



IPO Note

ECOS (India) Mobility & Hospitality Limited

Recommendation: **APPLY!**

Company Background -

- ECOS (India) Mobility & Hospitality Limited was originally incorporated on February 15, 1996. The registered office is located at New Delhi, India.
- The Company is primarily engaged in the business of providing chauffeured car rentals ("CCR") and employee transportation services ("ETS").
- The company has a pan-India presence in 109 cities through their own vehicles and vendors, spread across 21 states and four union territories in India.
- The company had 891 permanent employees as of March 31, 2024.

Objects of the Issue -

- The company will not directly receive any proceeds from the Offer.

Promoters Name -

Rajesh Loomba, Aditya Loomba, Nidhi Seth, Rajesh Loomba Family Trust and Aditya Loomba Family Trust

Rationale for recommendation -

- ✓ The company has a vast geographical footprint.
- ✓ The company has seen consistency in the increase of its top line and the bottom line of its financials.
- ✓ The company operates with good margin.
- ✓ The company has a long track of existence.
- ✓ The company operates with an Asset Light Model thus contributing to a faster growth rate.
- ✓ The management overview is decent.
- ✓ The CFO has been positive for three years.

IPO Details

Opening Date	Aug 28, 2024
Closing Date	Aug 30, 2024
Allotment Date	Sep 02, 2024
Listing Date	Sep 04, 2024
Stock Exchange	BSE, NSE
Lot Size	44 Shares
Issue Price Per Share	₹318 to ₹334
Issue Size	601.20 Cr.
Fresh Issue	-
Offer for Sale	601.20 Cr ₹ 14,696 -
Application Amt	₹ 1,91,048 (44 to 572 shares)

INDUSTRY - Mobility Market P/E Average - 22.8

KPI's	KPIs (In Cr)		
	FY 22	FY 23	FY 24
Revenue	147.34	422.68	554.41
EBITDA	18.05	69.73	89.96
Net Profit	9.87	43.59	62.53
RoCE	13.55%	42.14%	36.75%
ROE	13.79%	37.86%	35.25%
P/E	202.42	45.94	32.05

Promoter Share Holding Pattern

Pre-Issue	Post Issue
97.75%	67.75%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	10.42	10.42
BVPS	29.57	29.57
P/E	32.05	32.05
P/BV	11.30	11.30
Mkt Cap (In Cr)	2,004.00	2,004.00

Lead Managers -

Equirus Capital Private Limited

lifl Securities Limited

Registrar -

Link Intime India Private Limited

Business Overview -

The company is engaged in the business of providing chauffeured car rentals (“CCR”) and employee transportation services (“ETS”). In FY2024 the 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 customers are corporate companies, and the end consumer is an employee, client, guest or visitor of these corporate companies.

Through the ETS segment, company offers customers with solutions to manage their employee home-office-home ground transportation.

The company also address the global car rental requirements of corporate customers, through the global network of vendors with capability of providing CCR services in over 30 countries including USA, United Kingdom, France, Italy, Spain, Sweden, Denmark, Japan, China, and Singapore. The company also provide cars of self-drive basis in the cities of Delhi, Gurugram, Mumbai and Bengaluru. The company also provides self-drive cars outside India through vendors.

The company operates a fleet of more than 12,000 economy to luxury cars, mini vans and luxury coaches. The company also provide specialty vehicles such as luggage vans, limousines, vintage cars and vehicles for accessible transportation for people with disabilities.

The company provides its services to customers operating in a range of industries including information technology, business process outsourcing, consultancy, healthcare, e-commerce, pharmaceutical, legal and manufacturing

Business Segment -

Chauffeured Car Rentals –

The company offer economy to luxury cars, mini vans and luxury coaches with professionally trained chauffeurs to the customers through this segment. The company also serve embassies, travel and tourism companies, exhibition and conference organizers, hotels, event management companies, airlines, government bodies, PSUs, NGOs, online bookings, retail and walk-in clients with a diverse range of vehicles where vehicles are provided for airport transfers, local city trips and outstation trips.

The company under this segment establishes long term relationships with the customers with fixed tariffs for car rentals and no surge pricing.

Employee Transportation Services –

The company provides the ETS in 10 cities in India, i.e., Bengaluru, Gurugram, Mumbai, Hyderabad, Pune, Noida, Chennai, Kolkata, Ahmedabad, Jaipur.

The services include dedicated and compliant fleet and chauffeurs with supervisory manpower on site, routing and managing the transport desk/helpdesk for end customers with technology as per the requirements of the customer.

Vehicle Procurement –

The company operates its fleet of vehicles on an asset light model. In Fiscal 2024, Fiscal 2023 and Fiscal 2022, 91.20%, 89.47% and 86.48%, respectively, of the total fleet was from the vendors. The company procure vehicles like Maruti Dzire and Maruti Ertiga for ETS and larger vehicles like Innova Crysta, Commuter, Hycross, Volvo coaches and luxury vans and cars like BMW, Mercedes and Audi for CCR.

Revenue Bifurcation as per business divisions are as follows -

(Amt in Crores)

Business Divisions	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
CCR (Chauffeured Car Rentals)	84.53	57.37	216.37	51.19	240.02	43.29
ETS (Employee Transportation Services)	57.11	38.76	194.81	46.09	303.30	54.71
Others	5.71	3.87	11.49	2.72	11.09	2.00
Total	147.34	100.00	422.68	100.00	554.41	100.00

Competition -

- **Market Competition:** The chauffeur-driven mobility provider industry is characterized by intense competition and rapid changes in customer preferences. Companies compete on various factors such as pricing, service quality, and technology integration.
- **Competitive Landscape:** The competitive landscape includes a mix of large, well-capitalized multinational corporations and smaller, agile local businesses.
- **Barriers to entry:** Relatively low.
- **Bargaining Power of Suppliers:** The bargaining power is slightly high with the suppliers.
- **Bargaining Power of Buyers:** The bargaining power is slightly low with the customers.
- **Threat of Substitutes** – Slightly moderate due to other various transportation alternatives available.

Business Strategies -

Expanding the presence in Tier-II and Tier-III cities in India: The company believes that through technology support and operational excellence, they can facilitate entry into tier-II and tier-III cities and set up offices in these cities. The company intends to increase its penetration in cities with existing operations.

Acquisition of new customers and increasing revenue from existing customers: The company intends to acquire new individual customers through direct brand partnerships with major credit card providers and also intends to increase the sales team and enter new geographies.

Continue focus on building the brand through the brand building strategies: The company intends to strategically position themselves at the travel counters at major airports.

Risk Factors -

There are outstanding litigations involving the directors, and promoters amounting to Rs. 11.6 Cr, which, if determined adversely, could affect the operations.

One of the company's subsidiaries has experienced net losses in Fiscal 2023 and Fiscal 2022.

PEER ANALYSIS

Particulars	ECOS (India) Mobility & Hospitality Limited			Wise Travel India Limited			Shree OSFM E-Mobility Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	7%	10%	11%	4%	4%	6%	5%	4%	7%
EBITDA Margin	12%	16%	16%	8%	8%	11%	12%	10%	12%
RoCE	24%	37%	37%	18%	26%	21%	11%	21%	17%
ROE	14%	38%	35%	2%	5%	22%	0.22%	0.40%	0.92%
EPS (INR)	1.65	7.27	10.42	2.32	6.11	12.79	1.53	2.95	5.67
P/E	202.42	45.94	32.05	-	-	14.66	-	-	21.57

Light Vehicle Mobility Market -

The Indian light vehicle mobility market is divided into the Personal and Cab segments. The “Cab segment” which is the focus of this report, refers to a mobility model where a single vehicle, owned by a specific firm or entity, is utilized to transport multiple users. In this arrangement, the vehicle serves as a shared resource, catering to the transportation needs of various individuals or customers. The cab segment is further divided into Retail, i.e., Business to Consumer(B2C) and Corporate i.e., Business to Business(B2B) categories.

Corporate Mobility Market Analysis -

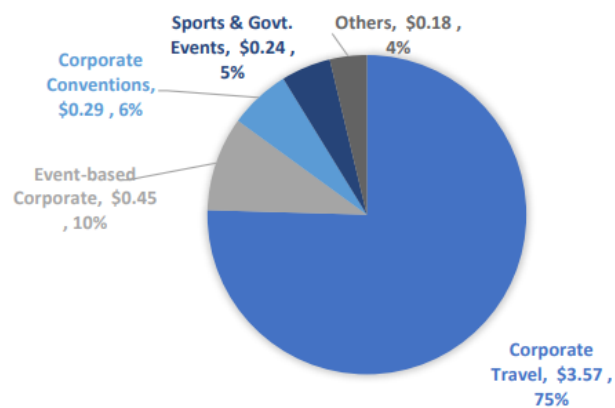
The Indian transportation landscape is experiencing significant shifts, with the ETS and CCR markets showcasing distinct growth trajectories while responding to diverse economic, regulatory, and technological forces. The employee transportation service market, is estimated to have generated a revenue of ₹503.5 billion (\$6.1 billion) as of CY2023, and it exhibits steady expansion growing in line with development of corporates such as IT, Global Capability Centers (GCC) segments etc. It is expected to grow at a CAGR of 11.8% to reach ₹1097.6 billion (\$13.2 billion) revenue in CY2030. This aligns with India's growing economy, the rise of the organized sector, and increasing employee expectations for convenient commutes. The corporate car rental market, estimated at ₹392.4 billion (\$4.7 billion) in CY2023, experiences healthy growth fueled by factors like increasing business travel needs, focus on employee well-being, and demand for premium services. It is estimated to grow at a CAGR of 9.3% to reach annual revenue of ₹731.8 billion (\$8.8 billion) by CY2030.

Retail Mobility Market Analysis -

The retail mobility market is categorized into three segments names retail car rental, self-drive car rental, and ridehailing. The retail car rental business is estimated at ₹336.8 billion (\$4.1 billion) in CY2023, while the ride-hailing business dominates the retail mobility segment.

Retail car rental is expected to post a tremendous growth of 9.2% CAGR between CY2023 and CY2030 to hit ₹623.1billion (\$7.5 billion) annual revenue. This reflects a continued preference for the convenience and status associated with chauffeur-driven services, particularly among retail travelers and high net-worth individuals.

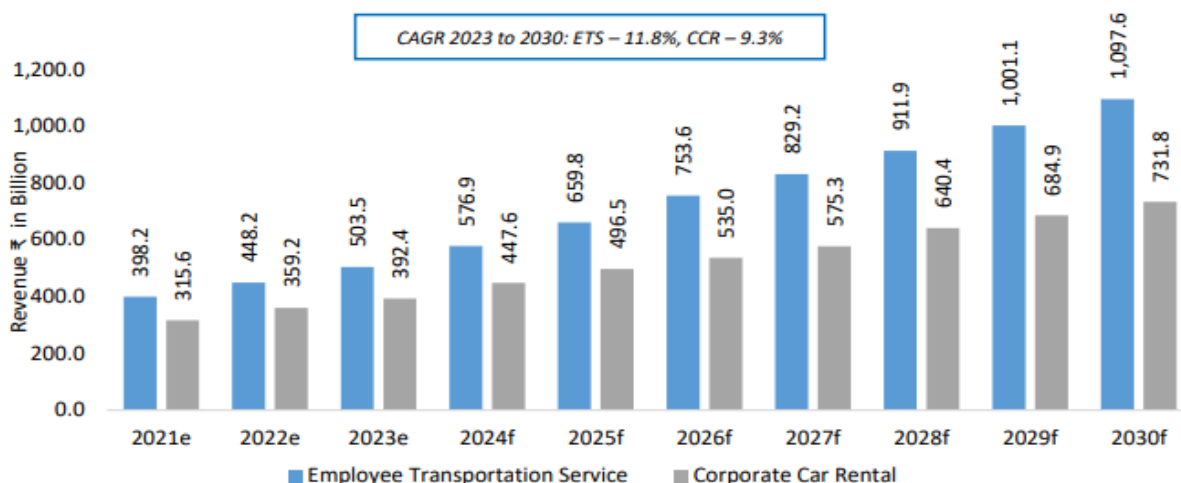
Corporate Car Rental Breakdown by End-User, Revenue Share, India, CY2023



(Source:RHP)

Corporate Mobility, Revenue Analysis, India, CY2021 to CY2030

(Source: RHP)



Key Management -



Key Management Persons Name -	Rajesh Loomba
Age	53
Designation	Promoter, Chairman and Managing Director
Qualification	Bachelor's degree in commerce
Roles and Responsibility	-
Other Directorships	Milan Infrabuild Private Limited, Blueheaven Realcon Private Limited, Optimist Softech Private Limited, C R A Technologies Private Limited, and etc.

Key Management Persons Name -	Aditya Loomba
Age	43
Designation and No. of years of experience	Promoter and Joint Managing Director, associated with the company since 2006
Qualification	Post-Graduation in management
Roles and Responsibility	-
Other Directorships	Jag Hardware Private Limited, Blueheaven Realcon Private Limited, Optimist Softech Private Limited, C R A Technologies Private Limited, and etc.

Key Management Persons Name -	Nidhi Seth
Age	48
Designation	Promoter, and Non-Executive Director
Qualification	bachelor's degree in arts (honors), post-graduate degree in fashion design
Roles and Responsibility	-
Other Directorships	-

Key Management Persons Name -	Rajeev Vij
Age	49
Designation	Independent Director
Qualification	bachelor's degree in science, and an advanced diploma in systems management from NIIT
Roles and Responsibility	-
Other Directorships	Appagallop Private Limited

Key Management Persons Name -	Debashish Das
Age	54
Designation	Independent Director
Qualification	master's degree in science in consultancy management, and a post graduate diploma in business management.
Roles and Responsibility	-
Other Directorships	

Key Management Persons Name -	Archana Jain
Age	50
Designation	Independent Director
Qualification	certificate of practice from the Institute of Chartered Accountants in India.
Roles and Responsibility	-
Other Directorships	Oriana Power Limited, Artes Magic Brush Private Limited, Gulshan Polyols Limited, TRSA India Private Limited, and Tejas Cargo India Private Limited.

FINANCIAL SNAPSHOT**Statement of Profit and Loss**

Amt in Crores

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	147.34	422.68	554.41
Other Income	4.21	2.75	13.79
Total Income	151.55	425.43	568.21
Expenses			
Cost of Service	96.29	292.40	388.65
Purchase of traded goods	2.98	4.72	0.31
Changes in Inventories	-	-0.30	0.09
Employee benefits expense	21.13	42.33	57.25
Finance Cost	1.27	2.24	2.73
Depreciation and Amortization expense	8.01	11.95	18.71
Other expenses	8.90	13.80	18.15
Total Expenses	138.57	367.14	485.89
EBITDA	18.05	69.73	89.96
EBITDA Margin	12.25%	16.50%	16.23%
Profit/(Loss) before tax	12.99	58.29	82.32
Tax Expense			
Current tax	2.82	14.58	19.34
Tax relating to earlier years	0.00	0.01	0.00
Deferred Tax (credit)/ charge	0.30	0.11	0.45
Total Tax Expense	3.12	14.70	19.79
Profit/(Loss) for the year	9.87	43.59	62.53
Net Profit Margin	6.51%	10.25%	11.01%

Statement of Assets and Liabilities

Amt in Crores

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	0.06	0.06	12.00
Other Equity	71.50	115.07	165.41
Total Equity	71.56	115.13	177.41
2. Non-current liabilities			
Financial Liabilities			
(i) Borrowings	0.08	14.67	5.98
(ii) Lease Liabilities	0.37	4.46	6.78
Provisions	2.12	2.85	3.70
Total Non-current liabilities	2.57	21.98	16.46
3. Current liabilities			
Financial Liabilities			
(i) Borrowings	3.26	18.28	15.74
(ii) Lease Liabilities	0.33	0.73	1.27
(iii) Trade Payables			
(a) Outstanding Dues to MSME	0.57	2.07	9.70
(b) Outstanding Dues to other than MSME	20.76	43.11	49.18
(iv) Other Financial Liabilities	9.17	19.31	19.25
Current Tax Liabilities (net)	-	1.29	-
Provisions	0.70	0.93	1.54
Other current liabilities	3.45	6.89	6.11
Total Current liabilities	38.25	92.60	102.78
Total Liabilities	40.82	114.58	119.25
Total Equity and Liabilities	112.38	229.71	296.66
ASSETS			
1. Non-current assets			
Property, Plant and Equipment	12.62	31.64	38.17
Investment Properties	1.51	1.51	0.39

Particulars	FY 22	FY 23	FY 24
Intangible assets	0.14	0.01	-
Intangible assets under development	-	0.08	0.80
Right-to-use assets	0.60	4.94	7.56
Financial Assets	-	-	-
(i) Investments	0.48	0.45	0.45
(iii) Other financial assets	0.74	8.76	5.10
Other non-current assets	0.03	0.28	0.25
Deferred Tax Assets	3.26	3.16	2.79
Total Non-Current assets	19.38	50.83	55.52
2. Current assets			
Inventories	-	0.30	0.21
Financial Assets	-	-	-
(i) Investments	29.21	40.84	89.17
(ii) Trade receivables	21.37	65.33	71.06
(iii) Cash and cash equivalents	7.94	4.54	2.35
(iv) Bank balances other than (iii)	5.24	1.36	4.05
(v) Loans	0.18	0.78	0.16
(vi) Other financial assets	19.05	44.39	54.84
Current Tax Assets (net)	3.75	-	1.23
Other Current Assets	6.14	21.27	17.98
Assets classified as held for sale	0.12	0.06	0.09
Total Current assets	93.01	178.88	241.14
Total Assets	112.38	229.71	296.66

Cash Flow Statement Amt in Crores

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	21.68	16.33	67.14
Net Cash Flow from Investing Activities	-7.58	-46.74	-54.25
Net Cash Flow from Financing Activities	-13.01	17.88	-10.76

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	1.65	7.27	10.42	EV/EBITDA	3.42	2.04	2.14
BV per share	11.93	19.19	29.57	Market Cap / Sales	13.60	4.74	3.61
Operating Ratios				P/E	202.42	45.94	32.05
EBITDA Margins	12.25%	16.50%	16.23%	Price to Book Value	28.00	17.41	11.30
PAT Margins	6.51%	10.25%	11.01%	Solvency Ratios			
Inventory days	-	0.26	0.14	Debt / Equity	0.05	0.29	0.12
Debtor days	52.94	56.41	46.78	Current Ratio	2.43	1.93	2.35
Creditor days	-	-	-	Quick Ratio	2.43	1.93	2.34
Return Ratios				Asset Turnover	1.31	1.84	1.87
RoCE	13.55%	42.14%	36.75%	Interest Coverage Ratio	7.93	18.69	34.89
RoE	13.79%	37.86%	35.25%				

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are Equirus Capital Private Limited, and Iifl Securities Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

Equirus Capital Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	DEE Development Engineers Limited	418.01	203.00	June 26, 2024	349
2.	Capital Small Finance Bank Limited	523.07	468.00	Feb 14, 2024	303
3.	Jyoti CNC Automation Limited	1000.00	331.00	Jan 16, 2024	1,248
4.	Happy Forgings Limited	1008.59	850.00	Dec 27, 2023	1,181
5.	Fedbank Financial Services Limited	1092.26	140.00	Nov 30, 2023	120

The company has handled 14 mandates in the past three years (including the current year).

Iifl Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Unicommerce eSolutions Limited	276.57	108.00	Aug 13, 2024	212
2.	Ceigall India Limited	1,252.66	401.00	Aug 08, 2024	397
3.	Awfis Space Solutions Limited	589.93	383.00	May 30, 2024	795
4.	Go Digit General Insurance Limited	2,614.65	272.00	May 23, 2024	373
5.	JNK India Limited	649.47	415.00	Apr 30, 2024	753

The company has handled 33 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 28th Aug 2024.

As per the offer document, from the above-mentioned mandates 1 has opened at par, 2 has opened at a discount and the remaining all have opened at a premium on the listing day.

Recommendation -

ECOS (India) Mobility & Hospitality India has been in the industry since 1996 and has vast experience in the industry. The management overview of the company is decent.

The P/E on a post-IPO basis is 32.05 times which makes it slightly highly priced by looking at the performance of the company and sector.

The company operates in a growing segment and in a competitive environment. The company has seen consistency in the increase of its top line and the bottom line of its financials. The company is not receiving any fresh issues and is completely going for an offer for sale.

The company has a good geographical footprint in India and Outside India. The company operates in an asset-light model which allows the company to reinvest profits into its working capital thereby increasing its chances of having faster-paced growth. The company currently operates under an asset-light model but has the opportunity to transition to asset ownership. This shift could lower service costs and, combined with ongoing skill development programs for chauffeurs, is expected to enhance operational efficiency further. Alternatively, if the company can tackle the threats which come with an asset-light model the company can continue with the same business model and still grow at a good rate.

Thus, we suggest **APPLY** to this IPO.

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