



Date: 6 June, 2023

To, The Secretary, BSE Limited, P. J. Towers, Dalal Street, Mumbai- 400 001 Scrip Code – 543714	To, The Secretary, National Stock Exchange of India Limited Exchange Plaza, C-1, Block- G, Bandra Kurla Complex, Bandra(E) Mumbai – 400 051 Symbol – LANDMARK
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Dear Sir/Madam,

Subject: Transcript of Earnings Call with Analysts/Institutional Investors/Funds – pursuant to regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”)

Ref: Intimation of earnings conference call vide letter dated May 30, 2023.

This is further to our letter dated May 30, 2023, wherein we had given advance intimation of the earnings conference call scheduled to be held on Wednesday, May 31, 2023 with several Analysts/Institutional Investors/Funds with respect to discussion on the Audited Financial Results (Standalone and Consolidated) for the Quarter and Year ended March 31, 2023.

In compliance with the SEBI LODR Regulations, please find attached the transcript of the earnings conference call held on Wednesday, May 31, 2023.

We hereby further inform you that the aforesaid transcript is available on the Company's website at:

<https://www.grouplandmark.in/wp-content/uploads/2023/06/Landmark%20Cars%20Q4FY23%20Transcript.pdf>

You are requested to take the above information on record.

Thanking You.

Yours faithfully,

For **Landmark Cars Limited**

Amol Arvind Raje
Company Secretary and Compliance Officer
(A19459)

Place: Mumbai

Enclosure: Transcript of Q4 and FY2023 Earnings Conference Call.

Landmark Cars Limited.
(formerly known as Landmark Cars Private Limited)
CIN : U50100GJ2006PLC058553 | GSTIN : 24AABCL1862B1Z2

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“Landmark Cars Limited
Q4 FY 2023 Earnings Conference Call”
May 31, 2023

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange will prevail.



MANAGEMENT: **MR. SANJAY THAKKER – 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. BASUDEB BANERJEE – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good morning and welcome to the Landmark Cars Q4 FY 23 Earnings Conference Call hosted by ICICI securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Basudeb Banerjee from ICICI securities. Thank you.

Basudeb Banerjee: Thanks, Lizann. Morning, all participants. Thanks to Landmark Cars management for giving us the opportunity to host the call. We have with us the senior management of Landmarks Cars, represented by Mr. Sanjay Thakker, Promoter and Executive Chairman, Mr. Aryaman Thakker, Executive Director, and Mr. Surendra Agarwal, Chief Financial Officer. So, without wasting any time, over to Mr. Sanjay Thakker for his initial comment, followed by Q&A. Over to Sanjay.

Sanjay Thakker: Thanks, Basu. And it gives me immense pleasure to be with all of you again. This is the second call that I'm having with you. It's a new journey for us. We got listed just under six months back, and it's a good time to be listed, I guess. So India, as you know, has become the third largest market for passenger cars, which is where Landmark operates. And we believe that there is immense amount of headroom here still for growth. And I'll give you a few statistics to kind of emphasize on this point.

In India, only 4% of the dollar millionaires buy luxury cars. The global average is 60%. Stepping back, let's understand what has happened in the passenger car segment of India over the last few years. There has been a shift towards premiumization, and when I say premiumization, more than 40% cars. And this statistics is around three, four months old. And it may have improved even further. 40% of the vehicles sold are now above ten lakhs. 45% of the vehicles which are sold are SUV or equivalent. And I was reading The Economist a few months back and there was a specific issue on the future of automotive in the world.

And interestingly, economists came to a conclusion. And the article went on to say that India would be the only large market which will be growing in the years to come. It seems that globally, the automotive sales has peaked out and India is the last market where there is a significant amount of headroom. And I believe that this is not a hidden fact. And that is why there has been a significant focus from all the global OEs who see this as possibly the only market which will show growth, which will be a sustained growth for a length of time. And that is why they are investing in India big time.

Only in January, Mercedes Global CEO, Ola Källenius came to India. I had the fortune of meeting him, spending some time with him. There was some discussion about what will Honda do in India. They have announced that till 2028 they will be launching a new car every year. BYD, which is the largest company for B SUVs and electric cars has given extremely bullish ambitions for Indian market where they are talking about nearly half of all electric cars sold in India. They want to be selling by 2030. Now, this is what is the brew which has been cooking.

We are at Landmark. We believe that we are there. Right place, kind of right time. We are the largest partners, as you know, for Mercedes-Benz, for Honda, for BYD, for Jeep, for Volkswagen. And I'm happy to kind of announce that only yesterday we got the LOI for MG Motors, for Madhya Pradesh, some parts of Madhya Pradesh. And so we have added one more brand which is focused on SUVs and EVs. That is what we are looking at. And of course the premium cars.

I will also dwell upon a little on how the dealership model operates. What is it that we really do for a living. And before I go there, I would also like to state that we are seeing a revival in the commercial vehicle sales. Also, we have been invested in dealership of Ashok Leyland and which is showing a good amount of traction, which is what it did last year. And we believe that will continue even in this year.

So a Landmark which was established 25 years back, today has 4,000 employees. We are in eight states, 105 outlets and we are the largest partners for all the guys, all the OEs that we spoke about. The dealership model is very easy to understand. Most of you would have kind of experienced this by being a consumer. But from the back end, let me give you a perspective of what we really do.

So we sell cars and we make money by way of commission. When we sell cars, we make money when people buy insurance and take finance for the cars that they buy. 75% of the people in India who buy cars take finance to buy the cars. This is I think much higher than the global average. 90% of the people who buy the car buy insurance from the dealerships. And this is a long tail business. Landmark has been focusing on this for a long time. Apart from this, when people buy cars, they also buy accessories.

And Landmark has been amongst the pioneers in kind of white labelling. I don't think of any other dealership group which has white labelled accessories on display. We also have tied up with Global Car Care products from Australia and America where we are their exclusive distributors in India to market high value, high margin products Permagard and MotorOne. So this is one part of what we do. The second and which is the annuity type of a business that we do, it is the business of after sales or service.

And this is the business which has been growing at 20% CAGR for the last nine years. I'm happy to state that for the year ended 23, this has grown at 25%, which has been a slight improvement over our compounded growth that we have seen. I have told this to some of you separately that one in three cars that you see on road meets with an accident every single year. So not only do we do regular servicing of vehicles, we also do accident repairs. Now this is something which just keeps on happening.

Also as a new foray what Landmark has done is that last year we have gone into our own white labelled extended warranties in the models where we know that there are not too many claims. This allows us to sit on the money. The customer stickiness happens, the customers come back to our own workshops and we make another revenue stream that gets opened up. So this is a new initiative of Landmark and you will see lot of profits coming in from there in the years to

come. What else do dealerships do? Dealerships have been globally doing a great job in pre-owned cars, buying and selling of pre-owned cars.

The Indian dealerships have not been very good at it. And I must say that till now Landmark was also a very average player in this space. And the reason is simple to understand. There was the ecosystem consisted of well-funded people who were burning money while buying and selling used cars. And I don't need to get into the details. You all know who we are referring to and since the funds have dried up, they have all or most of them have withdrawn from the business.

So this is where we believe that Landmark, which is a strong franchise and customers know of it, we are well poised to enter this space and make it our own. Globally 30% of the preowned cars sold are by the new car dealers. In India this number is just under 4%. And this will change when Landmark enters this space and which we have entered this year. What are we talking about? We are talking about the same customers, the same brand, the same infrastructure. That is what we are talking about.

The problem with the industry was that there is not enough on the table. If you set up a new outlet, if you employ new people, you do repair cost, you do marketing, then there is not much on the table because the average selling price of a used car is much lower than the new car. What Landmark has thought of, and I believe that this is a kind of a winning thought, and that thought is that we will be using the same showrooms, the same manpower, the same set of customers who are inquiring with us to buy those pre-owned cars, to buy the new cars possibly or the pre-owned cars and sell it to them.

And we are internally looking at doing, we have an internal target of 10% of all our showrooms will have to sell pre-owned cars of the same brand from the same showroom. Now this is a journey which has begun and we are internally very hopeful. We are setting our systems right. And I am happy to state that the investment that we had made for evaluation of the used cars through artificial intelligence and all is now coming into play. And this will be something that will keep on happening in a good way in the times to come.

So pre-owned cars is going to be a focus, extended warranty for us is going to be a focus. We will be also adding to new brands. MG has also been already been announced. Some discussions are on for inorganic growth. We will kind of let you know as and when that also happens. The focus of the company clearly is profitable growth and high ROC. So this is something we will continue to be focusing on.

And the results are with you. I believe you will, you would have gone through it. We have declared a dividend of 45% also once if it is approved by the general body. And I think I will take your questions later on after Surendra kind of completes. But all in all, thanks for being on the call. Happy to be here.

Surendra Agarwal:

Hello. Thank you, Sanjay Bhai. Good morning, everyone. And a very warm welcome to one and all attending our earning conference call. I would like to highlight some operational

metrics for you all to better appreciate the performance over the quarter and the year, which is a consequence of our strong moats we have built over the year.

We are the highest contributor in terms of volume for multiple OEMs that we partner with. And that over time, this translates into meaningful volume in terms of vehicle service and the sales. In the last financial year, we have sold 21,310 cars across all our OEM partner. We service 3,17,954 cars in FY '23 and expect this to continue to grow plus 20% year-on-year. As highlighted by Sanjay Bhai, this is the extremely predictable business with repeat customers.

We also find ourselves at the inflection point in certain OEMs, both which we expect to be on course to see tremendous growth. A major trend being observed in the steady but sustainable rise in the average selling price. The average selling price of cars has gone from 14.15 lakh to 17.71 lakh in FY '23, showcasing a growth of 25% year-on-year. On the back of higher production of top-end variant being sold and all-round price escalation.

As highlighted in the previous earning call and our results document, we mentioned that there is a change in the Mercedes sales model and thereby, for a like-for-like comparison, we are continuing reporting the performer revenue and the reported revenue in this quarter as well. Our performer revenue for the quarter stands at INR1,213 crores as compared to INR970 (977) crores in Q4 last year in FY '22. This symbolizes a growth of 24% year on year.

Sequentially, this has remained flat with the previous quarter as INR1,203 reported. Reported revenue for the quarter stands at INR854 crores as compared to INR727 crores in the similar quarter of the previous year. A healthy growth of 17.5% year-on-year. Slightly dropped in the previous quarter was INR874 crores.

Moving to the profitability matrix, our gross profit for the quarter stood at INR161 crores as compared to INR141 crores in the similar quarter of the previous year. Compared to previous quarter, it is INR159 crores. So, it is higher than the previous quarter and very higher than the same quarter in the previous year. Our EBITDA for the quarter stood at INR64 crores as compared to INR56 crores in Q4 last year and INR70 crores in the previous quarter.

On the margin front, EBITDA margin clocked at 7.5%. The same stood at 7.6% but that is mainly because of the sales mix. We have the higher volume revenue in the sales. Lastly, the PAT for the quarter stands at INR24 crores plus and this was previous year at INR19 crores.

Now, moving to the full year performance, our full year proforma revenue stands at INR4,595 crores as compared to INR3,369 crores in the previous year. This growth is around 36% year-on-year. Similarly, reported revenue for the year is INR3,382 crores as compared to INR2,977 crores in the previous year, which is also shown as 13.6% growth.

Moving to the profitability of the year, our gross profit stood at Rs.613 crores as compared to Rs.477 crores in FY '22. Our EBITDA FY '23 stood at Rs.250 crores as compared to Rs.187 crores in the previous year. On the margin front, EBITDA margin clocked at 7.36% as compared to previous year 6.27%. Lastly, the PAT stands at Rs.85 crores. This is in the previous year stood at Rs.66 crores for the same period. Lastly, speaking about the return matrix, the return on equity for the year is 23.75% and ROCE for the year is 20.5%.

Thank you. Now, I am handing over to Sanjay to speak some words.

Sanjay Thakker:

Before we go to Q&A, I am reminded of the book I read, Outliers, some years back. It talks about right place, right time in history. So, we believe that we are at an inflection point and just as the book says, it is good to be having established the network in the difficult times. We are here to do the operating leverage, sweat the assets more, not only focus on opening new outlets but do profitable business.

We believe that the increase in the average selling price of the vehicle which Surendra spoke about, the increase in the revenue per vehicle service that we have done which has also grown over last year, will have good growth opportunity for us in the years to come and we are at the right place, right time.

Thank you. I think Basu, I hand it over to you or Lisa, whoever for the Q&A.

Moderator:

Thank you. The first question is on the line of Rahul Dani from Monarch Network Capital. Please go ahead.

Rahul Dani:

Hi, good morning Sanjay bhai. Congratulations on a very, very strong set of numbers. Just a couple of questions from my end. If you could just highlight the potential of the new dealership you opened with MG. What kind of sales they've been doing and how many showrooms will be opening for that?

Sanjay Thakker:

Yes, sure. So let's look at MG Motors, which has been a decent SUV and electric car manufacturer in the world. There have been reports in the media which are yet to be confirmed of their getting the investment from an Indian partner, which will make them grow and set up a new factory, which has been a constraining thing for them. So this is the backdrop.

The new models are to be introduced and the ambitions of the company are very high. We have got the LOI for the cities of Indore and Bhopal from them. And this is something which will be set up very quickly. We are looking at doing this in the next three months that we are looking at being up and running.

And Madhya Pradesh as a market is between 1% and 2% of, say, close to 2% of the all India sales for most brands. So this is how it will be because there is a decent amount of car park already over there. My feeling is that we will also be having our service operations being profitable immediately as we start.

Rahul Dani:

Sure. So is there any indication how many stores you would like to open with that?

Sanjay Thakker:

As of now, two.

Rahul Dani:

Two stores. And also, if you could highlight how the performance of BYD has been, you know, maybe in a small base, but how is the acceptance of consumers, especially in markets of Delhi, Bombay and UP, where we are present, and what kind of numbers are they clocking, if you could give some kind of indication.

Sanjay Thakker:

Yes. Sure. So BYD, as we know, is the largest EV manufacturer in the world and they have given a kind of a big ambition for themselves to do. Right now, I believe that the Atto 3, which is what we are selling apart from the E6, has gone in for the homologation with the ARAI. And once the homologation approval comes in, that's where the numbers will go up.

And I will take this opportunity to kind of tell about something else which I missed in my opening remark. And that is that we believe that the second half of the year for us is going to be much better than the first half. And the reason why I am saying this is that the Honda new SUV Elevate, which we have all been waiting for, and it is showing tremendous traction, it is to be global launch is next Tuesday, 6th of June. The supplies of that will start only around August, September 1,

The GLC of Mercedes-Benz, which is amongst their largest selling product, is right now not available. Everything is sold out in this quarter. And the new GLC is getting launched again in the next few months. And typically, all the SUVs of Mercedes-Benz are in a waiting period. And we believe that the supply situation will only improve one, two months down the line. So this is one thing. Even the BYD, the cars, will be loaded in the second half.

That is what we believe is happening. The numbers right now, Rahul, are restricted because of the non-homologation of the vehicles, which will -- and what it means is that there will be a cap of 2,500 vehicles that a company can sell in India without homologation. So that number, that constraint goes away as soon as the homologation happens.

Rahul Dani:

Okay. Sure, sir. And just a final question from my end. So, you know, you do it about the pre-owned vehicles and then you look at the likes of AutoNation, you know, pre-owned vehicles is a significant portion of revenue for them. But are margins also similar for pre-owned vehicles on EBITDA and gross level?

Sanjay Thakker:

Yes. So people have been talking about higher margins for pre-owned vehicles than typically the new vehicles. What they have been missing is that and this was quite well articulated with one of the companies that exited this business. And what they explained and which is what has been the Landmark view for a very long time and which he kind of, that company echoed finally, saying that the average selling price is lower. The margins are higher. Typically, 8%, 9% is the gross margin in used cars. It can go to 10% also. But you need to be conscious of the cost that you incur after that. The gross margins are all good.

But if you have a kind of a showroom to pay rent for, if you have manpower to kind of separately to sell it, if you have evaluators, if you have a repair and refurbishment thing, which is in top, you have a marketing budget and all that. And customer acquisition, which is a big one. All that makes it unviable.

So what we have thought of is that we have an inbound traffic of customers who are wanting to buy the vehicles that we are selling. And that conversion right now for a 100 inquiries that we get for new cars in a typical showroom, only 10 get converted to final sales. 90 don't. Many of these people are not able to buy the vehicle because of the price quotient, because they find

the price a little bit out of their budget. But they clearly want that brand. That's how they have inquired with us.

So we believe that there is this kind of traffic that is natural to us. I have – Aryaman, who worked in AutoNation. And since you spoke about AutoNation, I'm taking this chance to elaborate. They had one of the stores where 30% of their sales happened in that store by way of an upgrade from, say, a C-class to an E-class, where people who came in for service, they were given an offer to upgrade for a one level high or a two level high product. Now, these are the things which we will be doing.

We will be, since we have invested a lot in technology, our Chief Technology Officer and Aryaman, a Landmark transformation team of 35 people who are working with data analysts and data scientists, and the CTO, who has joined us from Mahindra and Mahindra. We are working and doing some good quality work to kind of give this technologically enabled answers and solving this pre-owned car puzzle. We are hopeful that we will be able to solve this and crack this, which has not been cracked by anybody else.

Rahul Dani:

Sure, sir. Thank you for the detailed answer. Thank you and all the best.

Moderator:

ahead.

Thank you. The next question is on the line of Pritesh from Lucky Investments. Please go

Pritesh:

Yes. Thank you, sir, for the opportunity. My question is with respect to the ASP rise that we have seen in the year gone by, which has moved from, let's say, about INR14 lakh per car to about INR18 lakh per car. Just wanted your comments in terms of what was the volume growth of Mercedes and how was the share of Mercedes in your revenue increase? And what is the outlook on this ASP per car as you would have budgeted for the coming year in terms of whatever the new models of Honda or new models of Mercedes? It would be very helpful for us then to understand what can be your revenue growth potential .

Sanjay Thakker:

This is a very pertinent question, Pritesh. You are absolutely right. What has happened is that there has been a like to like 15% growth, I believe, increase in the Mercedes ASP. The same model, the prices were increased by approximately 15%, if I'm not wrong, in the last year. What is happening is that talking about Mercedes-Benz right now, since you touched upon it, 25% of the vehicles sold of Mercedes now, or slightly more than that, are above INR1 crores, which I'm talking about is with GST, is gone up 25% above INR1 crores. Now, this number was never happening.

Today, there has been a shift towards the higher end vehicles of every brand. There has been a focus by Mercedes-Benz clearly to sell cars, which are the Maybach, the AMGs, the S-Class and all, what we call internally the TEV, Top End Vehicles. And the focus is going to be even more on that. On 1st of April, Mercedes-Benz increased the prices again, which hasn't been seen in the last year results. The supplies of the Top End Vehicles right now, which was also a constraint, will also hopefully ease out. So, this is something which is going to happen.

We are going to be seeing not only in Mercedes-Benz, Honda also, the ASP will increase because also understand, Pritesh, that we have been working with in the last quarter, a

constraint supply situation and which I had touched upon in my previous call, where because of the emission norms, which came into play, real time drive emission, which came into play from 1, April, some of the models of the manufacturers were discontinued completely. For example, the Honda Jazz, the Honda WR-V, the Jeep, the Petrol Compass.

So, this is something which was and to some extent still in the first quarter of this year is a constraint for us to sell vehicles. This is all going to change in the second half, not necessarily the second half as time goes by, some next month, some after two months, but everything in the second half clearly.

But we will, kind of, it's just an estimate of what we will do. And we are also going to be seeing a mix of where we will be seeing a good amount of BYD vehicles, where the ASP is going to be higher. We have also discontinued our Renault stores with a lower ASP. So, I believe that it's difficult to put a number right now, but the ASP is going to be much higher than what we had last year.

Pritesh: Okay.

Sanjay Thakker: So, we will have -- the ASP higher, we will have a volume growth in each of the brands that we are operating. And we will have a service revenue, which has been growing at 20% CAGR. So, it's a healthy mix of growth that you will see in our case. And the new OE's that we will be adding.

Pritesh: Is it possible then to share what was the Mercedes ASP growth in FY '23 and the volume growth or volume numbers in FY '23, out of this 21,000 number that we have?

Sanjay Thakker: We are as of now not giving a brand-wise breakup of things.

Pritesh: No problem, sir. Or the other way, is it possible then to share how much of this volume of yours is mass market volume? So, you have mentioned in your presentation INR10 lakh and below is largely mass market. So, in this 21,000 number, at least you can share what is the mass market volume number here?

Sanjay Thakker: Sure, I will work it out and Pritesh send it to you. I may not have it handy immediately, but I'll be happy to share it with you.

Pritesh: No problem. My second question is on the repairs and maintenance business. Where you mentioned that one out of three cars do usually come because of repair. So, in this R&M business, how much portion of that business is actually maintenance business, which is the normal servicing business, which happens -- which car comes to your workshop?

Sanjay Thakker: Yes. So around 40% to 45% of the business is what we call the body and paint, what you are calling R&M, repair and maintenance. It's called body and paint for accident repair. So, around 40% to 45% of our revenue comes from accident repairs. And this we are focusing on increasing in this year.

So, the monies are paid for by the insurance company. The customer really is not impacted financially adversely. So -- but currently this is the number. We believe that it will increase over a period of time.

Pritesh:

And my last question is, sir, on the used car business, which you have started this year, what is the volume that you expect to do from used car? And considering all the dealership put together, what is the expected revenue growth that you are looking from the car dealership?

Sanjay Thakker:

Yes. So I'll touch upon the used car sales, and we want to maybe going ahead, report it separately. Also, if we are able to, where we are going to be focusing on the used car business right now, it is clubbed in the new car sales as one of the parts, we may bring it out. It will not be a very meaningful contributor, but we are internally looking at approximately, let's just put a number of around INR150 crores of pre-owned cars, looking at the average selling price being much lower. So, INR150 crores to INR200 crores of cars is what we will want to sell -- buy and sell.

Now, this, mind you, is over and above, the exchange that the company does. 25% of the vehicles that we sell, there is a back to back. There is a, kind of, we sell it immediately to the broker because those cars that we get in exchange are different brands of cars. So, that we will not be wanting to buy on our books. We will, we have no wherewithal of selling those after buying it. Lot of people are doing it, but we don't think that that is something that can be done.

So, we will be giving it back to back. Only our branded cars is what we will proactively buy from the market and in case of exchange, if it comes, we will be doing it. So, as I said, in number terms, we will -- we are focusing right now of reaching 10%. Say, a showroom is selling 100 vehicles. The target for that showroom is going to be 10 vehicles of the same brand, which are pre-owned to buy and sell. It's a long journey we are embarking upon, and we need to get it right. Nobody in India has been able to do it the way we are wanting to do it now.

Pritesh:

And overall revenue growth, sir, in the car dealership?

Sanjay Thakker:

So, see the point, as I answered this, it is a very difficult question because the new cars launches are sometimes going one or two months here and there, which we have seen in the past also. Supply is also an issue sometimes. So, and we are adding new brands. So, to basically put a number with only 2024 as the goalpost is difficult. But what I can say is that we will be significantly outpacing the industry and that outpacing may be four or five times at least of the industry growth, because of the ASP growing, the volume growth that we will see, the new brands that we are adding, the acquisitions that we will make and the after sales business, which you have seen is the most predictable business and annuity type of a business that we are talking about.

Pritesh:

Okay. Thank you very much, and all the best to you, sir.

Sanjay Thakker:

Thank you.

Moderator: Thank you. The next question is on the line of Gaurav from Maxpro Investments. Please go ahead. Gaurav, your line is in the talk mode. Please go ahead. As there is no response from the current participant, we'll move on to the next. That is from the line of Krishna Kukreja from Lucky Investments. Please go ahead.

Krishna Kukreja: Yes. Hi, sir. Thank you for the opportunity. I just had a couple of questions. First, I just wanted to ask about the progress in the RDE models for Jeep. You had spoken about the effect that it had on the Compass, etc. So, how that has progressed and when do we expect to have those models back?

And secondly, you spoke about the used car business. Just wanted to understand when we are doing the used car business, whether these cars will sit in our books as inventory or not. So, if you can just give a clarification on that?

Sanjay Thakker: Yes, sure, Krishna. So, the Jeep Petrol, what has happened is that we have stocked up on the Jeep Petrol vehicles, Compass, that have gone out of production. Right now, we believe that it is not going to be available at least for the next six months. That is the visibility that we have. The company assures us that they are working on this situation and are trying to solve this issue. And we, but there has been a big amount of focus on the diesel, the marketing, and the payout that they are giving us. They are trying to support us by way of financial help, while this model is not available. So, difficult for me to put a date for that.

As far as the pre-owned car stock is concerned, we are mindful of the fact that not too much of our capital should get sunken into this. We believe that we will be investing approximately INR20 crores on a rotating basis for this business. And because this is a big game that we are playing and we should get it right. We will be holding stock of not more than one month for any of these brands. So, it's a very detailed budget that we have worked on. And we believe that this will be a good outcome finally.

Krishna Kukreja: Thank you so much, sir. Also, sir, if you could touch on Volkswagen and Honda, etc. in terms of the RDE norms, and when do you expect to see a pickup there and what kind of quantum we can look at in terms of outperformance?

Sanjay Thakker: So, as far as Volkswagen is concerned, there has been absolutely nothing that impacted their sales as far as the -- because of these norms, so the business is as usual. In fact, the government norms have been that the cars manufactured before 31st March could be sold. So, this is something which is giving a flip wherever we have some stock in the factory of these cars, they are at a slightly cheaper price than the normal, the upgraded one. So, that is also helping sales.

As far as Honda is concerned, they have forever discontinued the Jazz and the WR-V and are now going to be focusing on the Elevate, which is the new SUV. As I said, there is a tremendous amount of buzz around. We have got so many inquiries before the car has got launched that I have very little doubt that this will be a big success.

So, the pillars of Honda will be three. The Amaze, which sells very well in our markets of Gujarat and Madhya Pradesh. The Honda City, which is an evergreen product, and the Elevate,

which is going to be launched in the next week. But the supplies and the deliveries will start only end August. That's the information we have.

Krishna Kukreja: Right, sir. Thank you so much for the detail.

Moderator: Sorry, sir. We'll take the next question from the line of Rajesh Aynor from ITI Limited. Please go ahead.

Rajesh Aynor: Hello. Am I audible?

Sanjay Thakker: Yes, Rajesh, you are.

Rajesh Aynor: Yes. Thanks for the opportunity, sir. So, my first question is, looking out maybe up to next three to five year period, like you're saying, we're in the cusp of a different regime, which could open up a few of the initiatives or a few of the opportunities, which you mentioned already. What are our growth plans in terms of regional expansion, in terms of how much of that will be driven by more number of dealerships, and what exactly do we look at when we set it up, because obviously, it will be a top down thing. We have metro, then Class L cities, and then there's certain sort of -- so what are your thoughts on our expansion over the next five years?

Sanjay Thakker: Yes. So, Rajesh, what we have been -- and this is coming with around 25 years of wisdom. We have also failed in some of the things that we have done five, seven years back and we are now wiser. So, it is very easy to set up an outlet and to show that my number of outlets have from 100 become 200. It is the easiest thing in the world to do. But there are manufacturers who are like commodity players and this is something, which -- if we go to them, they'll be happy to give us 10, 20 outlets and all that.

But that is not what we will be focusing on. Our growth will come from OEs that we believe are deeply committed to the products that we are wanting to sell. And what are those products that we want to sell? We want to sell ASP of INR10 lakhs and above. That's -- we are putting some kind of a benchmark, because that's where we believe India is growing -- going. That is where we believe we are good at. We are premium and luxury players. We can't be going into mass market. So, we will refrain from doing that as far as possible.

What we have also done is that we have gone deep in a geography. The recent MG example also demonstrates that. What does it mean? It means that, say, in Madhya Pradesh, we are already dealers for Mercedes-Benz and Honda. Now, with MG, our costs will get apportioned. We will have operating leverage happening with senior management bandwidth, which will also kick in over there.

But having said that, we are wanting to go to certain geographies, which are growing. We have gradually gone to eight states. We will go to clearly more states. Some of the high growing southern states are also our focus. So, this is something we will do. But we are not putting any number saying that 100 outlets should become 200 or 300. The thing that we are wanting is a profitable, sustained growth. We don't want to go berserk in growth. Instead of, say, for

example, we grew 40% last year. Would we have grown 100%, 200%? Clearly. But then the profitability would have taken a beating.

So, we believe that we are in for a structural change in India. And this is something, which we, if we take -- if we walk our normal pace, which is acquiring dealerships when they are available, looking at build versus buy, we will be significantly outpacing the industry and keeping the profitability and ROC high, which is like 20% plus. And that is something which is satisfying us. And I'm sure it will satisfy everybody who walks this journey.

Rajesh Aynor:

Fair enough. Second question is what kind of growth is possible or feasible? Let's say 20%, 25% kind of number is possible, or will it always be dependent on how much the market grows?

Sanjay Thakker:

See, we are in a product which is also dependent on the economy. It is dependent on how the auto industry grows, supply chain demand. But it is, for me, as I said in the earlier question by our colleague from Lucky Investment, my target will be to outperform the industry by four or five times in the years to come.

Now, that is our internal thought process. Now, it may come by way of average selling price going up. It may come by way of new outlets that we will open. It may come by way of the volume expansion that will happen with the same OEs. It will be a mix of all that. But this is something which we believe will be possible for a long length of time.

Rajesh Aynor:

Okay. And, sir, I have another question on the pre-owned business which we are planning. I just wanted your thoughts, there are already some startups also there in the game. Some of them are marketplace kind of a business model, whereas, some have inventory carry. And, obviously, we have a higher turnaround time kind of a target. But generally, what is the observation? Let's say we won't hold a stock for more than a month. Are this kind of targets really feasible? And where is the average industry in this business currently at on these parameters?

Sanjay Thakker:

Yes, yes, yes. So, Rajesh, the issue is that the start-ups that you are referring to have failed in the aspect of generating profits for themselves. So, whatever they are doing clearly hasn't worked. So, I have seen franchise models, I have seen marketplace, I have seen stores, I have seen a lot of stuff, which has not worked. So, there is really no point in going that way. It is -- lot of good money has been thrown at this problem.

So, we are coming up with an innovative model, which will not show any exponential or top line thing, but it will be a sustained business. It will be one more pillar in our new car showrooms and our workshops where we have natural traffic of those vehicles coming in.

Today, at Landmark, we have close to 1,000 vehicles, which visit us every day for service. Are we going to be able to pick and choose some good cars from there and sell it through our showroom? To me, logically, and to our team, the answer seems a resounding yes.

Now, will this be a profitable business? We will only be continuing with it if it is generating profits. So, we are not after any kind of GMV. We will look at a sustained business model,

because we have the supply. The problem with all these start-ups that you have been talking about is that they do not have a quality supply of used cars.

In our case, we have those quality supplies coming to us every single day of the same brand. You understand, I don't need to spend a single rupee in marketing. Can we give offers through our workshops? Yes, the answer is yes. Now, this is what is a unique business model and if we are able to crack it, everybody will be happy.

Rajesh Aynor: Okay. Thanks a lot for the answer.

Moderator: Thank you. We'll move on to the next question. That is from the line of Namit Arora from Indgrowth Capital. Please go ahead.

Namit Arora: Yes. Thank you for the opportunity. Sanjay bhai, my question was around the trend you are seeing, because globally also luxury sales in general across categories have been very strong. Now, given your experience and given where you think India is in terms of the affluent cycle and moving to the next level, would you say that structurally the next five to 10 years could be extremely strong for you given what you've seen in global markets as well?

Sanjay Thakker: Yes, I completely agree, Namit. I have never been more convinced about this. There is a structural change. And what are we talking about? Mercedes-Benz in India sold 15,800 units or thereabouts last year, which is 2% of what was sold in China around the same time.

The total luxury market in India has not crossed 40,000 units so far, which is 1% of the total overall passenger car market. Now, this is amongst the lowest in the world. In China, this number is 7%. Forget China. Countries like Korea, Taiwan sell more luxury cars than what we do. Now, with the structural change happening, the newer generation coming, the S-class, average age of S-class buyer today is 38 years old. Now, five years back, it may be seven, eight years older.

So, India, the aspiration levels are increasing. There is really now no shame in kind of showing your wealth. We had a social thing that was making, constraining thing. Through my experience, I am telling you, a car, which was INR1 crores and above people thought was like a overkill. Now, today they are routinely sold.

So, for me, I am seeing this as a structural change. The Mercedes-Benz factory has 40,000 plant capacity, which is not even full 50% today. So, everybody thought that India will be at a much bigger and a much higher sales zone than what it is today. But maybe our time has come now and for the next 10 years, I believe the journey is up. We may have some supply issue here, there. So, I'm looking at the next five, 10 years, not necessarily the next month or the next quarter.

Namit Arora: Got it. Very helpful, Sanjay bhai. Just one more question. Now, given that you have a very strong and old relationship with Mercedes and other brands as well, but the number of outlets that you have today is probably not proportionate to the relationship and the potential of Mercedes as you mentioned. Now, about 26% of your outlets are in strategic acquisitions. So, post the IPO and otherwise, are you seeing more people gravitating towards you as potential

sellers? And even Mercedes at a strategic level engaging with you to do something strategic in terms of just deepening and broadening the relationship. And as you mentioned earlier in the call, buy versus build.

But do you think that the 26% that you have, but that buy strategy might be more accelerated given that you have a strong balance sheet, and you may be a natural port of call both from sellers as well as the Mercedes as a company might also prefer that?

Sanjay Thakker:

Yes. So let me kind of give you a slightly longer answer. The point is that the number of outlets, we are looking at adding an outlet only and only if it is necessary, because it's a cost center. If it is helping me financially, we will be happy to do it.

Globally and in India also, Mercedes India is shrinking its size of the showrooms, because the cost of sales is an important factor that they are looking at and I really salute them for being this far-sighted thing. I was in Tokyo less than a month back where there was a meeting of the large dealers of Asia and Australia and some from Africa. And what came out was that some of the Asian countries, the largest dealer partner for them had a market share of 40%, 50% and thereabouts.

And this is something which I believe will happen. The companies globally, the global players really want to deal with fewer entities. This is a top-down approach that they have and they want to deal with financially strong people who are able to give good experience, people who are consistent in their approach.

So I have confidence that going ahead our market share with everybody that we are partnering with, it has been increasing gradually as you have seen and over a five, 10-year horizon, the number I am sure will be pretty much more than what you are seeing by our distance.

Namit Arora:

Got it. Extremely helpful. Thank you Sanjay bhai for your very detailed answers and all the best to you and the team. Thank you.

Moderator:

Thank you. We'll move on to the next question that is on the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani:

Thank you, sir, and congratulations on the good set of numbers. Sir, my question was on your input of the H1 being lower than H2. So if you can possibly take us through what sort of an impact that you see in H1 and the set of announcements that you made and the possible outlook for H2? If you can possibly elaborate on this aspect, which you mentioned, and does this also mean that the first half will be weaker on a YoY basis as well?

Sanjay Thakker:

See, let's look at it from where I came from. The thing is that the supply is something that we are dependent on the OE. And this is something which we do not have absolute clarity. Over the last several years, our H1/H2 mix has been say 40/60. That has been a kind of a historic distribution. The auto industry works this way. The second quarter is better than the first, the third is better than the second and the fourth is better than the third in most cases in a normal year.

Now, we believe that the Mercedes supplies will hopefully normalize from quarter two. We are facing and the new models will be introduced. We are also looking at BYD getting the homologation done. The Honda Elevate is only going to be available from August-September. But it will be also offset by some MGs that we will be starting.

So it's an evolving thing. I would not like to break-up this, because we ourselves are not very sure because we are dependent on the supplies, which happen. But I am giving a broad guidance that the second half is going to be much better than the first half because of the things that we know.

Deepak Lalwani: Right, right. So this is a valid point sir. But does this, should we assume that the H1 would be weaker on a YoY basis?

Sanjay Thakker: No, I don't think that's a good assumption to make, because there are things which are happening in a normal way. It's on a relative basis I am talking about, not on an absolute number. No.

Deepak Lalwani: Sure, sure. And sir, secondly I would just want your view on our margins. As we are doing good work on the higher profitable business, which is our service piece and also we are indicating that the ASPs have to go up and the premiumization has to pay out. What is your sense on the margins for the next two, three years?

Sanjay Thakker: So what has happened, Deepak, is that we have increased our margins in after sales. And this is the realization has also gone beyond INR23,000, which was only when we filed the DRHP and all, we were looking at the figures of INR17,000 , INR19,000 and all that. And in no time this has crossed INR crores and touching INR24,000.

And the margins have also gone up, the gross margins I believe in after sales, which were hovering around 39%, 40% have also have also crossed that 40% number decisively. And this has happened because of the effort that we are putting in where white label stuff is also at play. The Permagard, MotorOne products are also happening. So this is something which will happen. It will slowly gradually go up. That's the effort at our end.

And as far as sales is concerned, as soon as the new models of say Honda and all will come, we will see a slightly higher margin coming in because there will be no pressure on holding stock, or to discount it in the local market.

You are also aware Deepak that we are amongst the few who have over a period of time gradually achieved a situation where we have very little if at all local level competition of the same brand, same dealership. So this is something which will play out well in good times as well as bad.

Deepak Lalwani: Sure sir, this was very useful. And sir, indicatively, can you just take us through the commissions that you make across your OEs, if you can possibly give numbers, or if you can just rank them in terms of the highest to lowest in terms of the margin profile across the OEs?

- Sanjay Thakker:** It is more or less similar where a new car is concerned, the range is pretty much similar. There is not much difference because see the margin is also ...
- Moderator:** Ladies and gentlemen, thank you for patiently holding. We now have the line for the management re-connected. Over to you sir.
- Sanjay Thakker:** Is Deepak there?
- Moderator:** Yes sir, he is still in the queue.
- Deepak Lalwani:** Yes sir.
- Sanjay Thakker:** Yes. Deepak, sorry my line got disconnected somehow. So, yes, I was talking to you about the margin structure. So the margins are a factor of the fixed margin that we get irrespective of the volume we do. And there is a volume-based incentive, which are based on our monthly and quarterly and sometimes yearly target achievements. Now this is something that is not, the variable margins are not fixed. They move up and down as far as the demand supply situation at the OE end and the pressure that they have.
- So my personal belief is that because the supplies are all going to be in line this year, the variable margins will increase for the OEs over the last year. And if we are able to maintain that and not pass it on to the market, we will be better off.
- So you asked about ranking of the OEs, I'm saying that the fixed margins are pretty much in the same zone. I mean 4% to 6%, 7% is the fixed margin. And then there is a variable margin, which keeps on going up and down from say 0.5% to 2% is the range for variable margins, which depend on our achieving those targets for the month or the quarter.
- Deepak Lalwani:** Right. Sure sir. Those are my questions. Thank you and all the best.
- Sanjay Thakker:** Yes. Thanks Deepak.
- Moderator:** Thank you. The next question is in the line of Ashwini Agarwal from Demeter Advisors, LLP. Please go ahead.
- Ashwini Agarwal:** Hi, good morning. I had an industry related question. I mean, a large part of your business comes from service. And that's a very sticky business because typically owners of premium cars would like to go back to the dealers who have authorized spare parts and all. What is the risk to this? I mean, a few years ago, the late Mr. Jagdish Khattar started Carnation, but unfortunately that didn't work.
- Can you help me understand why the standalone large network, dealers especially for after sales don't work and authorized dealers tend to get bulk of the business. Can you help me understand that?
- Sanjay Thakker:** Yes, yes. So, this is a, actually I can explain to you in a short way. The issue is that the aftermarket garages have not solved one fundamental question. That is the supply of spare parts because in India, Ashwini, you will be surprised to know that there is no catalogue of

spare parts, which is a surprise. People are just starting these things and not only Carnation, we had after that GoMechanic, which came and then is gone.

So, the problem that they are not solving is that of a spare part. What these, whether it is Carnation or a GoMechanic, they do is that they come and buy the spare part from the authorized dealerships. Now, this single act kills the business, because in a billing, today -- I'll give you a break up. Say, if there is a INR100 billing, you go to a workshop and there is a INR100 billing that an authorized dealer gives you. Around, for German makes, it is around 70%, 65% to 70% of that is spare parts.

Now, if you are going to be buying the spare parts from a dealer who will add some margin and give you, what is the elbow room that you have then to make it cheaper and more convenient, forget cheaper and more convenient. Really, there is nothing, no elbow room. Their manpower cost will be slightly lower. The real-estate cost is going to be the same. The local garages lack the equipment, the softwares, which are continuously getting upgraded.

So, really there are so many things which are against this whole concept and the manufacturers today are giving long warranties. We, at our end, I spoke about selling extended warranties. Now, after the OE warranty of say three years ends, we sell another two or three years of warranty. And the prerequisite for availing this is that they need to come to our workshop to avail the service.

So, really, this is, I don't see this as a threat at all. At one point I was a little scared, but then we realized that these are money burning models and they really have no legs to stand on.

And at the accident repair, the total cost is paid for by the insurance company. Now, consider a situation where you are given a free lunch coupon and you can do it anywhere that you like. Would you go to a local restaurant down the street, or you will go to a five-star? You don't need to pay for it. The answer is very clear.

Ashwini Agarwal:

Okay, got it. And second question I had was that, on your second-hand business, your used car business that you are talking about, would you be able to do pre-approved or pre-authorized extended warranty vehicles supported by the brand logo, or that's a separate thing altogether?

Sanjay Thakker:

No, no, no, we will be able to do that. Now, we will be the only ones who will be able to do it. See, the brands also want the residual value of their branded cars to go up, because it helps the new car sales in the long run.

So, the OE's will give an extended warranty, we will give our own extended warranty, service packages and we will be selling it from the same showroom, because that's also what the brands will be very happy to be allowing.

So, it's actually a win-win situation. I just want to build it up gradually to make it as a sustained pillar. It is not a pillar, a meaningful pillar in our profitability. Our profitability pillars are new car sales, insurance, finance, servicing and accident repair. But I want to add one more pillar, which will be a great pillar over a long-term of this used car. But it is going to be a gradual journey. But once we do it, we will do it right and we will do it in a solid way.

- Ashwini Agarwal:** And going back to my first question, the reason why these standalone workshops survive globally is because there is a proper product catalogue and the spares are supplied by people other than the manufacturer himself?
- Sanjay Thakker:** Yes, that is also right, and also there are insurance supported workshops, which we don't have. Today, there is no workshop of size. I don't know, which city, Ashwini, you are from. But just in your mind, think of the largest local garage that you have seen and you will get the answer. There is nobody who is there. You will need to create this whole infrastructure all over again, and what exactly are you trying to solve over there?
- Ashwini Agarwal:** Okay, got it. Okay. Thank you. All the best.
- Sanjay Thakker:** Yes. Thank you.
- Moderator:** Thank you. We'll move on to the next question. That is from the line of Basudeb Banerjee from ICICI Securities. Please go ahead.
- Basudeb Banerjee:** Thanks, sir. For Surendra ji, there is one question. Sir, if I look at your annual balance sheet, inventories have increased quite substantially and payables have come down, which has impacted operating cash flow. Like last year, increase in inventory in cash flow was INR80 crores. This year, it turns to be INR150 crores. So, almost INR70 crores of operating cash flow getting impacted. So, is this increase in inventory temporary because of some reason or if you can highlight that?
- Surendra Agarwal:** So, Basu, in the last financial year, you've seen that we have -- our OE launched a new model in Volkswagen and the Jeep. For cater the new model, we increased our inventory. It is getting settled in the coming quarter. So, that's the reason of the increase of the inventory. We have a new model launched in all the, like most of the OEs. In Mercedes-Benz, no, not in Mercedes-Benz. Mercedes-Benz is a demo car, but in VW and in Jeep.
- Basudeb Banerjee:** So, basically this March 31st, fiscal 2023 increase in inventory is temporary, you mean?
- Surendra Agarwal:** Yes.
- Basudeb Banerjee:** And payables coming down, sir?
- Surendra Agarwal:** Payables have come down in the current quarter. Basically, the payables is the income incentive, which we received from the -- you are talking the payable to vendors?
- Basudeb Banerjee:** So, as the payables you are reporting in your balance sheet overall?
- Surendra Agarwal:** Yes.
- Basudeb Banerjee:** And one thing, sir, if I look at your quarterly revenue, so almost from the last six quarters, the normal revenue, which is not the pro forma is somewhere around stabilizing around this INR800 crores to INR850 crores range. So, anything from a directional perspective, despite all this growth, even last three quarters, one can see revenue is still around the same level?

- Surendra Agarwal:** Yes. So, regarding the payable, to answer your payable question, in the last year, on the March, we were having some credit purchase from the OEM, which was basically the goods was in transit. So, that was not there in the current financial year, at the end of the financial year. So, that's the reason for the reduction of the payable.
- Sanjay Thakker:** Sorry, Basu, if you can repeat the last question, the quarterly revenue you are saying is stagnant, which is the reported revenue. See, Basu, we are looking at the revenue as a pro forma revenue because Mercedes-Benz, which is a meaningful business in our case, if we only look at reported revenue, only the commission of that is getting recorded.
- Basudeb Banerjee:** So, that implies that X of Mercedes, other OEMs growth has not been strong this year?
- Sanjay Thakker:** That is, I think, a fair thing to say. It is -- so, it has been an upswing kind of a thing. But the years to come, all the OEs are going to be meaningful contributors in our profitability. But because Mercedes has run ahead of everybody, it looks as if that is a winner. But every, it is a cyclical business. And the OEs will -- once the cars, new cars get launched, suddenly you see a spike in revenue, as you have seen in say Volkswagen. Now, this year you will see in case of Honda, that way.
- Basudeb Banerjee:** Sure, sir. Next question, sir, how much time will it take for the MG business to get set ready and deliver?
- Sanjay Thakker:** My target would be in the next three months.
- Basudeb Banerjee:** Three months. And how much organic capex will you insert for this two-tier...?
- Sanjay Thakker:** We believe that it will be under INR12 crores or so. That is the budget, we believe will be enough for this.
- Basudeb Banerjee:** So, it means two-tier service and sales outlet in each of the cities?
- Sanjay Thakker:** That is right. That is right.
- Basudeb Banerjee:** And that is included as a part of your normative INR30 crores, INR35 crores capex?
- Sanjay Thakker:** So, this will be possibly on top of the capex that we will be normally be doing, because this is a new company that we will be starting, subsidiary. And that is where we will infuse the capital and pay from there.
- Basudeb Banerjee:** And the other large OEM, what we have been discussing also, that will also, one can expect that down the line?
- Sanjay Thakker:** Large OEM, what to expect?
- Basudeb Banerjee:** Any other large association with any other OEM, this year is further possible, or one should assume MG is the last...?

Sanjay Thakker: Yes, clearly possible. So, Basu, we have been very cautious about who we partner with and there are lot of hoops that this question needs to jump. Whether it is the company has a long-term future, what are the terms that we are getting, what are the geographies that we are comfortable with, and that's when we do. So, yes, the answer is yes. And again, it has to be in the premium or luxuries side. So, the answer is yes. Hopefully, we'll see some more in the times to come.

Basudeb Banerjee: But overall, capex plus acquisition all put together, that figure of somewhere around INR110 crores of cash outflow, I think that will have an upper cap or that can move up?

Sanjay Thakker: Yes, yes. No, no, we will be mindful of that, Basu. I understand where you are going towards. And we have -- since we have seen a lot of seasons in life, 25 years is a long way and we have seen a winter of the business between 2015 and '20, and it is fresh in our mind.

So, unless we are confident of having enough money to pay for what we do, we will not do it. And our cash flows from business have to be strong, which they are, to sustain this. So, the growth opportunities are immense in India. The possibility of going berserk are also very high. So, we will not go berserk. We will do a measured kind of a thing, which with a focus on ROCE and profitability.

Basudeb Banerjee: Sure, sir. Thanks. That's all from me.

Moderator: Thank you. Ladies and gentlemen, that is the last question. I now hand the conference over to the management for their closing comments.

Sanjay Thakker: Yes, thank you. It was interesting things and the year gone by has been quite an eventful one for us. We were the first auto dealership to get listed. I did not answer. I was just making, looking at my notes and one of the questions that was asked was that will other small dealers approach you for a takeover and all that. The answer is yes. We have -- the ball is in our hand. It is for us to drop it. So, or take it past the goal line. And we will make all the efforts to be a part of India's growth story, which is going to be decades on running. We are the leader. We will maintain that position and we will make everybody in our ecosystem happy. Thank you.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of ICICI Securities, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.

Surendra Agarwal: Thank you.

Sanjay Thakker: Thank you.