



IPO Report

28th Aug '24

Snapshot

Company is the largest and most profitable chauffeur driven mobility provider to corporates in India, in terms of revenue from operations and profit after tax for Fiscal 2023 . Company is primarily engaged in the business of providing chauffeured car rentals (“CCR”) and employee transportation services (“ETS”) and have been providing these services to corporate customers, including Fortune 500 companies in India, for more than 25 years. In Fiscal 2024, company provided CCR and ETS to 42 Fortune 500 companies and 60 BSE 500 companies, among others, in India. The CCR segment is a B2B2C business, where company’s customers are corporate companies, and the end consumer is an employee, client, guest or visitor of these corporate companies

VALUATION

Company is bringing the issue at price band of Rs 318-334 per share at p/e multiple of 32x on post issue FY24 PAT basis. Company is India’s largest and most profitable chauffeur driven mobility provider in a growing chauffeur driven mobility provider market in terms of revenue from operations and profit after tax for Fiscal 2023 . Company has long-standing customer relationships with business synergies across business segments with Pan-India presence with operations in 109 cities in India . Company has established brand built over years through operational excellence along with comprehensive technology ecosystem enabling operational superiority along with robust financials with consistent performance. Hence , we recommend “Subscribe” on issue

Price Band (Rs./Share)	318-334
Opening date of the issue	28th Aug '2024
Closing Date of the issue	30th Aug '2024
No of shares pre issue	600,00,000 Eq Shares
Issue Size	Rs 572-601 Cr
Offer For sale	1,80,00,000 Eq Shares
Face Value (Rs/ share)	Rs 2/share
Bid Lot	44

BIDDING DETAILS

QIBs (Including Anchor)	50% of the offer (Approx 90,00,000 Eq Shares)
Non-Institutional	15% of the offer (Approx 27,00,000 Eq Shares)
Retail	35% of the offer (Approx 63,00,000 Eq Shares)
Lead managers	Equirus Capital, IIFL Securities
Registrar to the issue	Link Intime India Pvt. Ltd

WHAT WE LIKE

India’s largest and most profitable chauffeur driven mobility provider in a chauffeur driven mobility provider market in terms of revenue from operations and profit after tax for Fiscal 2023

Company is the largest and most profitable chauffeur driven mobility provider to corporates in India, in terms of revenue from operations and profit after tax for Fiscal 2023 . Company is primarily engaged in the business of providing CCR and ETS and have been providing these services to corporate customers, including Fortune 500 and BSE 500 companies in India, for more than 25 years. By catering to the corporate transportation requirements of company’s corporate customers, its two business segments create a synergy by offering company’s customers a seamless corporate transportation experience and by providing company with an opportunity to cross-sell its services to its customers in each segment

Pan-India presence with operations in 109 cities in India

As of March 31, 2024, company’s CCR services are offered to its customers through vendors operating out of 109 cities in India. The number of Indian cities where company provided its CCR services has grown from 89 in Fiscal 2021 to 94 in Fiscal 2024. Company’s offices are strategically based out of the cities of Bengaluru, Gurugram, Mumbai, Hyderabad, New Delhi, Pune, Noida, Chennai, Kolkata, Ahmedabad, Jaipur, Coimbatore, Rohtak and Lucknow. Company provide ETS in 10 cities in India. Company typically enter into agreements with its vendors for a duration of one to five years. Company’s long-standing relationships with its vendors are attributed to timely payments, rewards and recognitions in terms of incentives, regular business from company’s customers and the opportunity to work with a good customer profile. Further, company’s focus on technological advancement has enabled it to better manage its service offerings and improve operating efficiencies by integrating company’s service functions through applications for chauffeurs which helps chauffeurs with booking management, trip and route information. It ensures accuracy, reliability and swiftness in company’s operations.



COMPANY BACKGROUND

Through company's ETS segment, company offer customers with solutions to manage their employee home-office-home ground transportation. As of March 31, 2024, company have a pan-India presence in 109 cities through its own vehicles and vendors, spread across 21 states and four union territories in India which underscores company's deep rooted and extensive footprint and demonstrates its penetration into diverse regions across India. Company operations in 97 cities in India are conducted through vendors. In Fiscal 2024, company serviced the CCR and ETS requirements of more than 1,100 organisations in India. In Fiscal 2024, through its CCR and ETS segments, company have completed more than 3,100,000 trips averaging at more than 8,400 trips in a day. Company also address the global car rental requirements of its corporate customers, through company's global network of vendors with company's capability of providing CCR services in over 30 countries. Company also provide cars of self-drive basis in the cities of Delhi, Gurugram, Mumbai and Bengaluru. Company have also provided self-drive cars outside India through vendors. Company operate a fleet of more than 12,000 economy to luxury cars, mini vans and luxury coaches. Company also provide specialty vehicles such as luggage vans, limousines, vintage cars and vehicles for accessible transportation for people with disabilities. Company have increased its focus on premium vehicles due to increasing customer preference for premium vehicles and the number of CCR bookings for premium vehicles in company's fleet has increased from 60,979 bookings, constituting 28.53% of its CCR bookings in Fiscal 2022 to 168,261 bookings constituting 35.46% of company's bookings in Fiscal 2024. Company operate its fleet of vehicles on an asset light model, where company strive to keep the number of the vehicles which company own in its fleet significantly lower than the vehicles which are sourced from company's vendors.

Company's customers benefit from its dual offerings of CCR and ETS, as these segments together provide a comprehensive solution for their corporate transportation requirements. By catering to the corporate transportation requirements of company's corporate customers, company's two business segments create a synergy by offering its corporate customers a seamless transportation experience and by providing company with an opportunity to cross-sell its services to its customers in each segment. Company's CCR and ETS generate significant benefits from targeting two distinctive segments but sharing the same systems and administrative infrastructure. In Fiscal 2024, Fiscal 2023 and Fiscal 2022, company's revenue from operations was ₹5,544.11 million, ₹4,226.76 million and ₹1,473.44 million, respectively. Company's profit after tax for the same period was ₹625.31 million, ₹435.91 million and ₹98.71 million, respectively.

Company have been focussed on the integration of technology in its services and have created a custom online booking tool for some of its customers. Company have also integrated its API with the travel desk platforms of its customers, to enable them to manage their CCR requirements. An outsourced technology team has developed a chauffeur's mobile application and a customer mobile application, which is enabled with various features allowing the end customer to monitor various aspects of a trip including booking management, route information and safety features. The outsourced technology team has also developed RentNet, company's backend central transport management system which handles reservations, operations, car tracking, incident management, billing, vendor payment, car maintenance and various management information systems. The integration of technology with the travel desks of company's customers allows its customers to conveniently control their corporate travel requirements from an integrated system. Company's focus on technology has enabled it to better manage its service offerings and improve operating efficiencies by integrating company's service functions and ensuring accuracy, reliability, transparency and swiftness in its operations. Company provide ETS in 10 cities in India. The number of Indian cities where company provided its CCR services has grown from 89 in Fiscal 2021 to 94 in Fiscal 2024. Company have the capability of offering services through vendors operating out of 109 cities in India.

Company provide its services to its customers operating in a range of industries including information technology, business process outsourcing, consultancy, healthcare, e-commerce, pharmaceutical, legal and manufacturing including InterGlobe Aviation Limited (Indigo), HCL Corporation Private Limited, Safexpress Private Limited, Deloitte Consulting India Private Limited, Urbanclap Technologies Private Limited (Urban Company), IndusInd Bank Limited, Foresight Group Services Limited FZCO, HDFC Life Insurance Company Limited, Thomas Cook, India, Grant Thornton Bharat LLP, WM Global Technology Services India Private Limited (Walmart Global Tech), VRB Consumer Products Private Limited, Pinkerton Corporate Risk Management Private Limited, MedGenome Labs Limited, Dreamfolks Services Limited, Mercer Consulting(I) Private Limited, FNF India Private Limited (Fidelity), exl Service.com (India) Private Limited, Gujarat Guardian Limited and VA Tech Wabag Limited. In the financial year ended Fiscal 2024, Fiscal 2023 and Fiscal 2022 company provided ETS and CCR services to 773, 756 and 579 corporate customers, respectively



INVESTMENT RATIONALE

<p><i>Long-standing customer relationships with business synergies across business segments</i></p>	<p>Company have, through two and a half decades of business operations, established long-term relationships with customers across industries which company cater to. Company provide its services to its customers operating in a range of industries including information technology, business process outsourcing, global capability centres, consultancy, healthcare, e-commerce, pharmaceutical, legal and manufacturing. Company’s ability to address the transportation requirements of its customers over long periods, its dedicated service teams, its operational excellence and processes to ensure high quality levels has enabled company to acquire new customers. In Fiscal 2024, company provided CCR and ETS to 42 Fortune 500 companies and 60 BSE 500 companies, amongst others, in India. Company’s customers include InterGlobe Aviation Limited (Indigo), HCL Corporation Private Limited, Safexpress Private Limited, Deloitte Consulting India Private Limited, Urbanclap Technologies Private Limited (Urban Company), IndusInd Bank Limited Foresight Group Services Limited FZCO, HDFC Life Insurance Company Limited, Thomas Cook, India, Grant Thornton Bharat LLP, WM Global Technology Services India Private Limited (Walmart Global Tech), VRB Consumer Products Private Limited, Pinkerton Corporate Risk Management Private Limited, MedGenome Labs Limited, Dreamfolks Services Limited, Mercer Consulting(I) Private Limited, FNF India Private Limited (Fidelity), exl Service.com (India) Private Limited, Gujarat Guardian Limited and VA Tech Wabag Limited</p>
<p><i>Comprehensive technology ecosystem enabling operational superiority</i></p>	<p>Company is focused on ensuring seamless integrations across front end applications and back-end systems. Company’s focus on proprietary technology has enabled it to better manage its service offerings and improve operating efficiencies by integrating its service functions and ensuring accuracy, reliability and swiftness in its operations. Company’s outsourced technology team follows a structured process towards innovation and solutions to address customer concerns and drive service which has enabled company to develop a large customer base, strengthen customer relationships and improve brand recognition.</p>
<p><i>Robust financials with consistent performance</i></p>	<p>Company strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability. Company’s financial strength provides it a valuable competitive advantage over company’s competitors with access to financing, which are factors critical to its business. Company also exhibit the highest asset utilization of 16.04 times among peers for Fiscal 2023 (Source: F&S Report), indicating efficient resource management in generating revenue through company’s asset light business model thereby helping it in catering to the demand without incurring additional capex (Source: F&S Report). Further, company maintain the healthiest debt profile amongst peers in India’s corporate mobility market with 0.29 times equity for Fiscal 2023 (improved further as of FY2024 at 0.12 times equity) owing to company’s differentiated asset light model.</p>



OBJECTS OF OFFER

The objects of the Offer are to (i) achieve the benefits of listing the Equity Shares on the Stock Exchanges; and (ii) carry out the Offer for Sale of up to 18,000,000 Equity Shares by the Selling Shareholders.

RISKS

Company is measured against high quality service standards and governed by the terms and condition of its contracts with its customers. Any failure by company to comply with these standards or the terms and conditions may lead to the cancellation of existing and future bookings, which could adversely affect its reputation, business, results from operations, financial conditions and cash flows.

Source:RHP

INDUSTRY OVERVIEW

MARKET FORECAST ANALYSIS – CORPORATE MOBILITY INDIA

Key Risks and Restraints/Challenges

- **Fragmentation:** The corporate mobility market is fragmented with numerous small, localized players, leading to inconsistencies in service quality, scalability challenges, and limited bargaining power with corporate clients.
- **Operational Challenges:** Managing a large fleet of vehicles, ensuring maintenance, and complying with complex regulations present hurdles in achieving efficiency and controlling costs within the corporate mobility sector.
- **Driver Management:** Recruiting, training, and retaining reliable drivers is crucial but challenging, directly impacting service quality and safety standards.

Key Opportunities and Drivers

- **Tier 2 & 3 city expansion:** By CY2028, India's Tier 2 and Tier 3 cities are projected to host 57% of the urban workforce. Although Tier 1 cities currently contribute significantly to corporate mobility revenue, mobility providers are aiming to capitalize on these smaller cities as additional revenue sources. The expansion of ITES and increasing business travel needs correlate directly growth in corporate mobility.
 - **Global expansion:** Over the last decade, IT and ITES companies have been expanding their operations into countries such as the Philippines, South Africa, Romania, and the Middle East (especially within construction firms). This expansion has driven a growing demand for corporate mobility. Indian companies, especially those with organized structures and the necessary expertise, have a significant opportunity to quickly establish themselves in these regions.
 - **Embracing Technology for efficiency:** Investing in technology and digital platforms presents a unique opportunity for corporate mobility providers. By doing so, they can enhance their service ecosystem, leverage data for informed decision-making, improve efficiency, and attain greater autonomy. This approach contrasts with reliance on third-party technology providers, which could potentially exploit shared data to exert control over mobility providers.
- Huge expansion of GCCs in India: India's strong IT sector and cost-effective workforce are fueling the growth of Global Capability Centers (GCCs). The number of GCCs is expected to rise from 1580 in CY2023 to 2400 by CY2030. Government policies promoting R&D and innovation hubs in key sectors like IT, electronics, and EVs further strengthen this growth. Additionally, development of GCC clusters in Tier 2 & 3 cities like Hosur and Nashik complements established centers in Pune and Bengaluru. This in turn is leading to higher demand for quality employee transport from these GCCs. 546 372 36 10 - 100 200 300 400 500 600 India China US Europe
- No. of Employees per Vehicle, Corporate Mobility
- **Increased Airport Connectivity Fuels Demand for Chauffeur Driven Mobility:** India's booming air travel sector, with a growing network of airports, creates opportunities for corporate mobility solutions. Businesses will require efficient chauffeur driven mobility options to connect employees with these expanding air hubs, driving demand for corporate mobility to bridge first and last-mile gaps.
 - **Business Travel to Soar:** Business travel expenditure in India surged by 24.7% last year, with expectations for a full recovery to pre-Covid levels by CY2025 and a further increase to 120% by CY2027, as indicated by the Global Business Travel Association. This underscores a substantial potential for corporate mobility in India.
 - **Improved Road Networks Drive Ground Travel:** Investments by the government in road infrastructure projects, such as the National Infrastructure Pipeline, offer substantial prospects for corporate mobility solutions. Improved roads lead to increased road passenger traffic, shifting short trips from air travel to road transport.
 - **Formalization Fuels Growth:** The Indian corporate mobility sector is transitioning from unorganized local players to organized service providers. This shift is driven by companies' growing needs for reliability, scalability (PAN-India operations), and operational efficiency. Organized players, with centralized management, technology adoption, and safety protocols, are well-positioned to address these demands, fueling significant growth opportunities for established corporate mobility providers.



Consolidated Financials

(Rs in Mn)

Financials	FY22	FY23	FY24
Total Revenue (A)	1473.44	4226.76	5544.11
Total Expenditure (B)	1292.93	3529.49	4644.48
EBIDTA	180.51	697.27	899.63
EBIDTA Margin	12.25	16.50	16.23
Other Income	42.10	27.53	137.94
Depreciation	80.06	119.53	187.10
EBIT	142.55	605.27	850.47
Interest	12.66	22.36	27.30
PBT	129.89	582.91	823.17
Share of profit in Asso	0.00	0.00	0.00
PBIT	129.89	582.91	823.17
Exceptional	0.00	0.00	0.00
PBT	129.89	582.91	823.17
Tax	31.18	147.00	197.86
PAT	98.71	435.91	625.31
NPM	6.70	10.31	11.28
ROE%	14.80	46.70	42.75
EPS	1.65	7.27	10.42
Eq Cap	0.60	0.60	120.00
Net Worth	715.64	1,151.25	1,774.12

(Source: RHP)

Peer Comparison

Company Name	P/E	Revenue from operations (Rs in Mn)	EPS	NAV	ROE %
<i>Ecoss (India) Mobility & Hospitality Limited</i>		<i>5682.05</i>	<i>10.42</i>	<i>29.57</i>	<i>42.75</i>
Peers					
Wise Travel India Ltd	20.82	4140.87	12.79	89.52	15.62
Shree OSFM EMobility Ltd	23.73	1190.59	7.02	58.64	15.254

(Source: RHP)



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