

RETAIL EQUITY RESEARCH

Ecos (India) Mobility & Hospitality Ltd.

People Mobility Solutions

SENSEX: 81,712

NIFTY: 25,018

SUBSCRIBE

Price Range Rs.318- Rs.334

A premier people mobility player in India...

Ecos (India) Mobility & Hospitality Ltd. (EMHL) incorporated in 1996, specializes in providing Chauffeur-driven Car Rentals (CCR) and Employee Transportation Services (ETS) to corporates in India. The CCR segment functions as a B2B2C business, catering to corporate clients with end-users such as employees or guests, while the ETS segment focuses on managing employee transportation between home and office. As of FY24, the company operates in 109 cities across India, utilizing both its own vehicles and vendors, and covers 21 states and four union territories with a fleet of over 12,000 vehicles. Additionally, it offers global car rental services in over 30 countries and has completed more than 3,100,000 trips, averaging over 8,400 trips per day.

- As per the F&S Report, India has lower corporate mobility access (one car for 546 employees in CY2023) as compared to other regions like China, U.S and Europe. Organized players are well-positioned to capitalize on this under-penetration and cater to the growing demand for employee transportation solutions.
- The company follows an asset light business model, owning only ~6% of its total fleet, while managing the remaining through vendors across 97 cities in India.
- The company generates revenue from both CCR and ETS segments, with ETS contributing ~55% and CCR making ~43% of its total revenue in fiscal 2024, supported by robust customer base of over 1,100 organizations.
- The company has shown consistent growth in revenue and profitability, with revenue, EBITDA, and PAT achieving a CAGR of 94%, 123% and 152%, respectively, from fiscal 2022 to 2024.
- In FY24, the EBITDA margin and PAT margin stood at 16% and 11%, respectively. Return ratios have remained strong, with RoE at 35% and RoCE at 36% for the same period.
- According to the F&S Report, EMHL demonstrated the highest asset utilization among its peers for Fiscal 2023, achieving a ratio of 16x, indicating efficient resource management and an asset-light business model, enabling the company to meet demand without incurring additional capex.
- At the upper price band of ₹334, EMHL is available at a P/E ratio of 32x (FY24), which seems fully priced. Considering its leading position in the industry with a large fleet size compared to peers, a robust client retention ratio of ~90%, increasing penetration in Tier-II and Tier-III cities, and a robust financial & margin profile, we assign a "Subscribe" rating on a short- to medium term basis.

Purpose of IPO

The IPO comprises only an Offer for Sale (OFS) of Rs.601.2cr, with selling share holders including Promoters Rajesh Loomba (Rs.330.7cr) and Aditya Loomba (Rs.270.5cr). The objective of the offer is to achieve the benefits of listing the equity shares on the stock exchanges.

Key Risks

- Business heavily reliant on a few major cities in India.
- Increase in vendor and vehicle operation costs could reduce margins and profitability.

Peer Valuation

Company	M.Cap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	D/E(x)	CMP
Ecos (India) Mobility	2004	554	16.2	11.3	10.4	35.2	32.0	0.17	334
Wise Travel India	652	410.6	10.5	6.0	13.0	16.0	20.9	0.18	272
Shree OSFM E-Mobility	286	118.2	11.2	7.0	7.0	15.2	28.6	0.21	200

Issue Details	
Date of opening	August 28, 2024
Date of closing	August 30, 2024
Total No. of shares offered (cr.)	1.80
Post Issue No. of shares (cr)	6.0
Price Band	₹318- ₹334
Face Value	₹2
Bid Lot	44 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,696
Maximum application for retail (upper price band for 13 lot)	₹ 1,91,048
Listing	BSE,NSE
Lead Managers	Equirus Capital Pvt. Ltd, IIFL Securities Ltd.
Registrar	Link Intime India Pvt Ltd
Issue size (upper price)	Rs.cr
Fresh Issue	-
OFS	601.2
Total Issue	601.2

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	98.0	68.0
Public-Others	2.0	32.0
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	210.4
Non-Institutional	15	90.2
QIB	50	300.6
	-	
Total	100	601.2

Y.E March (Rs cr) Consol.	FY22	FY23	FY24
Sales	147.3	422.7	554.4
Growth (%)	-	186.9	31.2
EBITDA	18.1	69.7	90.0
Margin(%)	-	286.	29
PAT Adj.	9.9	43.6	62.5
Growth (%)	-	341.6	43.4
EPS	1.6	7.3	10.4
P/E(x)	203	46.0	32.0
EV/EBITDA (x)	111.2	29.3	22.6
RoE (%)	13.8	37.9	35.2

Source: Geojit Research, Bloomberg; Valuations of EMHL is based on upper end of the price band (post issue), Financials as per FY24 consolidated.



Description of Services

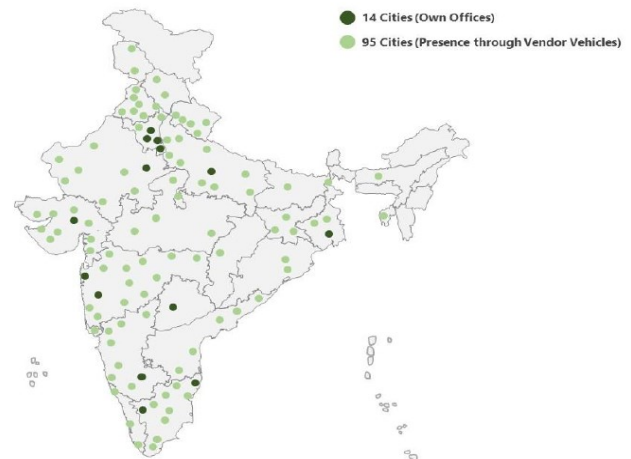
Company provides services to customers across public and private sectors operating in a range of industries including information technology, business process outsourcing, consultancy, healthcare, e-commerce, pharma, legal and manufacturing. Company's business operations are broadly categorized under the following business verticals: (i) CCR; and (ii) ETS. They also provide cars of self-drive basis in the cities of Delhi, Gurugram, Mumbai and Bengaluru. Moreover, they have also provided self-drive cars outside India through partners.

Chauffeured Car Rentals : Company offers economy to luxury cars, mini vans and luxury coaches with professionally trained chauffeurs to customers through this segment. The CCR segment is a B2B2C business, where customers are corporate companies, and the end consumer is an employee of these corporate companies. Company also has a high diversity of vehicles in their fleet to offer to customers, from economy vehicles to luxury vehicles to buses.

Employee Transportation Services: Through ETS segment, Company offers customers with solutions to manage their employee ground transportation. They provide ETS in 10 cities in India, i.e., Bengaluru, Gurugram, Mumbai, Hyderabad, Pune, Noida, Chennai, Kolkata, Ahmedabad, Jaipur. ETS segment caters to the daily home-office-home transportation requirements of employees of corporate customers. They may invoice our customers on either a trip basis, kilometre basis or on a monthly package, as per agreement with the customer.

Set out below is the split of revenue from operations derived from operations states in India, for Fiscal 2024, Fiscal 2023 and Fiscal 2022.

States	Major focussed cities	Revenue contribution (%)		
		FY22	FY23	FY24
Karnataka	Bangalore	14.3%	20.4%	19.9%
Haryana	Gurgaon	13.3%	14.6%	16.1%
Delhi	Delhi	7.6%	7.0%	6.1%
Maharashtra	Mumbai,Pune	25.6%	19.4%	18.7%
Telangana	Hyderabad	7.9%	11.6%	10.3%
Tamil Nadu	Chennai	3.2%	5.1%	7.8%
Uttar Pradesh	Noida	4.8%	5.7%	6.1%
Gujarat	Ahmedabad	2.1%	2.0%	2.9%
West Bengal	Kolkata	5.0%	2.5%	2.0%
Rajasthan	Jaipur	2.3%	1.9%	1.7%
Other States	-	9.2%	5.9%	5.5%
Others		4.7%	3.9%	2.9%
Total		100.0%	100.0%	100.0%



Source : RHP, Geojit Research

The breakdown of B2B customers and revenue from operations from the customers is set out in the table below:

Customers	FY22		FY23		FY24	
	No. of Customers	% of revenue	No. of Customers	% of revenue	No. of Customers	% of revenue
MNC Corporates	186	46.6%	265	46.9%	237	48.8%
Indian Corporates	393	35.9%	491	37.6%	536	37.1%
Event Based Transportation	4	7.5%	4	6.2%	13	4.4%
Travel Company/Tour Agent	126	0.7%	175	3.2%	170	4.2%
Others total	-	9.3%	-	6.2%	-	5.5%
Total	709	100.0%	935.00	100.0%	956	100.0%

The table below sets out the number of vehicles which operate in each segment & business division % of sales;

Particulars	FY22	FY23	FY24
	Fleet		
Economy	370	528	413
Premium	166	217	255
Luxury	27	30	28
Buses/ Vans	35	48	54
Vehicles owned	598	823	750
Vehicles operated through vendors	3825	6991	12166
No of vendors including global	2049	3265	5410
	Business Division & % of revenue		
Chauffeured Car Rentals (CCR)	57%	51%	43%
Employee Transportation Services (ETS)	39%	46%	55%
Others	4%	3%	2%
Total	100%	100%	100%
Revenue from operations outside India	0.9%	1.2%	0.9%

Source : RHP, Geojit Research

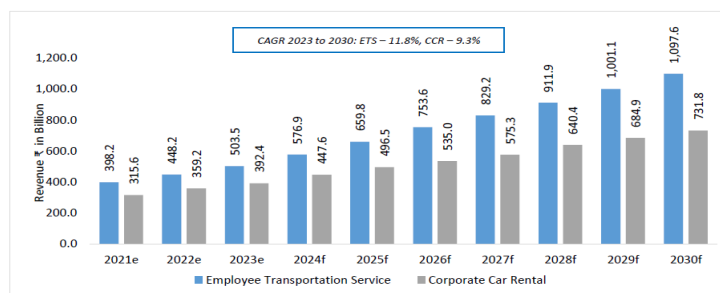
Key strategies

- Expanding presence in Tier-II and Tier-III cities in India and increasing penetration in cities with existing operations.
- Acquisition of new customers and increasing revenue from existing customers and expanding sales team
- Continue to focus on technology to ensure operational excellence.
- Continue focus on building brand through brand building strategies and focus on operational excellence.
- Expanding geographical footprint globally
- Leverage position in the chauffeur driven mobility provider industry to capitalize on the growth in the industry which will drive next phase of growth

Industry outlook

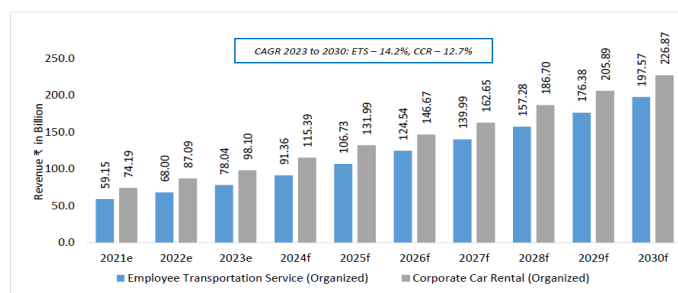
The market for ETS in India is US\$ 6.1 billion in Fiscal 2023. Organized players hold an estimated 15% market share of the total ETS market in India (as of CY2023). Further, the market for CCR in India is US\$ 4.7 billion in Fiscal 2023. The organized segment in the CCR market is estimated to hold a share at about 25% of total market (as of CY2023). The market growth in the ETS and CCR segments is fuelled by transition from remote work to in-office work, rise in corporate air travel, expansion of office space and expansion of tier-II and tier-III cities, and enhanced efficiency by consolidating car rental and employee transportation services with a single or fewer vendors providing centralised solutions for nationwide coverage. The corporate car rental market in India has grown from a revenue of ₹315.6 billion in CY 2021 to ₹392.4 billion in CY 2023. The employee transportation service market in India has grown from a revenue of ₹398.2 billion in CY 2021 to ₹503.5 billion in CY2023 (Source: F&S Report).

Corporate Mobility, Revenue Analysis, India, CY2021 to CY2030



e: estimates; f: forecasts. Source: Frost & Sullivan

Revenue of Organized Business in ETS and CCR, India, CY2021 to CY2030



e: estimates; f: forecasts. Source: Frost & Sullivan

Source: RHP, Geojit Research

Promoter and promoter group

Rajesh Loomba, Aditya Loomba, Nidhi Seth, Rajesh Loomba Family Trust and Aditya Loomba Family Trust are the Promoters of the Company. As on the date of this Red Herring Prospectus, Promoters collectively hold 58,649,983 Equity Shares, representing 97.75% of the paid-up Equity Share capital of the Company

Brief Biographies of directors

- **Rajesh Loomba** is the Chairman and Managing Director of the Company
- **Aditya Loomba** is the Joint Managing Director of the Company
- **Nidhi Seth** is a Non-Executive Director of the Company
- **Rajeev Vij** is an Independent Director of the Company
- **Debashish Das** is an Independent Director of the Company.
- **Archana Jain** is an Independent Director of the Company

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY22	FY23	FY24
Sales	147.3	422.7	554.4
% change	-	186.9	31.2
EBITDA	18.1	69.7	90.0
% change	-	286	29
Depreciation	8.0	12.0	18.7
EBIT	10.0	57.8	71.3
Interest	1.3	2.2	2.7
Other Income	4.2	2.8	13.8
Exceptional items	-	-	-
PBT	13.0	58.3	82.3
% change	-	349.0	41.2
Tax	3.1	14.7	19.8
Tax Rate (%)	24	25	24
Reported PAT	9.9	43.6	62.5
Adj	-	-	-
Adj. PAT	9.9	43.6	62.5
% change	-	341.6	43.4
Post issue No. of shares (cr)	6.0	6.0	6.0
Adj EPS (Rs)	1.6	7.3	10.4
% change	-	341.6	43.4

BALANCE SHEET

Y.E March (Rs cr)	FY22	FY23	FY24
Cash	13.2	5.9	6.4
Accounts Receivable	21.4	65.3	71.1
Inventories	-	0.3	0.2
Other Cur. Assets	10.2	22.1	19.5
Investments	49.8	86.8	144.4
Deff. Tax Assets	3.3	3.2	2.8
Net Fixed Assets	12.6	31.6	38.2
CWIP	-	-	-
Intangible Assets	0.7	5.0	8.4
Other Assets	1.2	9.5	5.8
Total Assets	112.0	230.0	297.0
Current Liabilities	24.8	52.1	65.0
Provisions	2.8	3.8	5.2
Debt Funds	4.0	38.1	29.8
Other Fin. Liabilities	9.2	19.3	19.3
Deferred Tax liability	-	1.3	-
Equity Capital	0.1	0.1	12.0
Reserves & Surplus	71.5	115.1	165.4
Shareholder's Fund	71.6	115.1	177.4
Total Liabilities	112.0	230.0	297.0
BVPS (Rs)	11.9	19.2	29.6

CASH FLOW

Y.E March (Rs cr)	FY22	FY23	FY24
PBT Adj.	13.0	58.3	82.3
Non-operating & non cash adj.	5.7	11.9	8.1
Changes in W.C	3.0	-53.8	-23.3
C.F.Operating	22	16	67
Capital expenditure	-0.0	-32.2	-19.3
Change in investment	-8.0	-10.5	-43.6
Sale of investment	-	-	6.0
Other invest.CF	0.5	-4.1	2.8
C.F - investing	-7.6	-46.7	-54.2
Issue of equity	-	-	-
Issue/repay debt	-11.7	19.8	-8.5
Dividends paid	-	-	-
Other finance.CF	-1.3	-1.9	-2.3
C.F - Financing	-13.0	17.9	-10.8
Change. in cash	1.1	-12.5	2.1
Opening Cash	6.8	7.9	-4.6
Closing cash	7.9	-4.6	-2.5

RATIOS

Y.E March	FY22	FY23	FY24
Profitab. & Return			
EBITDA margin (%)	12.3	16.5	16.2
EBIT margin (%)	6.8	13.7	12.9
Net profit mgn.(%)	6.7	10.3	11.3
ROE (%)	13.8	37.9	35.2
ROCE (%)	28.7	39.6	35.8
W.C & Liquidity			
Receivables (days)	53	37	45
Inventory (days)	0	0	0
Payables (days)	53	39	39
Current ratio (x)	3.4	3.2	3.4
Quick ratio (x)	1.4	1.4	1.2
Turnover & Levq.			
Net asset T.O (x)	11.7	19.1	15.9
Total asset T.O (x)	1.3	2.5	2.1
Int. covge. ratio (x)	7.9	25.8	26.1
Adj. debt/equity (x)	0.1	0.3	0.2
Valuation ratios			
EV/Sales (x)	13.6	4.8	3.7
EV/EBITDA (x)	111.2	29.3	22.6
P/E (x)	203	46	32
P/BV (x)	28.0	17.4	11.3

DISCLAIMER & DISCLOSURES

Certification

I, Rajeev.T, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

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We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

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(ii) It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein. at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:(i) He, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report

2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

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4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, Rajeev T, Research Analyst (s) of Geojit have not served as an officer, director or employee of the subject company

5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

6. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

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Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: www.geojit.com. For investor queries: customercare@geojit.com. **Compliance officer:** Ms. Indu K. Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi – 682024; Phone: +91 484-2901367; Email: compliance@geojit.com. **For grievances: Grievance Officer:** Mr Nitin K; Address: Geojit Financial Services Limited,34/659 P, Civil Lane Road, Padivattom, Kochi – 682024; Phone: +91 484-2901363; Email: grievances@geojit.com. Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

