

Recommendation	Subscribe	
Price Band	Rs 318-334	
Bidding Date	28 Aug - 30 Aug, 2024	
Book Running Lead Manager	Equirus Capital Private Limited, IIFL Securities Limited	
Registrar	Link Intime India Private Limited	
Sector	Travel	
Minimum Retail Application- Detail At Cut off Price		
Number of Shares	44	
Minimum Application Money	Rs. 14696	
Payment Mode	ASBA	
Financials (Rs Cr)	FY23	FY24
Total Income	423	554
EBITDA	70	90
PAT for the year	44	63
Valuations (FY24)	Upper Band	
Market Cap (Rs Cr)	2,004	
Adj EPS	10.55	
PE	32	
EV/ EBITDA	22	
Enterprise Value (Rs Cr)	2027	
Post Issue Shareholding Pattern		
Promoters	67.6%	
Public/Other	32.4%	
Offer structure for different categories		
QIB	50%	
Non-Institutional	15%	
Retail	35%	
Post Issue Equity (cr)	12.0	
Issue Size (Rs in cr)	601	
Face Value (Rs)	2	
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ECOS specializes in providing chauffeured car rentals (CCR) and employee transportation services (ETS) to corporate clients, including Fortune 500 companies in India, for over 25 years. The CCR segment operates on a B2B2C model, where corporate clients are the direct customers and end-users are their employees or visitors. Through ETS, the company manages employee home-office transportation. The fleet consists of more than 12,000 vehicles, including economy, luxury, mini vans, and specialty vehicles like vintage cars and accessible transportation.

Details of the Issue:

The public issue consists of Offer For Sale aggregating up to Rs 601 Cr.

Investment Rationale:

- Brand Established Through Years of Operational Excellence
- Leading the Market as India's Largest and Most Profitable Chauffeur-Driven Mobility Provider in a Rapidly Growing Industry
- Established customer relationships strengthened by synergies across business segments
- Nationwide presence with operations spanning 109 cities across India
- Comprehensive technology ECO System enabling operational superiority
- Broadening reach in Tier-II and Tier-III cities

Valuation and Recommendation:-

ECOS India Mobility & Hospitality Limited, the largest and most profitable chauffeur-driven mobility provider in India, has a strong market position with operations in 109 cities. Its asset-light business model and focus on technological advancements drive profitability and operational efficiency. The company's superior financial metrics, including EBITDA margins of 16.3%, high ROCE and ROE of 41.2% and 35.7%, respectively. Its consistent performance and strategic expansion, we recommend to subscribe to the issue.

Financials	FY22	FY23	FY24
Net Revenues	147	423	554
Growth (%)	41.9%	186.9%	31.2%
EBITDA	18	70	90
EBITDA Margin (%)	12.3%	16.5%	16.3%
PBT	13	58	83
Adjusted PAT	10	44	63
EPS	1.6	7.3	10.5
ROCE	18.9%	39.5%	41.2%
EV/Sales	13.8	4.8	3.7
EV/EBITDA	112.3	29.1	22.4
P/E	205.1	46.0	31.7

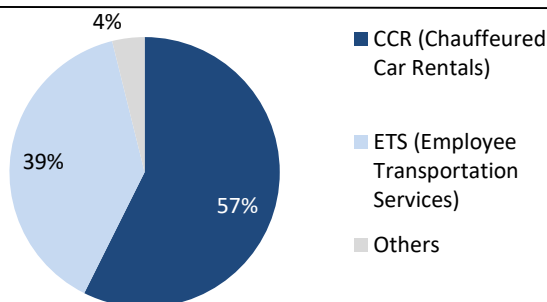
Source: Company data, NBRR

Company Background

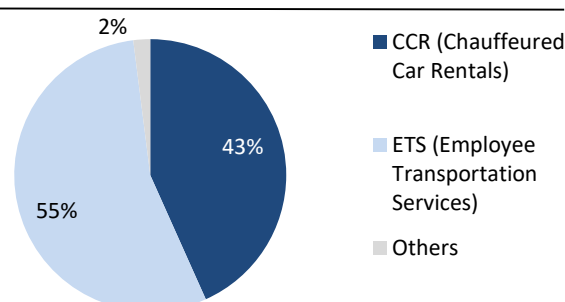
The company specializes in providing chauffeured car rentals (CCR) and employee transportation services (ETS) to corporate clients, including Fortune 500 companies in India, for over 25 years. In Fiscal 2024, it served 42 Fortune 500 and 60 BSE 500 companies. The CCR segment operates on a B2B2C model, where corporate clients are the direct customers and end-users are their employees or visitors. Through ETS, the company manages employee home-office transportation. As of FY24, it has a presence in 109 cities across 21 states and four union territories in India, highlighting its extensive reach.

The fleet consists of more than 12,000 vehicles, including economy, luxury, mini vans, and specialty vehicles like vintage cars and accessible transportation. There is a growing focus on premium vehicles, with bookings for premium cars rising from 60,979 (29% mix) in Fiscal 2022 to 168,261 (35% mix) in Fiscal 2024. The company uses an asset-light model, with most vehicles sourced from vendors rather than owned. Technological integration includes custom booking tools, API integration with client travel desks, and mobile applications for both chauffeurs and customers. The backend system, RentNet, manages various operational aspects. The company provides ETS in 10 cities and has expanded CCR services from 89 to 94 cities in India between Fiscal 2021 and Fiscal 2024.

Revenue Mix (FY22)



Revenue Mix (FY24)



Source: RHP

ECOS addresses global corporate customer requirements with services in over 30 countries, comprising 0.86% of total revenue in FY24. Company plans to expand globally by targeting high-growth markets and offering a diverse vehicle range. ECOS provides services to 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 ECOS provided ETS and CCR services to 773 corporate customers.

Investment Rationale

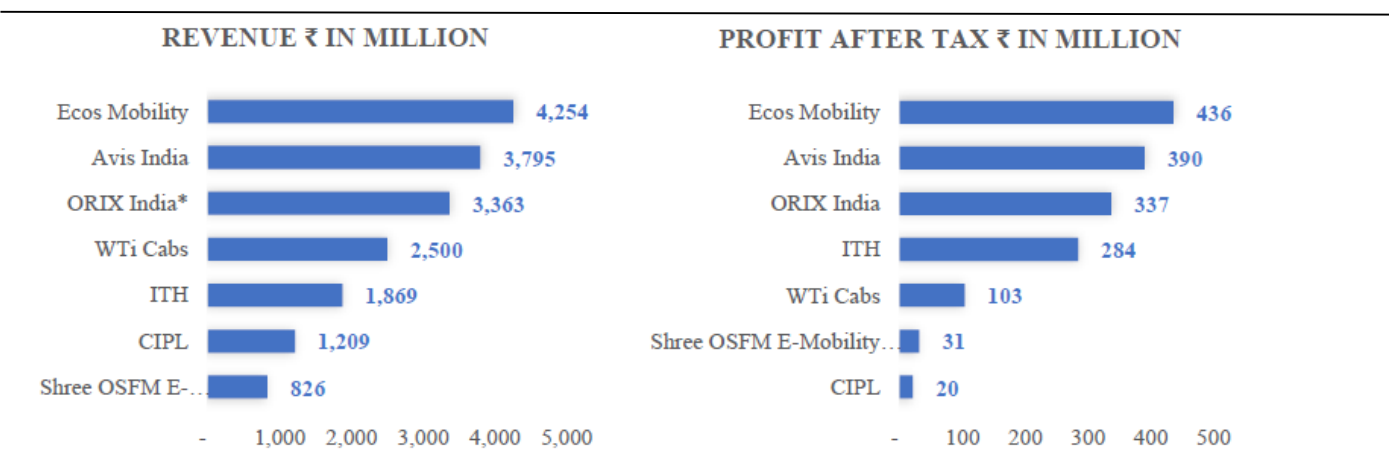
Brand Established Through Years of Operational Excellence

Over 25 years, ECOS has built a strong brand presence in India, known for its high-quality chauffeur-driven services. The company offers well-equipped vehicles, professionally trained chauffeurs, and dedicated account managers, providing comprehensive support and 24x7 customer care. Its emphasis on safety, hygiene, and technology, including GPS tracking and fleet quality checks, reinforces its reputation. Minimal advertising spend is supported by effective branding and online marketing strategies through social media. ECOS also promotes brand loyalty with branded merchandise and strategic partnerships with credit card companies. The company participates in industry events and is affiliated with several prominent organizations to enhance its visibility and showcase its unique selling points.

Leading the Market as India's Largest and Most Profitable Chauffeur-Driven Mobility Provider in a Rapidly Growing Industry

ECOS is India's largest and most profitable chauffeur-driven mobility provider for corporate clients, with a strong presence across 109 cities and a fleet of over 12,000 vehicles ranging from economy to luxury. The company's asset-light business model, which relies on sourcing most vehicles from vendors, enhances its profitability. Catering to Fortune 500 and BSE 500 companies, ECOS offers Corporate Car Rentals (CCR) and Employee Transportation Services (ETS), creating synergies that allow cross-selling opportunities. The market for these services is expanding, driven by the increasing emphasis on employee well-being and corporate travel. The company's revenue and profit margins have consistently grown, solidifying its leadership in the industry.

Top chauffeur driven mobility companies in India (FY23)



Source: RHP

Established customer relationships strengthened by synergies across business segments

ECOS has established strong, long-term relationships with customers across various industries over 25 years, serving sectors like IT, healthcare, e-commerce, and manufacturing. Their commitment to operational excellence and high-quality service has allowed them to attract and retain clients, including 42 Fortune 500 and 60 BSE 500 companies in Fiscal 2024. These relationships generate significant revenue and offer competitive advantages like industry goodwill, deep customer understanding, and opportunities for cross-selling services. This strategy reduces marketing and acquisition costs, enabling ECOS to maintain its market presence and expand its customer base.

Nationwide presence with operations spanning 109 cities across India

ECOS offers its CCR services across 109 cities in India, an increase from 89 cities in Fiscal 2021. Major offices are located in key cities including Bengaluru, Mumbai, and New Delhi, with ETS services available in 10 cities. The company's pan-India presence supports its ability to meet nationwide CCR needs and expand in response to customer demand. With the rise of remote work and emerging trade hubs in tier-II and tier-III cities, ECOS is expanding its footprint and vehicle supply in these regions. The company leverages long-term vendor relationships and technological advancements to enhance operational efficiency and service delivery.

Comprehensive technology ECO System enabling operational superiority

ECOS emphasizes seamless integration between front-end applications and back-end systems to enhance service offerings and operational efficiency. The company's focus on proprietary technology, supported by an outsourced technology team, has strengthened customer relationships, expanded its customer base, and improved brand recognition. Key technological tools include a customizable online booking tool that integrates with customers' platforms, a chauffeur mobile application for booking and route management, and a customer mobile application for managing bookings and chauffeur details. Additionally, CabDrive Pro, a corporate car hire management system, and the RentNet transport management system offer real-time car tracking, customized transport solutions, and enhanced customer service. As the corporate mobility sector becomes more organized, ECOS leverages these advanced technologies to provide transparent, reliable, and efficient services across India, positioning itself to capitalize on the trend toward organized, technology-driven corporate mobility solutions.

Broadening reach in Tier-II and Tier-III cities

ECOS has strategically expanded its presence across India, focusing on both Tier-I and emerging Tier-II and Tier-III cities. The company aims to strengthen its footprint by targeting vibrant trade and tech hubs, supported by inclusive development, infrastructure funding, and the growth of MSMEs. As Tier-II and Tier-III cities become key business centers, driven by 5G rollouts and economic benefits, demand for mobility and logistics is increasing. By 2028, these cities are expected to host 57% of India's urban workforce. Eco Mobility plans to capitalize on this by expanding operations in these areas, including setting up new offices where demand is significant.

Key Risks and Challenges

Limited bargaining power: The corporate mobility market has multiple players thus limiting 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.

Valuation and Recommendation

ECOS has positioned itself as the largest and most profitable chauffeur-driven mobility provider in India, with a strong foothold across 109 cities. The company's well-established brand, built over 25 years, is underpinned by operational excellence, high-quality service, and a customer-centric approach. Its asset-light business model, which relies on vendor-sourced vehicles, significantly enhances profitability while maintaining flexibility in fleet management. ECOS's strategic focus on technological advancements, such as proprietary booking and management systems, further strengthens its market position and operational efficiency.

ECOS has demonstrated strong financial performance compared to its peers and is the industry leader in terms of revenue, indicating its dominant market position. The company's EBITDA margin of 16.3% surpasses peer average of 10.7%, showcasing better operational efficiency on the back of higher focus on the B2B segment which has lesser competition. Additionally, the firm's ROCE (41.2%) and ROE (35.7%) are significantly higher than the average of peers, reflecting superior capital efficiency. Despite having industry leadership, higher margins as well as return ratios, ECOS is available at similar valuations to its peers and thus we recommend to 'subscribe' to the issue.

Listed Peers

FY24 Figures	Wise Travel India	Shree OSFM E-Mobility Ltd	Average	ECOS (INDIA) MOBILITY & HOSPITALITY LIMITED
Revenue	411	118	265	554
CAGR (FY21-24)	113.9%	59.6%	86.8%	74.8%
EBITDA Margin	10.5%	11.0%	10.7%	16.3%
Asset Turns (x)	2.3	1.8	2.1	1.9
W/kg Cap Days	24	45	35	91
ROCE (%)	19.9%	17.6%	18.7%	41.2%
ROE (%)	15.4%	15.0%	15.2%	35.7%
Debt/Equity	0.2	0.2	0.2	0.2
EV/EBITDA	14.4	21.2	17.8	22.4
P/E	30.1	33.0	31.5	31.7

Source: Company, NBRR

Financials

P&L (Rs. Cr)	FY21	FY22	FY23	FY24
Net Revenue	104	147	423	554
% Growth		42%	187%	31%
Cost of goods	61	99	297	389
% of Revenues	59.2%	67.4%	70.2%	70.1%
Employee Cost	18	21	42	57
% of Revenues	17.3%	14.3%	10.0%	10.3%
Other expenses	9	9	14	18
% of Revenues	8.3%	6.0%	3.3%	3.3%
EBITDA	16	18	70	90
EBITDA Margin	15.2%	12.3%	16.5%	16.3%
Depreciation	14	8	12	19
Other Income	6	4	3	14
Interest	3	1	2	2
Exceptional item				
PBT	4	13	58	83
Tax	1	3	14.7	20
Tax rate	26%	24%	25%	24%
Adj. PAT (norm. Tax)	3	10	44	63
% Growth	-	208%	346%	45%
EPS (Post Issue)	0.5	1.6	7.3	10.5

Ratios & Others	FY21	FY22	FY23	FY24
Debt / Equity	0.3	0.1	0.3	0.2
EBITDA Margin	15.2%	12.3%	16.5%	16.3%
PAT Margin	3.1%	6.6%	10.3%	11.4%
ROE	5.1%	13.7%	37.8%	35.7%
ROCE	8.9%	18.9%	39.5%	41.2%
Core ROCE ex-cash &	15.5%	43.8%	60.4%	76.7%

Turnover Ratios	FY21	FY22	FY23	FY24
Debtors Days	71	53	56	47
Creditor Days	60	53	39	39
Asset Turnover (x)	1.0	1.3	1.8	1.9

Valuation Ratios	FY21	FY22	FY23	FY24
Price/Earnings (x)	631.2	205.1	46.0	31.7
EV/EBITDA (x)	128.8	112.3	29.1	22.4
EV/Sales (x)	19.5	13.8	4.8	3.7
Price/BV (x)	32.4	28.0	17.4	11.3

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY21	FY22	FY23	FY24
Share Capital	0.06	0.06	0.06	12
Other Equity	62	72	115	165
Minority Interest	0	0	0	0
Networth	62	72	115	177
Total Loans	16	4	38	30
Other non-curr liab.	2	2	3	4
Trade payable	17	21	45	59
Other Current Liab	11	13	28	27
Total Equity & Liab.	108	112	230	297
Property, Plant and Equipr	20	13	32	38
Investment property	2	2	2	0
Other Intangible assets / F	1	1	5	8
Other non Curr. assets	4	4	7	9
Inventories	0	0	0	0
Cash and cash equivalents	7	8	5	2
Other bank balance	5	5	6	4
Investments	21	30	42	89
Trade receivables	20	21	65	71
Other Current assets	28	29	66	74
Total Assets	108	112	230	297

Cash Flow (Rs. Cr)	FY21	FY22	FY23	FY24
Profit Before Tax	4	13	58	82
Provisions & Others				
Op. profit before WC	17	19	70	90
Change in WC	13	-1	-45	-1
Less: Tax	1	4	-9	-22
CF from operations	31	22	16	67
Payments for purchase/sa	8	0	-32	-19
Investment in mutual fund	-10	-8	-15	-37
Loans given during the yea	0	0	-1	1
Interest received	1	0	1	1
CF from Investing	-2	-8	-47	-54
Proceeds/ Repayment of lc	-22	-12	30	-11
Payment of lease liabilitie	0	0	0	-1
Interest paid	-3	-1	-2	-3
CF from Financing	-25	-13	27	-15
Net Change in cash	5	1	-3	-2
Cash & Bank at beginning	2	7	8	5
Cash & Bank at end	7	8	5	2

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