

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

ECOS MOBILITY AND HOSPITALITY LIMITED

Aug 28, 2024





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Details of the Issue

Price Band	₹ 318- ₹ 334
Issue Size	₹ 601.20 Cr
Face Value	₹ 2
Bid Lot	44
Listing on	BSE, NSE
Post Issue Mcap	₹ 2004 Cr
Investment Range	₹ 13,992 - ₹ 14,696

Important Indicative Dates (2024)

Opening	28 - Aug
Closing	30 - Aug
Basis of Allotment	02 - Sep
Refund Initiation	03 - Sep
Credit to Demat	03 - Sep
Listing Date	04 - Sep

Lead Manager

Equirus Capital Private Limited
 IIFL Securities Limited

Offer Details

Offer Size	₹ 601.20 Cr
Fresh Issue	-
OFS	₹ 601.20 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	300.6	9	9.45	50
NIB	90.18	2.70	2.83	15
Retail	210.42	6.3	6.61	35
Em-ploy.	-	-	-	-
Total	610.20	18	18.89	100

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Company Profile

ECOS Mobility is the largest and most profitable chauffeur-driven mobility provider in India, with a leadership position maintained for over 25 years. In Fiscal 2024, it served 42 Fortune 500 and 60 BSE 500 companies, demonstrating its extensive reach across 109 cities in 21 states and four union territories. The company, which operates both Chauffeured Car Rentals (CCR) and Employee Transportation Services (ETS), completed over 3.1 million trips and saw a significant increase in premium vehicle bookings. With a fleet of over 12,000 vehicles ranging from economy to luxury, ECOS Mobility uses an asset-light model that relies heavily on vendor partnerships. Its advanced technological integration, including custom tools and APIs, enhances operational efficiency and customer experience. Serving a broad range of industries, ECOS Mobility's client base grew from 579 in Fiscal 2022 to 773 in Fiscal 2024, highlighting its comprehensive corporate transportation solutions.

Business Highlights & Services

ECOS (India) Mobility & Hospitality Limited, established in February 1996, stands as a prominent player in India's chauffeur-driven car rental sector, offering Chauffeured Car Rentals (CCR) and Employee Transportation Services (ETS). With operations spanning 109 cities across 21 states and four union territories, the company has demonstrated significant market penetration and scalability. In Fiscal 2024, it completed over 3.1 million trips, supported by a fleet of over 12,000 vehicles, and serves a diverse clientele including Fortune 500 companies. The company's strategic focus on expanding into tier-II and tier-III cities, driven by rising corporate migration and infrastructure development in these regions, positions it to capture emerging market opportunities. The potential for growth is underscored by the current disparity in employees per commercial vehicle in India compared to global benchmarks, highlighting significant room for expansion. Leveraging its technological capabilities and operational excellence, ECOS Mobility is well-positioned to enhance its footprint, particularly in high-growth regions and key economic hubs like Mumbai and Bengaluru, offering promising investment prospects in the expanding corporate mobility sector.

The company's successful track record of revenue growth from existing clients, combined with plans to introduce loyalty programs and forge new partnerships with major credit card providers, underscores its potential for continued expansion. The increasing shift of corporates toward organized players due to concerns over safety and reliability in the unorganized sector further supports the company's growth strategy. With a strengthened sales team, focused efforts on acquiring government contracts, and a commitment to leveraging advanced technology through updates like the New RentNet system and integrations such as CabDrive Pro, ECOS Mobility is well-positioned to capture new market opportunities and enhance operational efficiencies. This strategic focus on expanding its customer base and improving service offerings through technological advancements highlights the company's potential for significant future growth. ECOS (India) Mobility & Hospitality Limited's established brand, effective marketing strategies, and focus on operational excellence underscore its investment appeal. The company's strong domestic presence, global network in over 30 countries, and commitment to customer satisfaction and technological advancements position it for continued growth. Its planned international expansion, enhanced mobile applications, and strategic local partnerships further enhance its potential for sustained profitability and market leadership.



The company boasts a robust pan-India presence in 109 cities and serves over 1,100 organizations, reflecting its extensive market reach and operational excellence. Recognized for its tech-driven solutions and high customer loyalty, the company operates in the US\$ 6.1 billion Employee Transportation Services (ETS) and US\$ 4.7 billion Chauffeured Car Rentals (CCR) markets, which are experiencing growth driven by corporate expansion, increased air travel, and infrastructure development. With the highest asset utilization among peers and a strong 2-year CAGR of 97%, ECOS Mobility's efficient asset-light model and strategic focus position it well to capitalize on ongoing market opportunities. The company's solid financial profile and established customer relationships further enhance its potential for sustained growth and competitive advantage.

CCR and ETS Revenue as Percentage of Total Revenue

Business Divisions	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ million	As a percentage of total revenue from operations (%)	In ₹ million	As a percentage of total revenue from operations (%)	In ₹ million	As a percentage of total revenue from operations (%)
CCR	2,400.22	43.29%	2,163.71	51.19%	845.31	57.37%
ETS	3,032.96	54.71%	1,948.13	46.09%	571.05	38.76%
Total (A)	5,433.18	98.00%	4,111.80	97.28%	1,416.35	96.13%
Others (B)*	110.93	2.00%	114.92	2.72%	57.08	3.87%
Total (A+B)	5,544.11	100.00%	4,226.76	100.00%	1,473.44	100.00%

Revenue from Long-Term Customer Relationships

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ million	As a percentage of total revenue from operations (%)	In ₹ million	As a percentage of total revenue from operations (%)	In ₹ million	As a percentage of total revenue from operations (%)
Customers with whom we have had a relationship of more than five years	3,168.01	57.14%	2,312.57	54.71%	561.19	38.09%

Details Of Vehicle Fleet

Fleet	As of March 31, 2024		As of March 31, 2023		As of March 31, 2022	
	Number of vehicles	As a percentage of our total fleet size	Number of vehicles	As a percentage of our total fleet size	Number of vehicles	As a percentage of our total fleet size
Vehicles owned	750	5.81%	823	10.53%	598	13.52%
Vehicles operated through vendors	12,166	94.19%	6,991	89.47%	3,825	86.48%



The Number of Bookings via Driver and Chauffeur Apps

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Number of bookings executed on driver app	Number of bookings executed on driver app as % of total CCR bookings	Number of bookings executed on driver app	Number of bookings executed on driver app as % of total CCR bookings	Number of bookings executed on driver app	Number of bookings executed on driver app as % of total CCR bookings
Number of bookings	355,390	74.90%	170,232	36.84%	48,205	22.62%

Revenue from Operations Outside India

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)
Revenue from operations outside India	47.41	0.89%	52.62	1.24%	13.13	0.89%

Revenue from Retained Customers

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)	Revenue contribution (in ₹ million)	As a percentage of total revenue from operations (%)
Retained customers*	4,975.64	89.75%	3,597.34	85.11%	1,227.41	83.30%

Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Ecoss (India) Mobility and Hospitality Ltd	2	568	10.42	29.57	NA	42.75%
Peers Group						
Wise Travel India Ltd	10	414	12.79	89.52	20.82	15.62%
Shree OSFM E-Mobility Ltd	10	119	7.02	58.64	23.73	15.24%



Companies Competitive Strength :

- 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.
- Long-standing customer relationships with business synergies across business segments.
- Pan-India presence with operations in 109 cities in India
- Established brand built over years through operational excellence.
- Comprehensive technology ecosystem enabling operational superiority.
- Robust financials with consistent performance .

Key Strategies Implemented by Company

- Expanding the presence in Tier-II and Tier-III cities in India and increasing the penetration in cities with existing operations Develop and grow rooftop solar offering.
- 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 their brand through the brand building strategies and focus on operational excellence.
- Expanding their geographical footprint globally
- Leverage their position in the chauffeur driven mobility provider industry to capitalize on the growth in the industry which will drive the next phase of growth

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	12	0	0
Reserves and Surplus	165	115	72
Net Worth	177	115	72
Revenue	554	423	147
Growth (%)	31%	188%	
EBITDA	91	70	18
EBITDAM (%)	16%	17%	12%
PAT	63	44	10
PATM (%)	11%	10%	7%
ROCE (%)	43%	41%	19%
ROE (%)	43%	47%	15%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 32X. Thus the issue appears to be fairly priced compared to peers.
- ECOS is a leading player in India's chauffeur-driven car rental sector, offering Chauffeured Car Rentals (CCR) and Employee Transportation Services (ETS) across 21 states. Serving a diverse clientele, including Fortune 500 companies, ECOS boasts a fleet of over 12,000 vehicles, from luxury and specialty cars to accessible options, ensuring exceptional service for all needs. The company's asset-light business model has resulted in strong ROE and ROCE of 43% each. From FY22 to FY24, ECOS recorded impressive financial growth, with revenue and PAT growing at a CAGR of 56% and 84%, respectively, while maintaining stable and improving margins. We recommend a "Subscribe" rating for the issue.



Notes

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