

13 February 2025

India | Equity Research | Results update

Landmark Cars

Automotives

New store additions to drive growth ahead

Landmark Cars' (LMC) EBITDAM at 5.6%, was down 20bps QoQ, led by weaker gross margins as service revenues at new outlets is in ramp-up phase. LMC added 23 outlets in 9MFY25 (~17% of total outlet count), which added to revenue growth (revenue +25% YoY) and helped diversify with high-growth brands such as M&M, Kia, MG and BYD. LMC's revenue from new outlets in Q3 was ~12% of total, at INR 1.9bn (proforma). We expect the impact on margins from new stores to continue for few more quarters. Accordingly, we have cut our FY26E margin estimates by ~80bps, but retain our revenue estimates. We believe LMC should benefit from the addition of high-growth brands, new PV launches and continuation of premiumization trend. Upgrade to **BUY** from Add with a DCF-based TP of INR 650 (earlier: INR 641), implying ~18x FY27E EPS.

Takeaways from Q3FY25 conference call, and our views

- New car sales revenue (proforma) was up ~32% YoY at INR 14bn and ASP at INR 2.1mn, was up 8% YoY. The company's inventory level is at ~35 days currently vs ~60 days in Dec'24 and is lower than industry average levels. LMC expects strong growth in new car sales led by high-growth brands, including Mercedes Benz (MB), M&M, Kia, and MG. For the slower-performing Renault/Jeep operations, LMC expects margins to improve via sharing of infrastructure to pare cost of operations. The company's other expenses/manpower costs have reduced from ~5% each in FY24 to ~4% in Q3, led by cost rationalizing initiatives. With the company's focus on operationalising ongoing projects, rather than expansion, and with bulk of incremental costs already being up-fronted, rise in revenue from new outlets should help improve margins ahead.
- LMC added 23 outlets in 9MFY25 (~17% of total outlet count), and was able to operationalize them in a short timeframe. This has added to revenue growth and helped diversify with high-growth brands such as M&M, Kia, MG and BYD. After-sales revenue increased 9% YoY to INR 2.5bn. Growth and GM in this segment are lower in recent quarters and LMC expects growth/margins to increase to long term average as new outlets ramp up. GM for the new outlets is lower than that of existing outlets due to lower service contribution (7-8% service contribution currently vs ~15% for existing outlets). Average revenue per vehicle for its after-sales business was up 4% YoY, at ~INR 27k, and this could move higher with M&M/Kia/MG service business mix increasing ahead. Capex in 9MFY25 was INR1.2bn, led by brand portfolio rejig and thereby addition of new outlets. LMC expects capex to normalize from FY26E.

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Market Data

Market Cap (INR)	20bn
Market Cap (USD)	227mn
Bloomberg Code	LANDMARK IN
Reuters Code	LAMN.BO
52-week Range (INR)	841 /458
Free Float (%)	48.0
ADTV-3M (mn) (USD)	0.4

Price Performance (%)	3m	6m	12m
Absolute	(21.8)	(20.5)	(33.6)
Relative to Sensex	(19.8)	(16.9)	(40.0)

ESG Score	2023	2024	Change
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: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
Revenue	7.8	0.9
EBITDA	(4.4)	(10.8)
EPS	(11.4)	(16.4)

Previous Reports

16-08-2024: [Q1FY25 results review](#)

25-05-2024: [Q4FY24 results review](#)

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	32,879	41,038	46,445	54,582
EBITDA	2,176	2,360	2,795	3,376
EBITDA %	6.6	5.8	6.0	6.2
Net Profit	601	694	1,083	1,463
EPS (INR)	15.2	17.5	27.4	36.9
EPS % Chg YoY	(35.1)	15.4	56.2	35.1
P/E (x)	31.5	27.3	17.5	12.9
EV/EBITDA (x)	11.4	10.0	8.3	6.7
RoCE (%)	8.6	9.3	11.4	13.5
RoE (%)	11.9	12.1	16.4	18.5

Exhibit 1: Q3FY25 result review (consolidated)

INR mn	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ
Revenue	11,950	9,592	24.6%	9,073	31.7%
Input material/vehicle cost	10,040	7,851	27.9%	7,428	35.2%
Gross profit	1,910	1,741	9.7%	1,645	16.1%
Gross margin	16.0%	18.2%	-217 bps	18.1%	-215 bps
Staff cost	656	560	17.2%	606	8.2%
Staff cost/sales	5.5%	5.8%	-35 bps	6.7%	-119 bps
Other expenses	589	529	11.3%	519	13.4%
Other expenses/sales	4.9%	5.5%	-59 bps	5.7%	-80 bps
Total expenses	11,285	8,940	26.2%	8,553	31.9%
EBITDA	665	652	1.9%	520	28.0%
EBITDA margin	5.6%	6.8%	-124 bps	5.7%	-16 bps
Depreciation	340	262	29.8%	324	5.2%
EBIT	325	390	-16.8%	196	65.6%
EBIT margin	2.7%	4.1%	-135 bps	2.2%	56 bps
Other income	30	19	64.3%	28	8.9%
Interest	195	148	31.7%	182	7.1%
PBT	160	261	-38.6%	42	282.7%
Tax	42	70	-40.0%	1	2737.2%
Exceptionals	-	-6	N.M.	-37	N.M.
Adj. PAT	118	191	-38.1%	40	192.6%

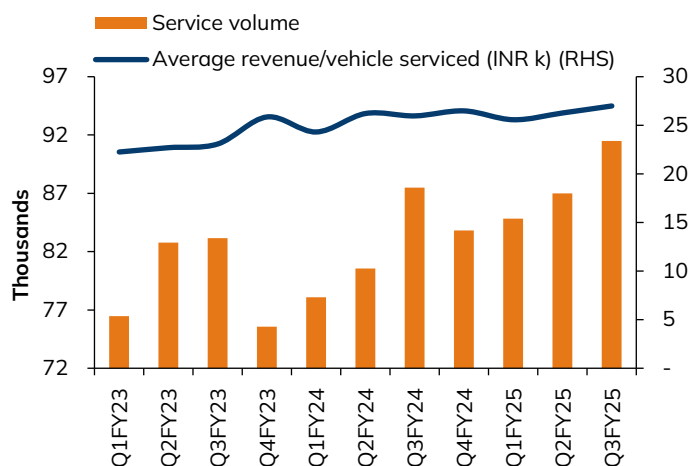
Source: I-Sec research, Company data

Exhibit 2: Estimates revision

INR mn	FY25E			FY26E			FY27E
	Previous	Revised	% Change	Previous	Revised	% Change	Introducing
Revenue	38,085	41,038	7.8%	46,040	46,445	0.9%	54,582
EBITDA	2,468	2,360	-4.4%	3,133	2,795	-10.8%	3,376
EBITDA Margin (%)	6.5%	5.8%	-73 bps	6.8%	6.0%	-79 bps	6.2%
PAT	783	694	-11.4%	1,296	1,083	-16.4%	1,463
EPS (INR)	20	18	-11.4%	33	27	-16.4%	37

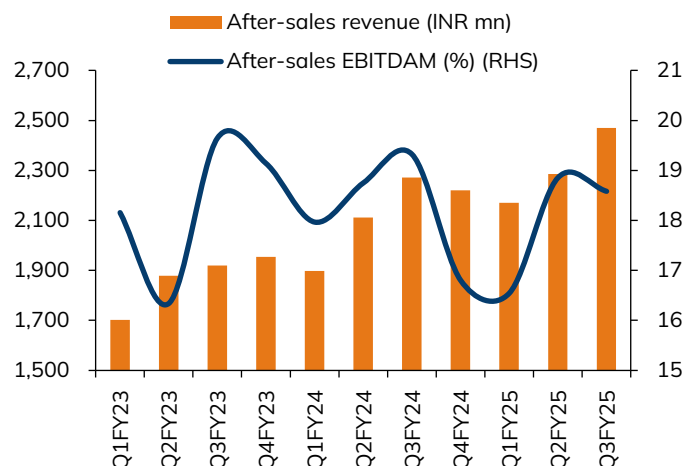
Source: I-Sec research, Company data

Exhibit 3: Service volume vs. average revenue per vehicle serviced trend



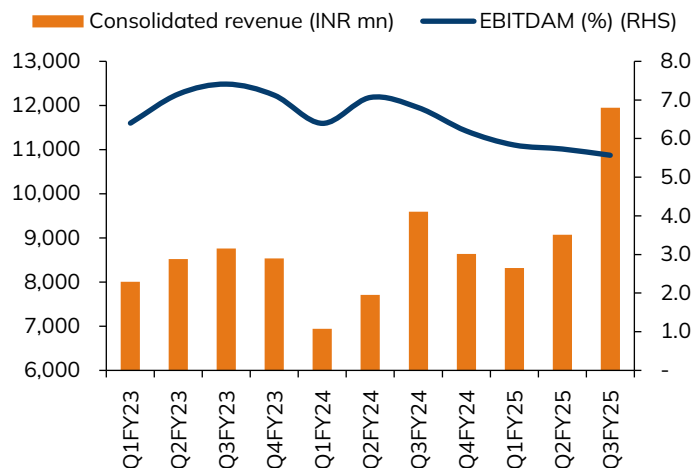
Source: I-Sec research, Company data

Exhibit 4: After-sales revenue vs. EBITDAM



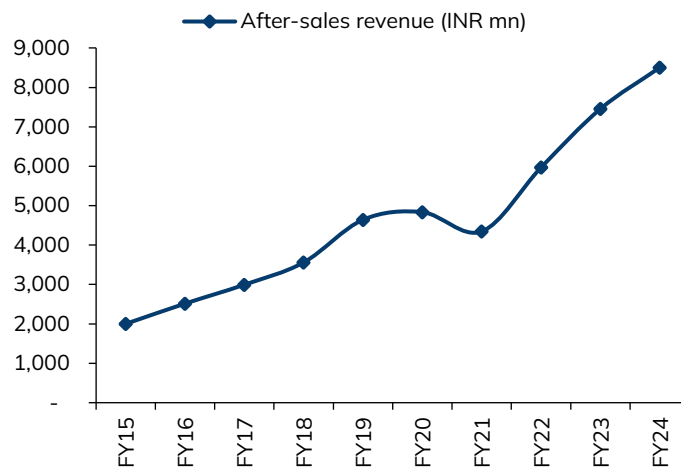
Source: I-Sec research, Company data

Exhibit 5: Consolidated revenue vs. EBITDAM



Source: I-Sec research, Company data

Exhibit 6: After-sales revenue trend



Source: I-Sec research, Company data

Downside risks

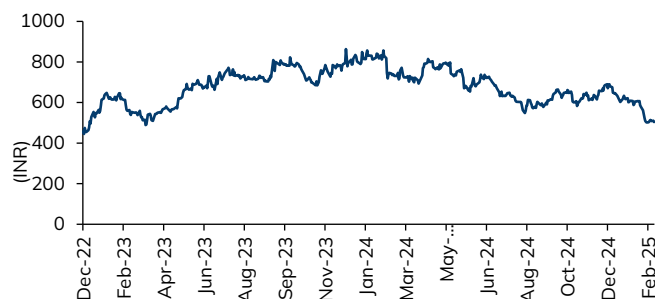
- Slowdown in domestic PV market.
- Pause in trend of car premiumisation theme in India.
- Risk of rise in working capital and discounts for models, ex-MB, in times of weak car demand.

Exhibit 7: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	51.6	51.6	51.6
Institutional investors	26.4	24.1	24.5
MFs and other	7.9	7.3	7.7
Banks/ FIs	4.0	2.4	1.7
Insurance Cos.	4.8	4.6	4.5
FIIIs	9.7	9.8	10.7
Others	22.0	24.3	23.9

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	32,879	41,038	46,445	54,582
Operating Expenses	4,240	5,253	5,991	7,041
EBITDA	2,176	2,360	2,795	3,376
EBITDA Margin (%)	6.6	5.8	6.0	6.2
Depreciation & Amortization	588	650	680	800
EBIT	1,163	1,230	1,605	2,056
Interest expenditure	535	490	400	400
Other Non-operating Income	96	106	117	128
Recurring PBT	724	846	1,321	1,784
Profit / Loss from Associates	-	-	-	-
Less: Taxes	123	152	238	321
PAT	601	694	1,083	1,463
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	572	694	1,083	1,463
Net Income (Adjusted)	601	694	1,083	1,463

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	9,220	10,778	12,541	14,976
of which cash & cash eqv.	319	1,815	2,464	3,307
Total Current Liabilities & Provisions	3,797	4,495	4,994	5,628
Net Current Assets	5,423	6,283	7,546	9,348
Investments	163	163	163	163
Net Fixed Assets	5,936	6,024	6,134	6,114
ROU Assets	-	-	-	-
Capital Work-in-Progress	18	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	177	177	177	177
Total Assets	11,717	12,647	14,020	15,802
Liabilities				
Borrowings	3,637	3,637	3,637	3,637
Deferred Tax Liability	27	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	206	206	206	206
Reserves & Surplus	5,183	5,877	6,960	8,423
Total Net Worth	5,389	6,083	7,166	8,630
Minority Interest	31	31	31	31
Total Liabilities	11,717	12,647	14,020	15,802

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March)

	Mar-24	Jun-24	Sep-24	Dec-24
Net Sales	8,640	8,320	9,073	11,950
% growth (YOY)	1%	19.9	17.7	24.6
EBITDA	535	485	520	665
Margin %	6.2%	5.8%	5.7%	5.6%
Other Income	27	13	28	30
Extraordinaries	-	(6)	(37)	-
Adjusted Net Profit	110	40	40	118

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	(343)	2,459	1,659	1,825
Working Capital Changes	(1,928)	636	(615)	(958)
Capital Commitments	(1,152)	(1,200)	(1,300)	(1,300)
Free Cashflow	(1,495)	1,259	359	525
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(1,152)	(1,200)	(1,300)	(1,300)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	1,824	263	290	319
Dividend paid	-	-	-	-
Others	(439)	213	-	-
Cash flow from Financing Activities	1,146	476	290	319
Chg. in Cash & Bank balance	(349)	1,736	648	844
Closing cash & balance	51	2,055	2,464	3,307

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	15.2	17.5	27.4	36.9
Adjusted EPS (Diluted)	15.2	17.5	27.4	36.9
Cash EPS	40.8	46.1	57.4	70.3
Dividend per share (DPS)	1.5	2.0	3.0	3.0
Book Value per share (BV)	136.1	153.6	181.0	217.9
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(2.8)	24.8	13.2	17.5
EBITDA	(8.6)	8.5	18.4	20.8
EPS (INR)	(35.1)	15.4	56.2	35.1
Valuation Ratios (x)				
P/E	31.5	27.3	17.5	12.9
P/CEPS	11.7	10.4	8.3	6.8
P/BV	3.5	3.1	2.6	2.2
EV / EBITDA	11.4	10.0	8.3	6.7
EV / Sales	0.8	0.6	0.5	0.4
Profitability Ratios				
Gross Profit Margins (%)	19.5	18.6	18.9	19.1
EBITDA Margins (%)	6.6	5.8	6.0	6.2
EBIT Margins (%)	3.5	3.0	3.5	3.8
Net Profit Margins (%)	1.8	1.7	2.3	2.7
RoCE (%)	8.6	9.3	11.4	13.5
RoE (%)	11.9	12.1	16.4	18.5
Dividend Yield (%)	0.3	0.4	0.6	0.6
Operating Ratios				
Fixed Asset Turnover (x)	5.5	6.8	7.6	8.9
Inventory Turnover Days	63	50	50	50
Receivables Days	15	11	11	11
Payables Days	13	14	14	14
Effective Tax Rate (%)	16.4	18.0	18.0	18.0
Net Debt / Equity (x)	1.1	0.8	0.6	0.4
Net Debt / EBITDA (x)	2.7	2.0	1.6	1.1

Source Company data, I-Sec research

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