new car gross margin (GM) at ~5.5% across business cycles. Under the agency model, GM for Mercedes sales is ~6%. For service / spares, LMC has been operating at ~40-41% GM since FY15. Thus, we expect the company to operate at a steady GM of ~15-16% and EBITDAM of ~6-7%, with the variation being driven by operating leverage and mix change. Since LMC operates on a rental model, rise in sales of new vehicles helps ramp-up asset turns, pushing capital efficiency higher. We expect LMC to operate at a cross-cycle RoE of ~20% and become free of net debt by FY26E.

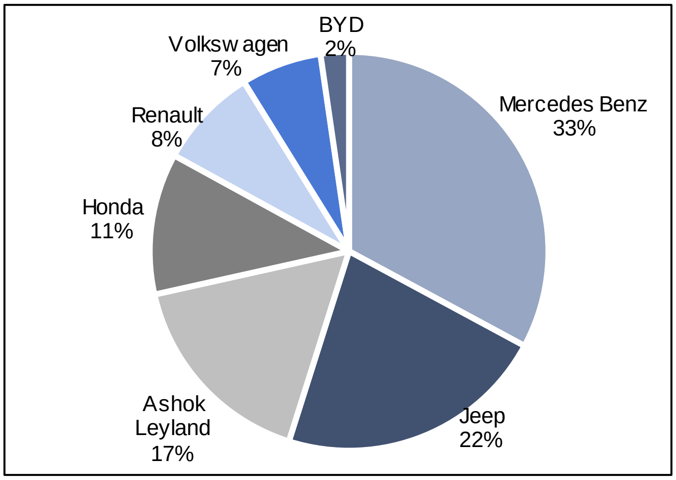
Market Cap	Rs27.1bn / US$329mn
Reuters/Bloomberg	LANDMARK IN
Shares Outstanding (mn)	39.6
52-week Range (Rs)	711 / 445
Free Float (%)	44.8
FII (%)	7.0
Daily Volume (US$/'000)	NA
Absolute Return 3m (%)	27.2
Absolute Return 12m (%)	NA
Sensex Return 3m (%)	5.3
Sensex Return 12m (%)	14.6

Year to Mar	FY23	FY24E	FY25E	FY26E
Revenue (Rs mn)	33,824	47,248	56,076	65,353
Rec. Net Inc (Rs mn)	927	1,370	1,686	2,192
EPS (Rs)	23.4	34.6	42.6	55.3
% Chg YoY	47.3	47.9	23.1	30.0
P/E (x)	29.3	19.8	16.1	12.4
CEPS (Rs)	43.5	58.6	70.3	86.4
EV/E (x)	12.5	10.1	8.3	6.8
Dividend yield	-	-	-	-
RoCE (%)	19%	20%	22%	23%
RoE (%)	26%	25%	24%	25%

- **Initiate coverage with ADD:** We initiate coverage on LMC with an **ADD** rating and DCF-based target price of Rs766, implying ~18x FY25E earnings amid ~35% earnings CAGR through FY23-FY25E. As against global car dealerships trading at forward earnings multiple of ~6-11x, we believe superior capital efficiency and superior growth outlook justify the premium multiple we assign to LMC. Also, LMC is an integrated dealership offering both sales and service *vs* global dealerships in general, which either sell cars or take care of servicing. With Morris Garages already added to its client-list and new SUV model, *Elevate*, from Honda set to be launched in H1FY24 itself, LMC is poised for strong profitable growth in FY24E-FY25E.

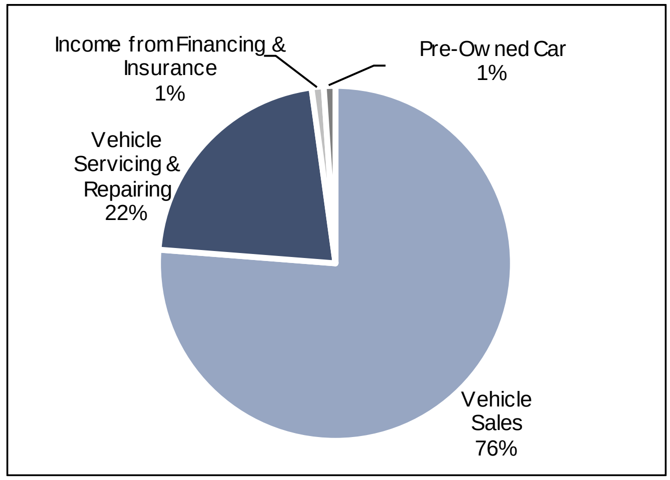
Story in charts

Chart 1: OEM-wise revenue contribution within the new car sales vertical



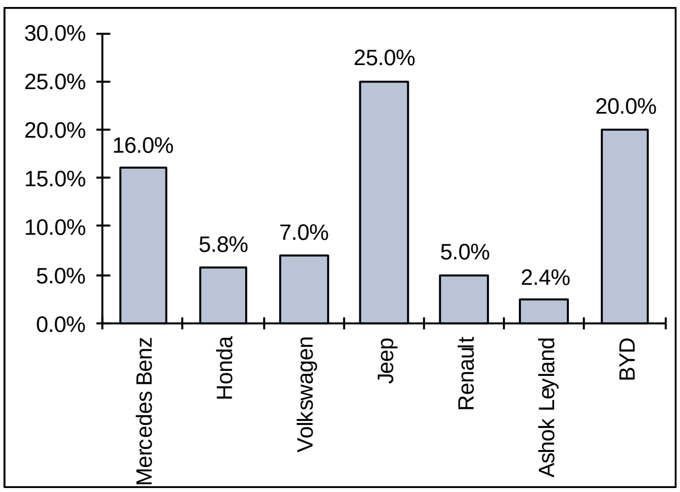
Source: Company data, I-Sec research

Chart 2: Revenue contribution by vertical; service and spares at ~22% currently *vs* sub-20% pre-covid



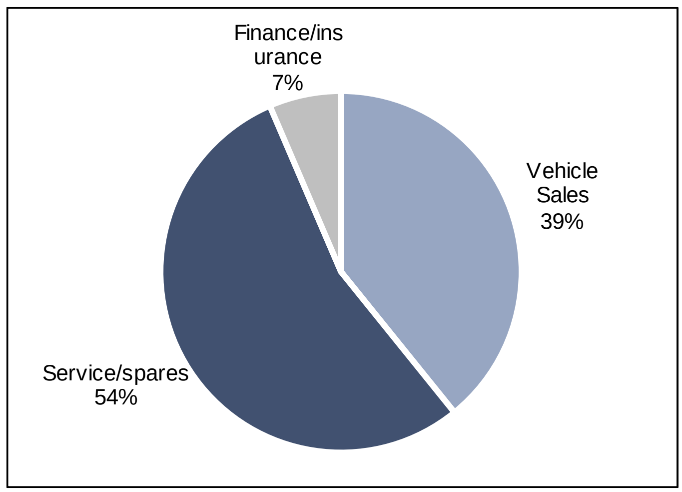
Source: Company data, I-Sec research

Chart 3: Wallet share of key OEMs LMC is retailing on a pan India basis



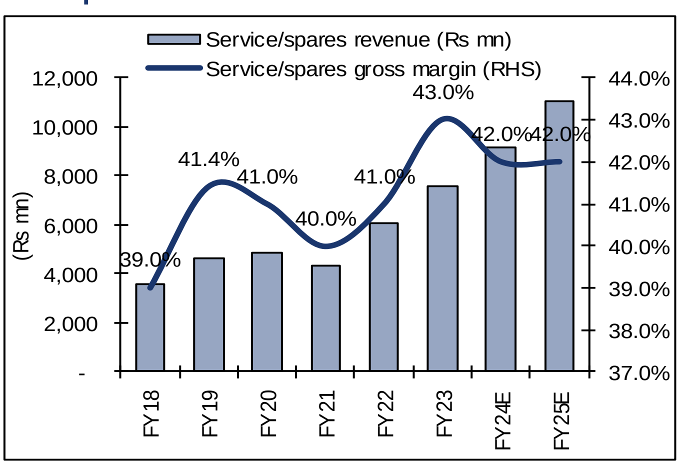
Source: Company data, I-Sec research

Chart 4: Gross profit distribution across key verticals of LMC



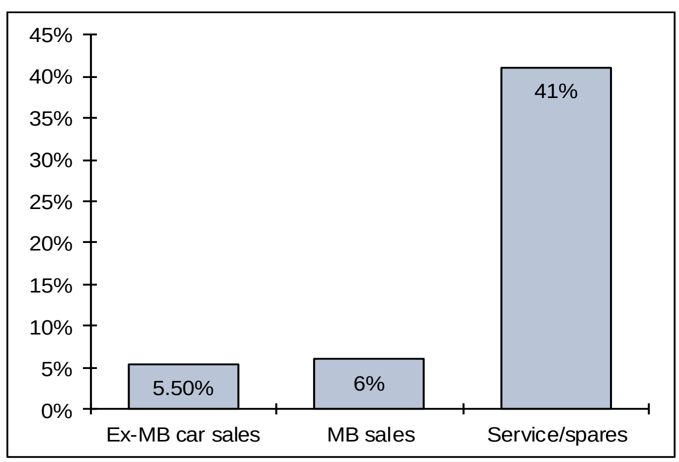
Source: Company data, I-Sec research

Chart 5: Service/spares gross margin remains in a narrow range, but gross profit is compounding at ~16% p.a.



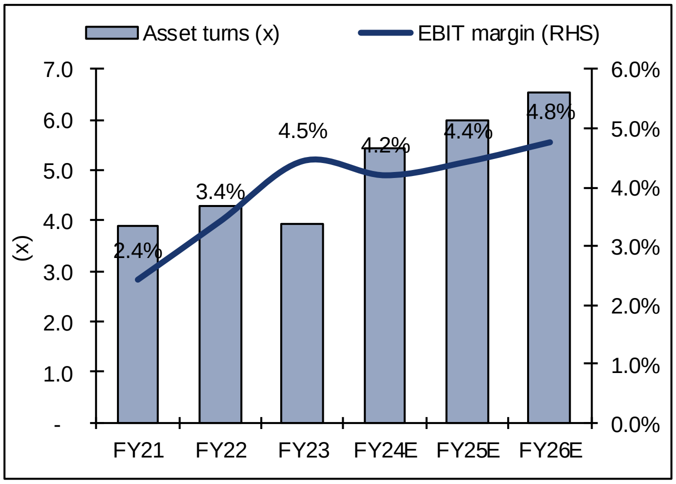
Source: Company data, I-Sec research

Chart 6: Gross margin in key segments largely steady and quite range-bound



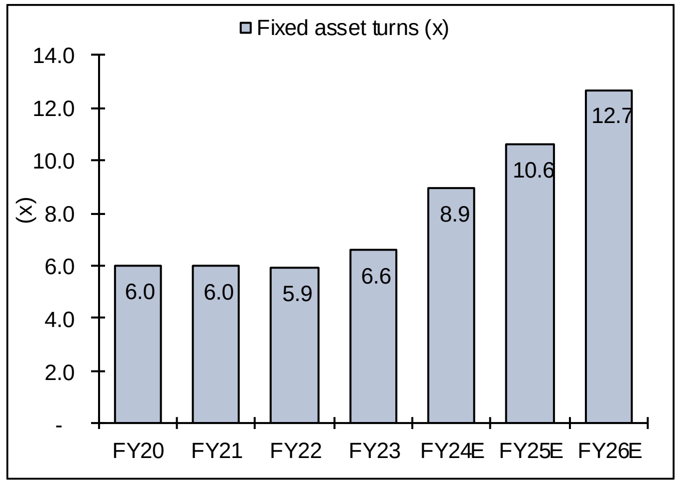
Source: Company data, I-Sec research

Chart 7: Rising revenue to drive asset turns briskly amidst steady profitability



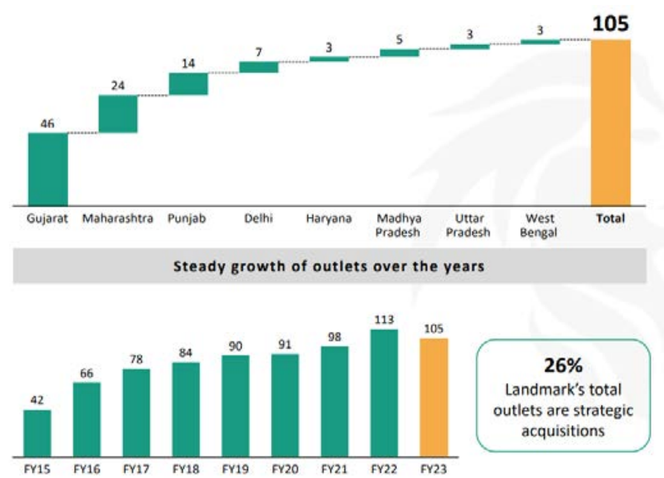
Source: Company data, I-Sec research

Chart 8: Fixed asset turns crossing 10x as PV recovery driving revenue from rented outlets



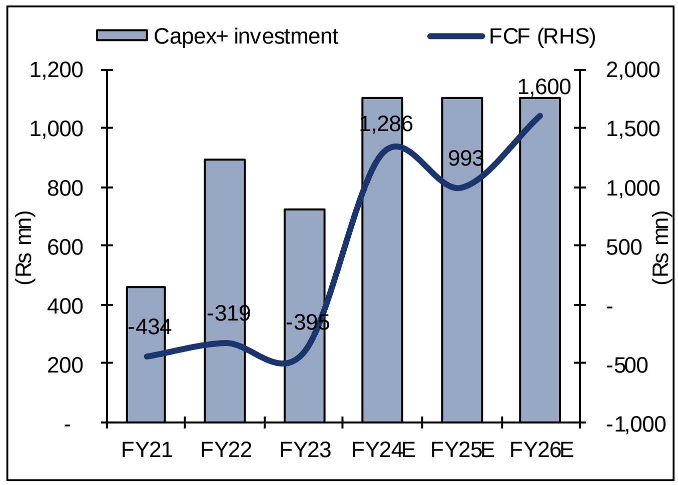
Source: Company data, I-Sec research

Chart 9: New outlet addition being looked upon cautiously *vs* focusing on same-store sales growth



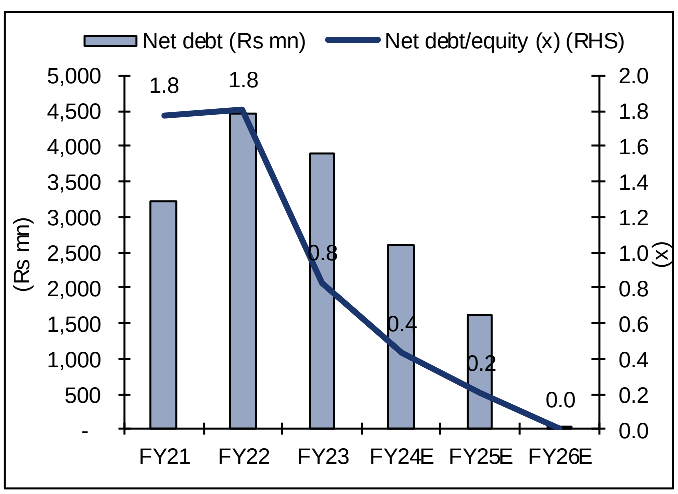
Source: Company data, I-Sec research

Chart 10: Inorganic growth path to keep capex + investments elevated above Rs1bn p.a. ahead



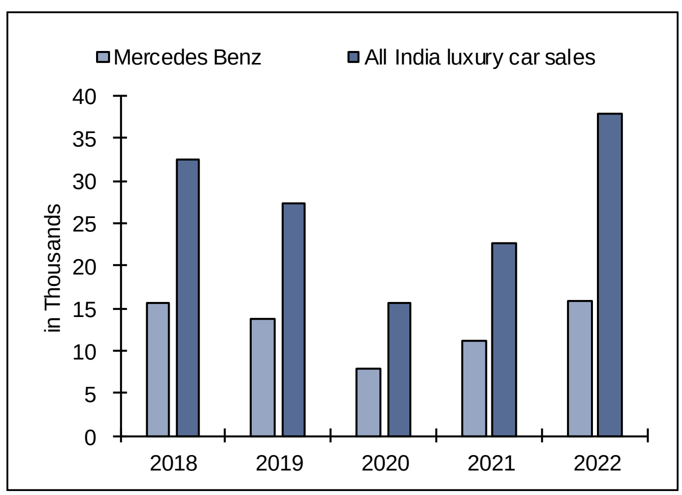
Source: Company data, I-Sec research

Chart 11: Rising FCF to help LMC de-lever to close to nil levels in FY24FY-FY26E



Source: Company data, I-Sec research

Chart 12: Huge scope for India luxury car market to expand from a share of just 1% of PVs sold, *vs* mid-high single digit mix in other emerging markets



Source: Company data, I-Sec research

TABLE OF CONTENT

Landmark Cars – benefitting from PV premiumisation

Landmark Cars (LMC) is a leading automotive retailer in India, dealing with the likes of Mercedes Benz, Jeep, Volkswagen, Honda, BYD, Renault and CV maker Ashok Leyland. LMC opened its first dealership in 1998 (for Honda Cars) and has since expanded its network to ~110 outlets across 8 states in India, comprising of 57 sales showrooms and 53 after-sales service outlets as of now. The domestic PV market, especially in the top-20 cities, is moving ahead towards premium cars in an accelerated manner by transitioning from entry/mid-end hatchbacks and entry level sedans. LMC is well positioned to benefit from this trend by virtue of its portfolio of offerings. LMC has been focusing more towards maximising revenue per sales/service outlet and do better asset sweating instead of adding on new outlets aggressively. Currently ~30% of its outlets are acquired and the company is open to growth by adding new OEM distribution franchises through the inorganic route . With a disciplined approach in order to manage a sustainable RoCE above 20%, LMC would continue to avoid associating with mass market car makers, where volatility in terms of discount and inventory days is much higher than luxury/premium cars.

Key investment arguments:

- **Premiumisation bundled together:** LMC offers investors exposure to the growth trajectory of premium car OEMs in India such as Mercedes Benz, BYD, Honda, Jeep, etc. Premiumisation theme is not only segregating the mass market models *vs* models with premium features/looks, but also pushing consumers prefer top-end variants of the premium models, leaving no scope for compromises. For example, within Mercedes Benz cars, 30% of India sales of ~16,000 units in CY22 were priced Rs10mn and above. LMC is generating sufficient OCF per annum, good enough to internally fund inorganic addition of dealerships of growing-cum-scalable-cum-premium OEM players like Kia, Mahindra, BMW, etc. LMC is focused on growing with premium car-making OEMs and not by adding mass market car makers to its portfolio.

- **Luxury car market at a mere 1% of domestic PVs:** India luxury car market is hardly the size of ~40k units p.a., or ~1% of the domestic PV market. With ~0.8mn dollar millionaires being present in India, hardly ~4% of them buy luxury cars priced in excess of Rs5mn as against ~50-60% of global dollar millionaires who buy luxury cars. With rising aspirations, rising LTV for car loans, upgradation across discretionary purchase categories including cars, we believe this segment of the PV market is in a nascent stage. By outperforming the domestic PV market CAGR of ~6% by ~10% for 10 years, the luxury car market can reach ~2% of overall PV mix in India. This implies good scope of growth for LMC going ahead, being associated with the luxury car market leaders and potentially adding more such OEMs to its kitty inorganically.

- **Focusing on same-stores growth and service business growth:** LMC has been focusing on growing revenue from the same sales outlets by addressing a larger market instead of adding newer stores with lower share within the same addressable market. Thus LMC has been very conservative in adding new stores in markets yet to be tapped by it and would evaluate the scope of service/spares business from the market area too. Over FY20 to FY23, with new vehicle sales outlets largely remaining same at ~60 (adjusted for writing off closed Renault outlets), LMC's revenue has doubled (taking full Mercedes revenue for like-to-like comparison).

- **Looking towards stability and future growth by reducing dependency on existing OEMs:** Currently, LMC's revenue dependency is more towards specific OEMs like Mercedes Benz (~25% sales mix), Jeep (~18% mix) and Ashok Leyland (~12% mix) other than service/spares (~20% mix). Rest of the OEMs – including VW, Renault, BYD and Honda – are contributing sub-10% of revenue mix currently. With Ashok Leyland exposed to the CV cycle and sales volume of OEMs like Jeep/Renault and VW dependent on new launches, we believe LMC is strategically focusing towards adding new OEMs. M&M/Kia/BMW would add large premium car making OEMs to its kitty, diversify the portfolio and add stability in times of a specific OEM not doing well or a downcycle in the CV market.

- **Service and spares adding stability to the business:** Service / spares revenue for LMC has compounded at ~16% / ~18% in past 5 years / 8 years as against ~9% / ~11% revenue CAGRs from new car sales in the same period. Currently, revenue from this segment accounts for ~16-17% of overall revenue *vs* ~12% five years back. At gross profit level, mix of service/spares has increased in past 5 years to ~55% from ~44%, giving more solidity to the EBITDA against new car sales cyclicality. We believe this ~16% revenue CAGR has been a combination of vehicle population CAGR of 6-7%, per vehicle service value CAGR of ~5-6% other than vehicular mix improvement and inorganic service station additions (Shaman Mercedes in Mumbai). As per our interactions with luxury car dealers, within the overall service / spares revenue pie, engine-related work constitutes hardly 10%. This number has been on a decreasing trend, especially with rising standards of emission norms and electronic applications replacing mechanical systems in the engines. Dents, paint-related work and accident repairs together constitute ~60% of the service / spares revenue and would be agnostic of ICE/EVs. Thus, in the longer run with SAAS applications coming in cars, software upgradations related revenue stream would go to the service centres, potentially compensating for the lost ~10% revenue from ICE engines.

- **Stability in gross margin across segments on a sustained basis:** We believe the gross margin structure for LMC is quite stable and variability in the EBITDA margin has been largely driven by operating leverage variation. Mercedes Benz car gross margin is steady at 6% with no discounts being allowed and dealers only carrying display car inventory. The shift to the agency model a year back has helped LMC improve its EBITDAM by ~200bps structurally to ~6% and above, as the company has stopped giving discounts for Mercedes car models. Ex-Mercedes, new car sales gross margin for LMC is steady around 5.5%, with minimal variations across 5 years, implying it largely remained insulated from the impact of discounts. Thus new car sales' overall EBITDAM is ~2-3%, post absorbing the fixed costs and marketing costs. Service/spares business has been operating at steady gross margin of ~40-41%, resulting in steady-state EBITDAM of ~18% for this segment. We expect LMC's blended EBITDAM to remain stable around ~6-6.5% in the longer run, with slight variations being driven by sales/service mix change of operating leverage variation driven by volatility in new car sales.

- **Rental model making the business asset-light:** We believe LMC's business model is quite asset-light and has capability to enhance asset sweating massively ahead, pushing RoCE up. Same sales outlet sales volume/value can increase significantly without need for additional capex, giving leeway to RoCE enhancement from OEMs like Honda and BYD in FY24E-25E. Also, service centres are operating at single shift currently, accounting for ~55% of gross profit. With rising vehicle population in the same areas, using the same machinery, the service outlet can enhance its revenue and profit by adding new shifts of workshop labour. Thus, exiting a specific sales/service outlet under the rental model gives LMC the flexibility of either selling it off to a buyer, shifting the machinery and giving off the rental asset or write off the assets (e.g. the recent writing off outlets of Renault in Punjab). We expect LMC to operate with RoCE in a band of ~20-25% ahead. Typically, LMC operates with car sales business RoCE of ~15-18% as against work shop business RoCE of ~55-60%.

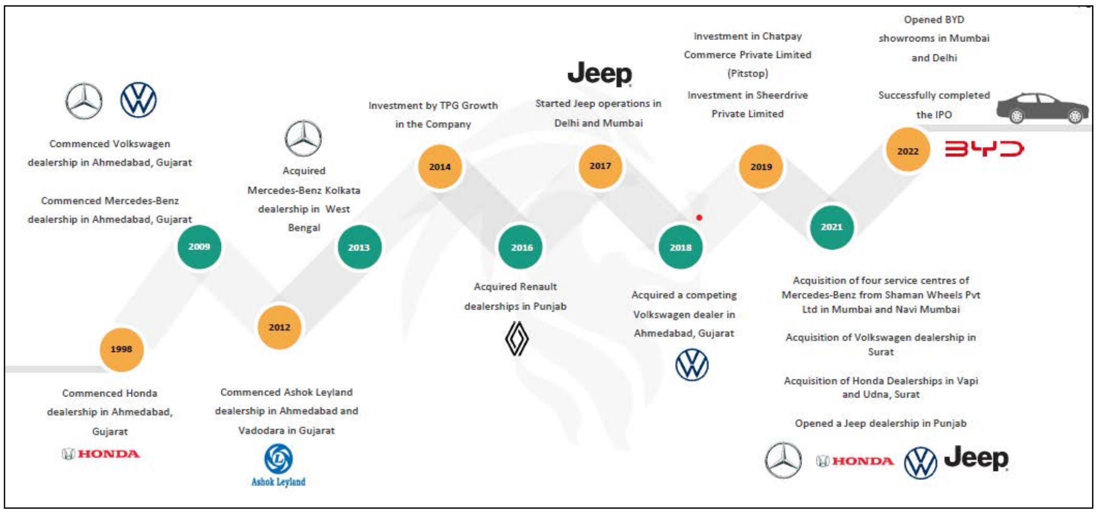
- **Ability to grow inorganically using internal cashflow generation ahead:** As against cost of Rs40mn-50mn for setting up a sales outlet cum service station for any specific car OEM, LMC has focused on acquiring dealerships at strategic locations in the past. Almost 30% of its ~110 sales/service outlets have been acquired. Going ahead too, LMC is open to growth through this route. Typically, it pays ~20-25% premium for acquiring the dealerships compared to cost of setting up the same outlets, in order to reduce the gestation period. In terms of valuation, LMC also looks at paying sub-10x trailing earnings of the target dealership. As per our analysis, LMC would generate average OCF of Rs1.75bn in FY24E-FY26E and operate with recurring capex of Rs350mn along with budgeting acquisitions worth Rs700mn-800mn per annum. With average cost of acquiring a combination of sales and service outlets being at ~Rs60mn, LMC is looking forward to add ~10-12 pairs of such outlets annually using internal accruals and, in turn, diversify its portfolio in parallel with profitable growth.

- **Scope to enter a compounder with large size of opportunity:** In developed markets with much higher household car penetration at ~50-60% levels, higher sales volume from a car dealer sales outlet typically results in service/spares being a separate business model altogether. Car dealers operate in general with ~4-8% EBITDA margin in the developed markets as against ~2-3% in India, justifying their independent operations without any associated service workshop. In India, with new car sales volume being much lesser, new car sales business hardly operates with an EBITDA margin of ~2-3%, leaving hardly anything at bottom-line levels and funds for expansion. In India, both sales and service businesses are under a single umbrella, with service/spares business operating at ~15-20% EBITDA margin *vs* new car sales at ~2-3%. Thus we believe LMC is giving investors a window to enter the long-term compounding opportunity, operating at ~6-7% EBITDA margin, ~20-25% RoCE with a lean balance sheet and trading at ~14-16x forward earnings band. In developed markets, car dealerships trade at ~9-12x forward earnings in general. Thus LMC, with superior earnings growth trajectory (sales + service combined) and superior RoCE as against the dealership businesses in the developed markets, we believe should trade at a premium. With 20%+ RoCE, steady FCF outlook and capability to grow purely on internal accruals, our DCF-based valuation implies FY25E earnings multiple of ~18x.

LMC – evolution at a glance

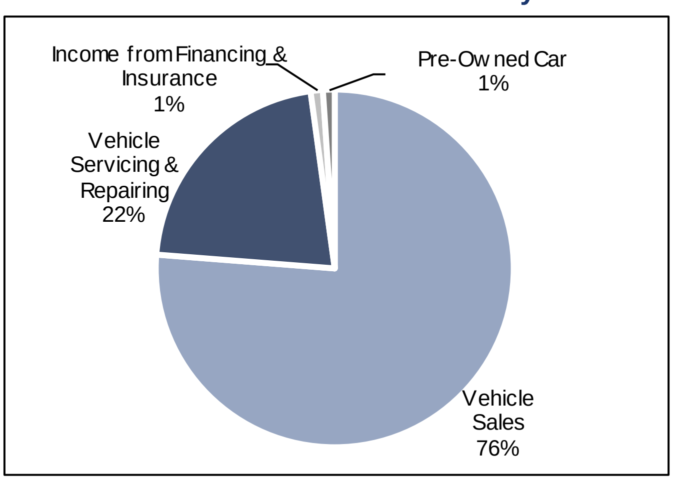
Starting with dealership of Honda in 1998, LMC over the past 25 years has evolved into a diversified premium/luxury car dealership, retailing Mercedes Benz, Jeep, VW, Renault, BYD along with M&HCVs of Ashok Leyland (two outlets in Gujarat). Spread across ~110 outlets (largely equal split of sales and service centres), LMC is present across Mumbai, Gujarat, Madhya Pradesh, NCR and Kolkata. LMC has largely focused towards the Rs1mn and above on-road model-selling OEMs and, going ahead too, it would be targeting similar OEMs in order to diversify its portfolio. With mass market car dealership business being associated with greater margin volatility driven by volatile discounting along with higher working capital needs, LMC would not target that segment of the market. Post a prolonged period of subdued demand for Honda, Jeep, VW and Renault models in India between FY16-FY21, LMC is following the strategy of expanding on its service/spares network and adding more premium/luxury OEMs to its kitty, rather than simply adding new sales outlets to merely augment its revenue. Total touchpoints of LMC is ~110 as of FY22-FY23, including 9 Renault store closures and 2 BYD store additions in FY23.

Chart 13: Oldest association with Honda and latest addition being BYD



Source: Company DRHP, I-Sec research

Chart 14: Vehicle service and spares mix has risen from ~16-18% in FY18 to ~22% currently



Source: Company data, I-Sec research

Table 1: LMC is open to add new premium OEMs into portfolio with equal focus towards workshops

Brand	Sales Outlets	Workshops
Mercedes-Benz	8	13
HONDA	10	11
Jeep	10	9
Volkswagen	9	8
Renault	12	7
Ashok Leyland	2	2
BYD	3	1
Total	54	51

Source: Company data, I-Sec research

Revenue drivers in tables

Table 2: Pan-India volume trend of OEM models sold by LMC

(units sold)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Mercedes Benz	15,330	14,867	12,287	8,700	12,071	16,000	18,000	19,800
Honda	1,70,026	1,83,808	1,02,016	82,074	85,609	92,000	1,20,000	1,30,000
Volkswagen	45,329	34,850	25,736	20,440	30,901	35,000	38,500	42,000
Jeep	21,218	16,878	8,578	6,553	11,949	16,000	18,000	19,000
Renault	1,02,219	79,654	89,534	92,268	87,475	92,000	1,00,000	1,05,000
Ashok Leyland	1,33,439	1,40,361	71,421	46,043	65,090	1,15,000	1,20,000	1,20,000
BYD	-	-	-	-	-	1,200	5,000	8,000

Source: SIAM, I-Sec research

Table 3: Volume share of LMC across OEMs it is dealing with

(units sold)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Mercedes Benz	14.1%	15.2%	14.5%	13.0%	16.5%	16.0%	16.0%	16.0%
Honda	4.7%	4.7%	5.7%	5.5%	6.2%	5.8%	6.0%	6.0%
Volkswagen	6.5%	6.1%	6.4%	5.9%	7.8%	7.0%	7.0%	7.0%
Jeep	19.6%	22.2%	23.9%	20.0%	26.1%	25.0%	25.0%	25.0%
Renault	3.3%	4.5%	5.0%	4.6%	5.4%	5.0%	5.0%	5.0%
Ashok Leyland	0.8%	0.8%	1.0%	1.9%	2.6%	2.4%	2.4%	2.4%
BYD	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	15.0%	15.0%

Source: Company data, I-Sec research

Table 4: Volume of cars sold by LMC, OEM-wise

(units sold)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Mercedes Benz	2,159	2,264	1,780	1,133	1,995	2,560	2,880	3,168
Honda	8,042	8,691	5,801	4,500	5,281	5,336	7,200	7,800
Volkswagen	2,925	2,113	1,647	1,196	2,411	2,450	2,695	2,940
Jeep	4,163	3,745	2,047	1,311	3,122	4,000	4,500	4,750
Renault	3,410	3,594	4,458	4,261	4,744	4,800	5,000	5,250
Ashok Leyland	1,079	1,190	723	881	1,710	2,760	2,880	2,880
BYD	-	-	-	-	13	240	750	1,200

Source: Company data, I-Sec research

Table 5: Per vehicle realisation on vehicles retailed by LMC, OEM-wise

(Rs mn/unit)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Mercedes Benz	3.80	3.13	3.28	4.24	4.51	4.90	5.49	5.82
Honda	0.74	0.66	0.64	0.67	0.72	0.82	0.92	1.01
Jeep	1.30	1.32	1.39	1.59	1.80	2.10	2.21	2.32
Volkswagen	0.74	0.75	0.74	0.84	0.92	1.02	1.12	1.18
Renault	0.38	0.40	0.43	0.46	0.52	0.65	0.68	0.72
Ashok Leyland	1.77	1.79	1.70	2.12	2.28	2.30	2.35	2.39
BYD	-	-	-	-	2.77	3.65	3.83	4.02

Source: Company data, I-Sec research

Table 6: Segment-wise revenue breakdown of LMC; building-in revenue CAGR of ~30% in FY23-FY25E driven by combination of new launches, new OEM addition/s and continued premiumisation of portfolio

(Rs mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New vehicle sales	24,974	23,113	16,857	14,723	23,101	26,301	37,220	43,990
Service/spares	3,559	4,642	4,834	4,345	5,967	7,454	9,007	10,885
Financing/insurance	233	262	208	139	239	381	521	613
Used car	42	248	287	354	376	365	500	589
Total	28,807	28,265	22,186	19,561	29,683	33,824	47,248	56,076

Source: Company data, I-Sec research

Table 7: Service revenue growing at ~16% CAGR with contribution from both volume and per vehicle service revenue growth; service/spares now at ~19-20% of revenue and ~55% of gross profit

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Vehicles serviced	2,39,963	2,71,906	2,91,040	2,21,468	2,79,078	3,17,954	3,62,468	4,13,213
Per vehicle service revenue (Rs)	14,830	17,070	16,610	19,620	21,381	23,444	24,850	26,341
Service/spares revenue (Rs mn)	3,559	4,642	4,834	4,345	5,967	7,454	9,007	10,885
% of overall revenue	12%	16%	22%	22%	20%	22%	19%	19%

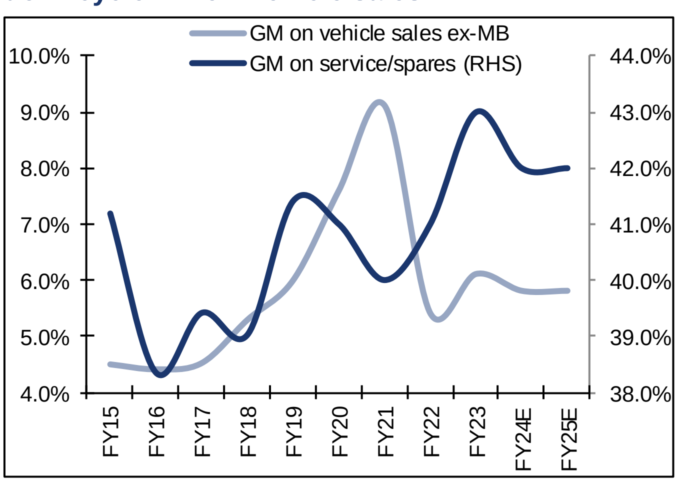
Source: Company data, I-Sec research

Expect EBITDAM to remain steady; service/spares to cushion EBITDA in times of downcycle

LMC has executed a mean EBITDAM of ~4% in FY18-FY21 amidst falling new car sales (sales value down 40% during the period), with rising service/spares business being the cushion, contributing ~55% of gross profit and in excess of ~60% of EBITDA. Since then, three things changed for LMC: 1) domestic PV market started to revive from FY22, that too driven by premium models and UVs, with demand for entry-level hatchbacks and sedans remaining subdued. Key OEMs for LMC benefitted from this in form of Honda, Jeep, VW other than MB. This pushed up operating leverage in the business and, in association with rising service/spares revenue, profitability improved. 2) Mercedes Benz changed its dealer management policy in India and aligned it to other global markets, i.e. to the agency model, making dealers its franchise partners to retail the models at a fixed commission of 6% as against earlier 8% and carry the models at company level only. The changes at dealer level due to this policy shift were twofold. Firstly, the inventory carrying need was only restricted to display pieces, pushing margins higher by ~150bps. Secondly, Mercedes Benz strictly instructed dealers to refrain from discounting and as a result, ~400bps of discounting practice adopted earlier moved out of the system. Thus, LMC's gross margin from retailing of Mercedes Benz improved by ~300bps. 3) Revenue accounting for new Mercedes Benz car sales changed from full sales value accounting to just taking the 6% commission into account. This resulted in shrinkage in revenue and correspondingly inflation in profitability.

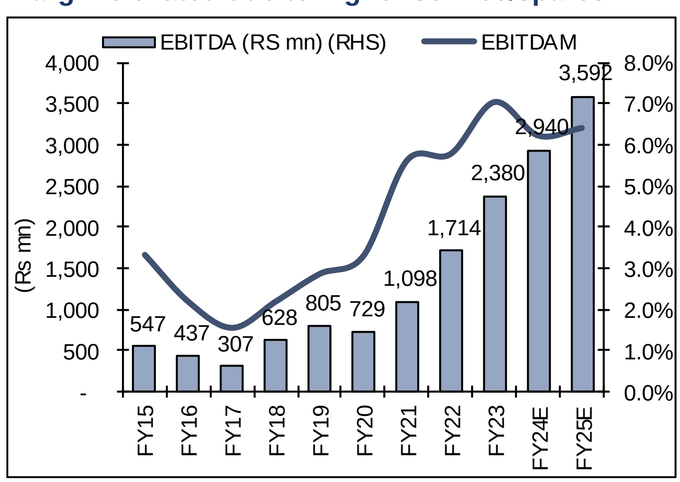
Thus as a result of these three reasons, LMC's EBITDAM would now stabilise around 6% we believe, with gross margins remaining largely steady across the respective segments. We believe, steady-state gross margin for new car sales ex-Mercedes would be at ~5.5%, for Mercedes at 6% and for service/spares business at ~41%. These would result in a steady-state EBITDAM of ~2-3% for new vehicle sales overall, and ~18% for service/spares. Inflation related to cost items such as staff, rental, sales/marketing, admin etc. have been steady and in sync with new outlet additions.

Chart 15: Stability in gross profit of service/spares segment cushions overall margins in times of downcycle in new vehicle sales



Source: Company data, I-Sec research

Chart 16: EBITDAM up structurally by ~60-70bps from FY22 as Merc shifted to agency model; FY23 margin elevated due to higher service/spares mix



Source: Company data, I-Sec research

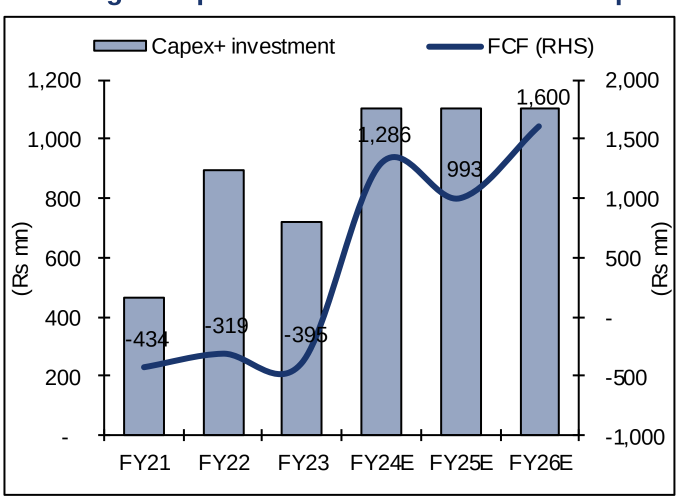
Steady profitability and asset-light business model resulting in cross-cyclical RoE at ~18-20%

Operating with an asset-light model using rental outlets, LMC's fixed asset turn is expected to be in excess of ~10x in FY24E-FY25E with asset-turn being ~5.5-6x. With rising number of vehicle sales from the same outlet through robust car demand growth driven by new launches cum strong consumer sentiment, LMC's fixed asset turn has improved from ~6x in FY21-FY22. Additionally, we believe, rising vehicle population in same catchment area getting serviced by same service outlet would add to its asset turns, with both volume and value serviced per vehicle being in a growth trajectory. Post Mercedes shifting to the agency model from H2FY22, LMC's inventory days have reduced, in turn reducing overall working capital/sales by 200bps to ~8%. Thus steady profitability, improving asset turns through rising new vehicle sales cum steady growth in service/spares and lower working capital cycle, together are pushing the steady-state RoE to ~20%+ levels. Even the inorganic growth strategy taken by LMC to grow its business is not hurting RoCE/RoE, as it is acquiring fully operational outlets at favourable valuations, avoiding any gestation period for the capital employed.

We believe, LMC is looking forward to add to its portfolio new OEMs with established brand image, premium models (Rs1.5mn+ average on-road price), good vehicle population base and relatively stable growth. This is in order to reduce its dependency on the relatively unpredictable nature of retail volume from OEMs like Jeep, VW, Renault and Ashok Leyland. Thus LMC, we believe, is trying to operate with less volatile asset-turns, in order to preserve its cross-cyclical mean RoE around the ~18-20% level, amidst operating with stable profitability.

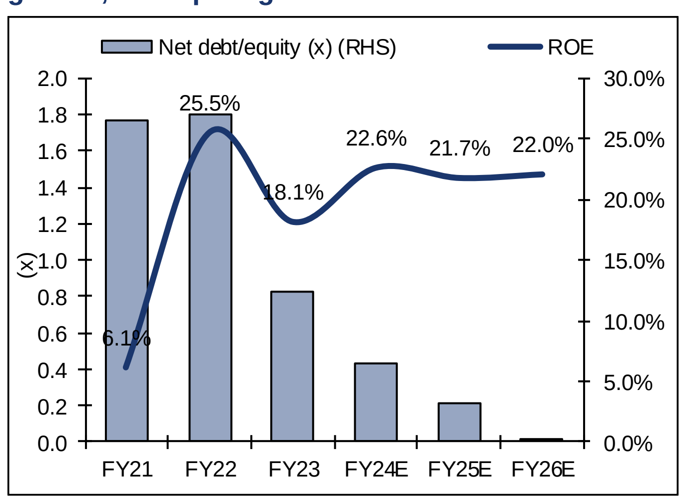
We expect LMC to deliver FCF of Rs300mn-400mn on an average in FY24E-FY25E, post taking care of Rs1.1bn of capex + investments p.a. Out of Rs1.1bn, Rs200mn would be maintenance capex, Rs150mn growth capex and Rs750mn allocated for inorganic growth. Per pair of sales and service outlet acquisition in general would cost Rs7bn-9bn depending on location and brand. Thus, we expect 'net debt / equity' to decline from 0.5x currently to sub-0.2x levels by FY25E-end.

Chart 17: Expect LMC to generate ~Rs300mn-400mn of FCF on an average in FY24E-FY25E post factoring-in capex + investments of ~Rs1.1bn p.a.



Source: Company data, I-Sec research

Chart 18: RoE set to remain steady in FY24E-FY25E amidst falling 'net debt / equity'; despite inorganic growth, we expect gross debt to remain stable



Source: Company data, I-Sec research

Valuation: ~20%+ revenue growth and RoE amidst steady margins driving valuation premium

Landmark Cars (LMC) being one of the leading premium car dealers in India, we believe, is set to witness volume growth organically/inorganically from tier-1 cities by selling on-road models in the Rs1.5mn-3.5mn price range while also benefitting from the under-penetrated India luxury car market opportunity. Operating on an asset-light model, LMC has the capability to grow inorganically to add new OEMs and markets in its basket to expand and thus outperform India PV market growth of 6-7% over the longer term. With LMC restricting its portfolio to on-road models priced Rs1.5mn+, it is operating at sub-10% working capital / sales ratio, as inventory levels are relatively under check in the higher priced segments. Thus, we believe, LMC is set to operate at ≃20%+ revenue CAGR and pre-tax RoCE in the foreseeable future, generating Rs1bn+ FCF on an average per year. Thus, in our DCF calculation, factoring-in an FCF CAGR of ~11% and mean capex/sales at 2% in FY24E-FY34E, along with terminal growth rate of 5% and WACC at 12.5%, we arrive at target price of Rs766, implying ~18x FY25E earnings. Mean pre-tax RoCE of ~22% in FY23-FY25E, net-debt-free balance sheet, discipline in profitability and continuous scope for value growth, we believe would justify our valuation multiple for LMC. Global dealers operate as only car retailers, or only service/spares providers, and trade at ~6-11x forward earnings. LMC's growth would come from both sales and servicing, that too at a far superior CAGR of ~20% *vs* dealership business CAGR of ~5% in the developed markets. Thus we expect LMC to trade at a significant premium *vs* global dealers, driven by better growth rates and better capital efficiency.

Table 8: Peer valuation comparison

	US$ mn	Revenue (LC mn)			EBITDA (LC mn)			PAT (LC mn)		
Company	**Mkt. Cap.**	**CY23E**	**CY24E**	**CY25E**	**CY23E**	**CY24E**	**CY25E**	**CY23E**	**CY24E**	**CY25E**
Landmark Cars (FY)	324	**33,824**	**47,248**	**56,076**	**2,380**	**2,940**	**3,592**	**927**	**1,370**	**1,686**
Penske	10,445	28,359	28,840	28,643	1,644	1,497	1,554	1,081	1,001	963
AutoNation	6,595	26,132	26,590	27,279	1,802	1,655	1,615	1,013	862	805
China Yongda	1,100	80,160	87,315	94,647	3,912	4,428	5,008	1,984	2,542	2,823
Inchcape	460	10,740	11,193	11,511	742	781	819	322	364	407
Bilia AB	940	37,953	38,701	40,380	2,833	2,897	3,080	1,234	1,295	1,421
Vertu Motors	260	4,015	4,713	4,944	73	94	97	26	35	37
Lookers	388	4,543	4,782	4,986	155	157	161	54	55	58
Pendragon	301	3,922	4,151	4,274	172	175	186	41	44	48

	5Y Rev	**P/E(x)**		**EV/EBITDA (x)**		**P/BV (x)**	
	CAGR	**CY23E**	**CY24E**	**CY23E**	**CY24E**	**CY23E**	**CY24E**
Landmark Cars	**10%**	**19.6**	**16.1**	**10.0**	**8.2**	**4.4**	**3.5**
Penske	5%	9.9	10.3	7.2	6.5	1.9	1.6
AutoNation	5%	7.0	7.5	5.7		2.2	1.5
China Yongda (CNY)	7%	3.2	2.8	2.1	1.6	0.4	0.4
Inchcape (GBP)	-2%	8.8	8.1	4.4	3.9	1.7	1.5
Bilia AB (SEK)	5%	7.3	6.6	5.2	4.5	1.8	1.7
Vertu Motors (GBP)	5%	6.3	5.9	1.5	1.9		
Lookers (GBP)	-2%	5.6	5.3	2.4	2.4		
Pendragon (GBP)	-5%	5.5	4.8	1.4	1.3		

Source: Bloomberg, Company data, I-Sec research

Key personnel

Table 9: Key management personnel

Name	Position	Summary
Sanjay Karsandas Thakker	Chairman and Executive Director	He has a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Mumbai. He founded the Group Landmark in 1998. He has more than two decades of experience in the automobile industry. He was awarded with the title of '*Business Leader of the Year*' at the 19th global edition and 4th Indian edition of the Business Leader of the Year Awards presented by World Leadership Congress and Awards on 17th Feb'21.
Aryaman Sanjay Thakker	Executive Director	He has a bachelor's degree in business administration from the Bharti Vidyapeeth Deemed University, Pune and has a master's degree of science in marketing and strategy from the University of Warwick. He joined Group Landmark in 2017 as a General Manager of LAPL.
Paras Somani	Executive Whole-Time Director	He has a bachelor's degree in commerce from the Saurashtra University and has also participated in the ISBCEO Leadership Programme by the Indian School of Business, Hyderabad from Jul'17 to Aug'18. He joined Group Landmark in 2006 as the Vice President - Sales in LAPL and currently leads the Mercedes-Benz and Volkswagen business in Group Landmark. He has over two decades of experience in sales and banking. He was previously associated with Kotak Mahindra Primus Ltd.
Akshay Tanna	Nominee Director of TPG Growth	He has a bachelor's degree of science in economics from University of Pennsylvania. He has over a decade of experience in private equity and investment banking and is one of the winners of Economic Times '40 Under Forty'- 2020 edition. He has been employed with TPG Capital India Private Limited since 2011 and is currently a partner at TPG Growth & Rise Fund.
Manish Balkishan Chokhani	Independent Director	He holds a masters' degree in business administration from London Business School, University of London. He is an associate of the Institute of Chartered Accountants of India and has been admitted as a fellow of the All-India Management Association. Prior to joining the company, he was the director of Enam Securities Private Limited from 2006 to 2019. He has in the past served as the managing director and chief executive officer of Axis Capital Limited. He served as chairman of TPG Growth India during the period of 2015-2016 and as a senior advisor to TPG Growth during 2013 to 2019. He also serves on the governing board of Flame University. He is a member of the Young Presidents' Organization, Inc. He has also served as a member of the SEBI's Alternative Investment Policy Advisory Committee.
Gautam Yogendra Trivedi	Independent Director	He holds a bachelors' degree in Commerce from Sydenham College of Commerce and Economics, and a bachelor's degree in law from Government Law College, University of Mumbai, and a master's degree in business administration from University of Southern California, Los Angeles. He has served as a vice president – new businesses at Reliance Industries Limited. He has also served as the managing director and head of equities, India, at Religare Capital Markets Limited and as an executive director in the Asia Pacific Shares department of the equities division at Goldman Sachs (Asia) LLC. He has been previously associated with DSP Financial Consultants Limited, Credit Lyonnais Securities India Private Limited and Jardine Fleming Holdings Limited. He is also the co-founder and managing partner of Nepean Capital LLP since 1st Jun'17.
Sucheta Nilesh Shah	Independent Director	She holds a bachelors' degree in commerce from Sydenham College of Commerce and Economics and has completed her master's in management studies from S P Jain Institute of Management and Research, University of Mumbai. She is the Executive Director of Atlas Integrated Finance Limited. She was the Chairperson of FICCI Maharashtra, MSME Committee, during FY 18-19 and FY 19-20. She was the Chairperson of the FLO Mumbai Chapter for the year 2011-12 and was the National Head for SWAYAM, a support cell for women entrepreneurs, an initiative by FICCI FLO from the year 2015 to 2018. She has been the director of Grameen Initiative for Women. She was also a director of TATA Housing Development Company Limited.
Ramakant Sharma	Independent Director	He holds a bachelor's degree in technology in materials and metallurgical engineering from Indian Institute of Technology, Kanpur, and has completed post graduate programme in management from the Indian School of Business, Hyderabad. He has over 10 years of experience in engineering and management roles and has been in the past associated with Zapak Digital Entertainment Limited, GE Medical Systems (India) Private Limited, Ketera Software India Private Limited, Myntra Designs Private Limited and Livespace.com (Home Interior Designs E-commerce Private Limited).

Source: Company data, I-Sec research

Key risks and concerns

Slowdown in domestic PV market

Post strong growth execution in FY22-FY23, slowdown in domestic PVs would pose a risk to LMC's overall business growth. Operating on a rental model, new car sales would drive revenue and asset turns and in turn RoCE, as margins across segments are steady.

Halt in acceptance of the car premiumisation theme in India

With faster acceptance of Rs1.5mn+ on-road priced models post covid, premium and luxury car sales are accelerating at a higher pace than the entry segment models. This in turn is benefiting LMC as its portfolio is largely aligned to luxury and premium car makers. Any halt in this theme, which would take market preference back to cheap and fuel-efficient models, would pose a risk to LMC's growth.

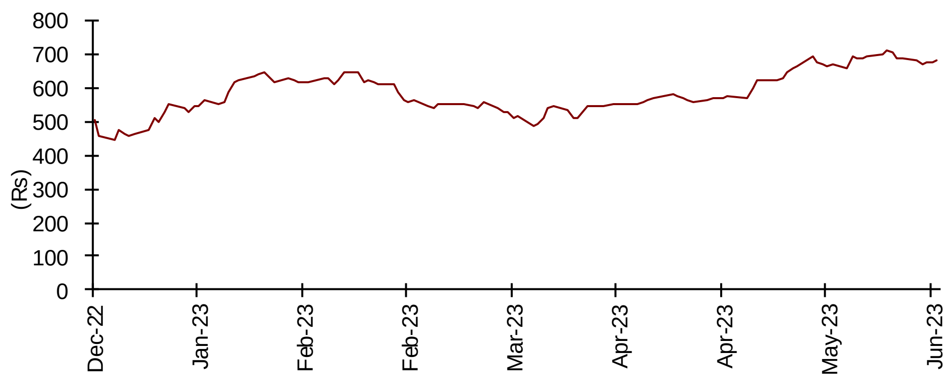
Luxury car market not going beyond 50k units a year in India

Luxury car market in India has hovered in the range of ~25k-45k units in India in the past and is yet to cross the 50k mark decisively, with a penetration at just ~1% in the domestic PV market. Mercedes Benz contributes close to a third of LMC's overall earnings we believe (including service/spares) – hence, to grow decisively in the longer run, LMC would depend on Mercedes Benz sales volume and car population to grow sustainably and not remain range-bound.

Risk of rise in working capital and discounts for models, ex-Mercedes, in times of weak car demand

Though LMC has executed steady ~5.5-6% gross margin for new car sales (ex-Mercedes Benz) across market cycles in the past, it would be important for LMC to survive demand downturns ahead with steady gross margin in new car sales too. Also, with no risk of working capital increase related to Mercedes Benz, LMC needs to manage inventory efficiently for ex-Mercedes business in times of demand weakness.

Price chart



Source: Bloomberg

Financial summary

Table 10: Profit and Loss statement

(Rs mn, year ending March 31)

Year to March (Rs mn)	FY23	FY24E	FY25E	FY26E
Net Sales	**33,824**	**47,248**	**56,076**	**65,353**
Operating expenditure	31,444	44,309	52,484	61,001
EBITDA	**2,380**	**2,940**	**3,592**	**4,352**
EBITDA margin (%)	*7.0%*	*6.2%*	*6.4%*	*6.7%*
Depreciation	873	950	1,100	1,230
EBIT	**1,507**	**1,990**	**2,492**	**3,122**
Interest expenditure	511	410	390	360
Non-operating income	121	133	146	161
Adjusted PBT	**1,117**	**1,713**	**2,248**	**2,923**
Tax	190	343	562	731
Adjusted PAT	**927**	**1,370**	**1,686**	**2,192**
Exceptionals	(75)	-	-	-
Reported PAT	**852**	**1,370**	**1,686**	**2,192**

Source: Company data, I-Sec research

Table 11: Balance sheet

(Rs mn, year ending March 31)

	FY23	FY24E	FY25E	FY26E
Shareholders' equity	198	198	198	198
Reserves & surpluses	4,499	5,869	7,555	9,747
Total networth	**4,697**	**6,067**	**7,753**	**9,945**
Non controlling interest	**20**	**20**	**20**	**20**
Debt	4,300	4,520	4,760	5,027
Deferred tax liability	-	-	-	-
Total liabilities	**9,017**	**10,607**	**12,534**	**14,992**
Gross block	7,928	9,028	10,128	11,228
Net block	5,141	5,291	5,291	5,161
Investments	163	163	163	163
Deferred tax assets	136	136	136	136
Cash & equivalents	400	1,908	3,142	5,007
Debtors	1,035	1,165	1,383	1,611
Inventory	4,484	5,437	6,453	7,520
Other current assets	1,247	1,372	1,509	1,660
Total current assets	7,166	9,881	12,486	15,798
Current liabilities	3,590	4,864	5,541	6,266
Net current assets	**3,575**	**5,017**	**6,945**	**9,532**
Total assets	**9,017**	**10,607**	**12,534**	**14,992**

Source: Company data, I-Sec research

Table 12: 5-stage DuPont analysis

(Rs mn, year ending March 31)

	FY23	FY24E	FY25E	FY26E
Tax Burden (Adjusted PAT/PBT)	0.8	0.8	0.8	0.8
Interest Burden (PBT/EBIT)	0.7	0.9	0.9	0.9
EBIT Margin (EBIT/Sales)	0.0	0.0	0.0	0.0
Asset Turnover (Sales/Total Assets)	3.8	4.5	4.5	4.4
Financial Leverage (Total Assets/Equity)	1.9	1.7	1.6	1.5
ROE	0.3	0.3	0.2	0.2

Source: Company data, I-Sec research

Table 13: Cashflow statement

(Rs mn, year ending March 31)

	FY23	FY24E	FY25E	FY26E
Operating cashflow before WC changes	1,725	2,320	2,786	3,422
(Incr) / decr in net working capital	(1,476)	66	(693)	(722)
Cashflow from operations	**249**	**2,386**	**2,093**	**2,700**
Capex (net)	(719)	(1,100)	(1,100)	(1,100)
(Incr) / decrease in investments	(3)	-	-	-
Cashflow from investments	**(722)**	**(1,100)**	**(1,100)**	**(1,100)**
Dividend paid				
Net borrowings	(855)	219	241	265
Issue of Equity	1,404	-	-	-
Other items	(157)	242	-	-
Cashflow from financing	**392**	**461**	**241**	**265**
Net change in cash	(81)	1,747	1,234	1,865
Free cash-flow	**(470)**	**1,286**	**993**	**1,600**

Source: Company data, I-Sec research

Table 14: Key ratios

(Year ending March 31)

Year to March (%)	FY23	FY24E	FY25E	FY26E
Per share data (Rs)				
EPS (Rs)	23.4	34.6	42.6	55.3
CEPS (Rs)	43.5	58.6	70.3	86.4
Book value per share (Rs)	119	153	196	251
Dividend per share (Rs)				
Growth Ratios (%)				
Operating Income	13.9	39.7	18.7	16.5
EBITDA	38.9	23.5	22.2	21.2
Recurring Net Income	35.5	60.8	23.1	30.0
Diluted Recurring EPS	47.3	47.9	23.1	30.0
Diluted Recurring CEPS	30.0	34.5	20.1	22.8
Valuation Ratios (x)				
P/E (x)	29.3	19.8	16.1	12.4
P/CEPS (x)	15.7	11.7	9.7	7.9
P/BV (x)	5.8	4.5	3.5	2.7
EV/Operating Income (x)	0.9	0.6	0.5	0.5
EV/EBITDA (x)	12.5	10.1	8.3	6.8
Operating Ratios				
Other Income / PBT (%)	10.8	7.8	6.5	5.5
Effective Tax Rate (%)	17.0	20.0	25.0	25.0
Inventory Turnover (days)	48.4	42.0	42.0	42.0
Receivables (days)	11.2	9.0	9.0	9.0
Payables (days)	12.6	17.0	17.0	17.0
D/E Ratio (x)	0.8	0.4	0.2	0.0
CFO (pre-tax)/EBITDA				
Fixed Asset Turnover (x)	4.6	5.6	5.9	6.1
Asset Turnover (x)	4.2	4.8	4.8	4.7
Return/Profitability Ratios (%)				
EBITDA margin	7.0	6.2	6.4	6.7
EBIT margin	4.5	4.2	4.4	4.8
Net profit margin	2.7	2.9	3.0	3.4
RoCE	19%	20%	22%	23%
RoE	26%	25%	24%	25%

Source: Company data, I-Sec research

Index of Tables and Charts

Tables

Charts

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION
I/We, *Basudeb Banerjee, MBA (Finance); Vishakha Maliwal, MBA (Finance);* 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100.

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. 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.

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 Institutional 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 Retail 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 in 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

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

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122