



SMC Ranking
 ★ ★ ☆ ☆ ☆ (2/5)

Issue Highlights

Industry	Service Sector
Offer for sale (Shares)	18,000,000
Net Offer to the Public	18,000,000
Issue Size (Rs. Cr.)	572-601
Price Band (Rs.)	318-334
Offer Date	28-Aug-24
Close Date	30-Aug-24
Face Value	2
Lot Size	44

Issue Composition

	In shares
Total Issue for Sale	18,000,000
QIB	9,000,000
NIB	2,700,000
Retail	6,300,000

About the company

Founded in 1996, ECOS (India) Mobility & Hospitality Ltd. is India's largest and most profitable provider of Chauffeur-Driven Car Rentals (CCR) and Employee Transportation Services (ETS). The company caters to a prestigious clientele, including Fortune 500 companies, individuals, travel agencies, hotels, and government bodies. With a presence across 109 cities in 21 states and 4 union territories, ECOS boasts a national footprint. The company leverages a combination of their own fleet and partnerships with vendors to ensure service availability. In Fiscal 2024, the company fulfilled the CCR and ETS needs of over 1,100 organizations. Additionally, it offers self-driven car rentals in major cities: Delhi, Gurugram, Mumbai, and Bengaluru. ECOS completed over 3.1 million trips in Fiscal 2024, averaging over 8,400 trips daily across CCR and ETS segments. Its extensive fleet of over 12,000 cars caters to diverse needs. It includes economy, luxury, and minivans, along with specialty vehicles like luggage vans, limousines, vintage cars, and accessible options for people with disabilities. Some of its esteemed clients include Indigo, HCL, Safexpress, Deloitte, Urban Company, IndusInd Bank, HDFC Life, Thomas Cook, Grant Thornton, Walmart Global Tech, and many more.

Strength

India's leading chauffeur-driven mobility provider. Renowned for its profitability and market dominance, the company holds the top position in the Indian market based on revenue and profit for Fiscal 2023. Catering primarily to corporate clients, its extensive network spanning 109 cities, large fleet size, and presence in both Economy Taxi Service (ETS) and Corporate Car Rental (CCR) segments position it well for future growth. While economy cars still account for a significant portion of bookings, the company is strategically focusing on premiumizing its fleet to meet increasing demand for high-end vehicles. Financial performance has been impressive, with revenue from operations growing from Rs.147.34 Crore in Fiscal 2022 to Rs.554.41 Crore in Fiscal 2024. Profit after tax has also seen substantial growth during the same period, increasing from Rs.9.87 Crore to Rs.62.53 Crore. The company's asset-light business model, where it minimizes vehicle ownership and relies on vendor-sourced vehicles, contributes to its strong financial returns. This focused approach sets it apart from competitors with broader business diversification.

Long-standing customer relationships with business synergies across business segments: The Company's success lies in its ability to fulfill customers' transportation needs consistently over extended periods. Dedicated service teams, combined with operational excellence and high-quality processes, have earned the trust of numerous clients. In Fiscal 2024 alone, it provided CCR and ETS services to a prestigious group of companies, including 42 Fortune 500 companies and 60 BSE 500 companies in India. Notably, some of these satisfied clients include industry leaders like InterGlobe Aviation (Indigo), HCL Corporation, and Deloitte Consulting.

Pan-India presence with operations in 109 cities in India: As of March 31, 2024, the company's CCR services were offered through a network of vendors operating in 109 Indian cities. This represents a significant expansion from 89 cities in Fiscal 2021. Strategically located offices in Bengaluru, Gurugram, Mumbai, Hyderabad, New Delhi, Pune, Noida, Chennai, Kolkata, Ahmedabad, Jaipur, Coimbatore, Rohtak, and Lucknow provide strong regional coverage. While ETS services are currently offered in 10 Indian cities, the company's pan-India presence positions it well to meet growing customer demand in emerging markets. Beyond domestic operations, the company leverages a global network of vendors to offer CCR services in over 30 countries, including the USA, UK, France, Italy, Spain, Sweden, Denmark, Japan, China, and Singapore. This

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	97.75%	67.75%
QIB	2.25%	17.25%
NIB	0.00%	4.50%
Retail	0.00%	10.50%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The company will not directly receive any proceeds from the Offer and all the Offer Proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer.

Book Running Lead Manager

- Equirus Capital Private Limited
- IIFL Securities Limited

Name of the registrar

- Link Intime India Private Limited

international reach enables the company to cater to the needs of its customers worldwide. The table below sets out the number of global vendors in Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of global vendors	53	55	32

Established brand built over years through operational excellence: To enhance brand recognition, the company has implemented various branding initiatives. Vehicles and chauffeur uniforms feature the distinctive "Eco" logo, while online marketing campaigns target potential customers through LinkedIn, Instagram, Facebook, YouTube, and targeted emails. Additionally, the company employs SEO and PPC strategies to optimize online visibility. To foster customer loyalty, a range of "Eco" branded merchandise, including coffee mugs, pens, diaries, calendars, caps, and coffee coasters, is offered. Furthermore, the company actively participates in industry conferences and events as a sponsor, maintaining a booth to showcase its offerings. Strategic collaborations with credit card issuing companies have also been established to solidify its market position. Membership in industry organizations such as IATO, OTOAI, TAAI, IEIA, EEMA, CoreNet, GBTA, and ITTA provides opportunities for increased visibility and the promotion of unique selling points at these forums.

Strategy

Expanding its presence in Tier-II and Tier-III cities in India and increasing its penetration in cities with existing operations: The Company's comprehensive geographical presence across India positions it strategically for growth. The management team plans to expand and strengthen its footprint in key regions through a focused expansion and intensification approach. By identifying emerging markets and tailoring its services to meet the unique needs of each location, the company has successfully expanded its reach in India. Furthermore, the company aims to increase market penetration in cities where it already operates. If the demand for ETS and CCR services surpasses a certain threshold in a specific city, or if customer requirements necessitate a local office, the company will consider establishing a new presence. Additionally, the company evaluates the need for additional offices in cities experiencing increasing demand to ensure optimal customer service.

Acquisition of new customers and increasing revenue from existing customers and expanding its sales team: The Company's strong market position within the CCR and ETS segments, coupled with long-standing customer relationships, positions it well for revenue growth. By providing high-quality services and enhancing the overall customer experience, the company has successfully increased revenue from existing clients in the past. To further strengthen customer loyalty and drive revenue, the company plans to introduce loyalty programs offering rewards. Additionally, the company aims to acquire new individual customers through strategic partnerships with major credit card providers, granting access to a wider customer base. Expanding the sales team and entering new geographies are also key strategies for acquiring new customers. The sales team has grown from 23 employees in March 2022 to 31 employees in March 2024, with a focus on securing government contracts. By leveraging its market position, competitive pricing, quality services, and technological capabilities, the company intends to capitalize on the expanding market through both increased revenue from existing customers and the acquisition of new customers.

Continue to focus on technology to ensure operational excellence: The Company prioritizes seamless technology integration between front-end applications and back-end systems. This focus has enabled improved service management, operational efficiency, and enhanced accuracy, reliability, and swiftness. The company's outsourced technology team has developed essential applications, including online booking tools, CabDrive Pro, chauffeur and customer applications, and RentNet. Currently, the company is upgrading its RentNet system to New RentNet, which offers more granular control over city-related features like grouping, geo-location, and banner images. The booking process has been streamlined with features such as segregation by corporate or individual bookings and simplified data entry. This upgrade will better cater to the evolving needs of both customers and the organization. CabDrive Pro empowers corporate customers with greater control over employee bookings from a process, cost, and safety perspective. Its user-friendly interface ensures easy adoption and usage. The company remains committed to investing in technology,

continually improving existing systems, integrating with third-party technologies, and adapting to meet the evolving demands of its customers while maintaining operational efficiency.

Continue focus on building its brand through its brand building strategies and focus on operational excellence: Over its two-and-a-half decades of operation, the company has established a strong brand presence in India. Branding initiatives include featuring the "Eco" logo on vehicles and chauffeur uniforms, along with online marketing campaigns on LinkedIn, Instagram, Facebook, YouTube, and through targeted emails and SEO/PPC. To foster customer loyalty, the company offers "Eco" branded merchandise and actively participates in industry conferences as a sponsor. Strategic collaborations with credit card companies further solidify its market position. The company remains committed to brand building and plans to strategically position it at major airport travel counters. By prioritizing customer experience, safety, and efficient services, the company strives for operational excellence to ensure customer satisfaction.

Expanding its geographical footprint globally: To meet the global CCR needs of corporate customers, the company leverages a network of vendors operating in over 30 countries. The company plans to strategically expand its global presence by identifying key markets and industry segments with high demand, growth potential, and purchasing power. By offering a diverse range of vehicles, the company aims to cater to the unique needs and preferences of international customers, mirroring its approach in the Indian market. To enhance customer convenience and satisfaction, the company intends to evolve its mobile applications and website for easier booking and payment processes. Additionally, the company will personalize service offerings through its customer relationship management system. Strategic partnerships with local transportation providers overseas will further expand service coverage, and operational hubs will be established in key markets and cities to facilitate seamless service delivery.

Leverage Its position in the chauffeur driven mobility provider industry to capitalize on the growth in the industry which will drive its next phase of growth: The company reigns as the largest and most profitable chauffeur-driven mobility provider to corporates in India, based on revenue and profit for Fiscal 2023 (Source: F&S Report). As of March 31, 2024, its extensive network spans 109 cities across India, demonstrating a deep-rooted and widespread presence. This nationwide reach enabled the company to serve the ETS and CCR needs of over 1,100 organizations in Fiscal 2024. Renowned for operational excellence, tech-driven solutions, and customer loyalty, the company has solidified its position as a market leader.

Risk factor

Service Quality and Contract Compliance: ECOS (India) Mobility & Hospitality is subject to strict quality standards and contractual obligations. Failure to adhere to these could lead to cancellations, damaging the company's reputation and financial performance.

Vendor Relationships: The Company relies heavily on vendors for vehicles and chauffeurs. Adverse changes in these relationships or difficulties in securing new ones could negatively impact its operations.

Customer Concentration: A significant portion of ECOS' revenue comes from a few key customers. The loss of these customers due to contract termination or reduced usage could have a severe financial impact.

Operational Costs: The company faces substantial expenses for vendor services and vehicle operations. Increases in these costs could adversely affect its profitability.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Wise Travel India Ltd	1613.65	16.32	8.69	121.43	2.79	378.24	10	1055.2	1666.67
Shree OSFM E-Mobility Ltd	3115.13	102.93	7.63	21.68	2.55	64.95	5	165.45	2232.69
Ecos (India) Mobility & Hospitality Ltd	554.41	62.53	10.42	32.05	11.30	29.57	2	334.00	2004.00

*Peer companies financials are TTM based

**Ecos (India) Mobility & Hospitality Limited's financials are of FY 2024

Valuation

Considering the P/E valuation on the upper price band of Rs.334EPS and P/E of FY2024 are Rs.10.42 and 32.05 multiple respectively and at a lower price band of Rs. 318, P/E multiple is 30.51. Looking at the P/B ratio on the upper price band of Rs.334, book value and P/B of FY24 are Rs.29.57 and 11.30 multiple respectively and at a lower price band of Rs. 318 P/B multiple is 10.75. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

Industry Outlook

The Indian ETS market reached US\$6.1 billion in Fiscal 2023, with organized players holding an estimated 15% market share as of CY2023. Similarly, the CCR market in India reached US\$4.7 billion in Fiscal 2023, with the organized segment accounting for approximately 25% of the total market. Several factors are driving growth in the ETS and CCR segments, including the shift from remote work to in-office work, increased corporate air travel, expansion of office spaces, and the development of Tier-II and Tier-III cities. The trend toward consolidating car rental and employee transportation services with a single or fewer vendors providing centralized solutions for nationwide coverage is also fueling market growth. The corporate car rental market has experienced significant growth, expanding from Rs. 315.6 billion in CY 2021 to Rs. 392.4 billion in CY 2023. Likewise, the employee transportation service market has grown from Rs. 398.2 billion to Rs. 503.5 billion during the same period.

Outlook

ECOS (India) Mobility & Hospitality Ltd., a prominent player in the Indian transportation sector, offers comprehensive CCR and ETS services. With a vast network spanning 109 cities and a fleet of over 12,000 vehicles, ECOS has established itself as the industry leader. The company's asset-light approach, owning only 5.81% of its fleet, contributes to its operational efficiency and financial strength. In FY24, Chauffeured Car Rentals accounted for 43.29% of its revenue, while Employee Transportational Services contributed 54.71%. The remaining 0.20% came from other services. ECOS has consistently demonstrated robust financial performance, with revenue from operations increasing from Rs. 147.34 crore in FY22 to Rs. 554.41 crore in FY24. Its strong balance sheet and profitability make it an attractive investment option for long-term investors.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	28-August-24
BID/ISSUE CLOSES ON	30-August-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	02-September-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	03-September-24
Credit of Equity Shares to Demat Accounts of Allottees	03-September-24
Commencement of trading of the Equity Shares on the Stock Exchanges	04-September-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	554.41	422.68	147.34
Total expenditure	464.45	352.95	129.29
Operating Profit	89.96	69.73	18.05
OPM%	1.62	1.65	1.23
Other Income	13.79	2.75	4.21
Total Net Income	103.76	72.48	22.26
Interest	2.73	2.24	1.27
PBDT	101.03	70.24	21.00
Depreciation	18.71	11.95	8.01
Restated Profit before tax	82.32	58.29	12.99
Tax	19.79	14.70	3.12
PAT	62.53	43.59	9.87

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-24	As on 31-Mar-23	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	38.17	31.64	12.62
Investment property	0.39	1.51	1.51
Intangible assets	0.00	0.01	0.14
Intangible assets under development	0.80	0.08	0.00
Right of use asset	7.56	4.94	0.60
Financial Assets			
Investments	0.45	0.45	0.48
Other financial assets	5.10	8.76	0.74
Other non-current assets	0.25	0.28	0.03
Deferred tax assets (Net)	2.79	3.16	3.26
Total non-current assets	55.52	50.83	19.38
Current asset			
Inventories	0.21	0.30	0.00
Financial Assets			
Investments	89.17	40.84	29.21
Trade receivables	71.06	65.33	21.37
Cash and cash equivalents	2.35	4.54	7.94
Other bank balances	4.05	1.36	5.24
Loans	0.16	0.78	0.18
Other Financial assets	54.84	44.39	19.05
Current tax assets (net)	1.23	0.00	3.75
Other current assets	17.98	21.27	6.14
Assets held-for-sale	0.09	0.06	0.12
Total current assets	241.14	178.88	93.01
Total Assets	296.66	229.71	112.38
Non-current liabilities			
Financial liabilities			
Borrowings	5.98	14.67	0.08
Lease Liabilities	6.78	4.46	0.37
Provisions	3.70	2.85	2.12
Total Non- Financial liabilities	16.46	21.98	2.57
Current liabilities			
Financial Liabilities			
Borrowings	15.74	18.28	3.26
Lease Liabilities	1.27	0.73	0.33
Trades Payable - MSME	9.70	2.07	0.57
Trades Payable - Other than MESE	49.18	43.11	20.76
Other financial liabilities	19.25	19.31	9.17
Current tax liabilities (net)	0.00	1.29	0.00
Provisions	1.54	0.93	0.70
Other current liabilities	6.11	6.89	3.45
Total Financial liabilities	102.78	92.60	38.25
Total	119.25	114.58	40.82
Net worth represented by:			
Equity Share Capital	12.00	0.06	0.06
Other Equity	165.41	115.07	71.50
Net Worth	177.41	115.13	71.56

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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