



# MSEARCH

## INITIAL PUBLIC OFFER (IPO)

28-08-2024

**ECOS (INDIA) MOBILITY & HOSPITALITY LTD**

**28-08-2024 TO 30-08-2024**

**Industry: Road Transport**

**Price Band: ₹318 - 334**

**Recommendation: Subscribe with Risk**

**Post Implied Market Cap: – ₹1,908 - ₹2,004 Cr**

### Key Data

Issue Size (₹ Cr)	572 - 601
Fresh (₹)	0
OFS (₹)	601
No. of shares offered	18,000,000
Face Value (₹ /share)	2
Bid Lot	44

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	02-09-2024
Refunds/Unblocking ASBA Fund	03-09-2024
Credit of equity shares to DP A/c	03-09-2024
Trading commences	04-09-2024

### Shareholding (No. of shares)

Pre-Issue	60,000,000
Post Issue (Lower price band)	60,000,000
Post Issue (Higher price band)	60,000,000

### Shareholding Pattern

#### Promoter & Promoter Group:

Pre Issue	97.75%
Post Issue	67.75%

#### Public - Others:

Pre Issue	2.25%
Post Issue	32.25%

### Issue Breakup

QIB	50%
NIB	15%
Retail	35%

### Other Details

**BRLMs:** Equirus Capital, IIFL Securities

**Registrar:** Link Intime India Pvt. Ltd.

**Listing:** BSE & NSE

### Research Analyst

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### About the Company

Ecos (India) Mobility & Hospitality Ltd (Ecos India), with over 25 years of experience, specializes in chauffeured car rentals (CCR) and employee transportation services (ETS) for corporate clients, including Fortune 500 companies in India. It operates across 109 cities in 21 states and 4 union territories, using vendors in 97 of these cities. Additionally, the company supports global car rental needs for its corporate clients in over 30 countries through a network of vendors. As of FY2023, it is the largest and most profitable chauffeur-driven mobility provider to corporates in India.

### Investment Rationales

- India's largest and most profitable chauffeur driven mobility provider:** The company is the largest and most profitable chauffeur-driven mobility provider to corporates in India, based on FY2023 revenue and profit. With over 25 years of experience, it offers chauffeured car rentals (CCR) and employee transportation services (ETS) to Fortune 500 and BSE 500 companies. Operating a fleet of over 12,000 vehicles across 109 cities, the company benefits from synergies between its two business segments, enabling seamless corporate transportation and cross-selling opportunities. The company follows an asset-light model, relying primarily on vehicles sourced from vendors. The growing corporate mobility market in India, driven by MNCs, Indian corporates, and SMEs, positions the company well for continued growth.
- Long-standing customer relationships with business synergies across business segments:** The company has built long-term relationships with customers across various industries over its 25 years of operations. These industries include IT, BPO, global capability centres, consultancy, healthcare, e-commerce, pharmaceuticals, legal, and manufacturing. These enduring customer relationships provide the company with competitive advantages like revenue visibility, industry goodwill, and a deep understanding of customer needs.
- Pan-India presence with operations in 109 cities in India:** As of March 31, 2024, the company offers chauffeured car rental (CCR) services in 109 Indian cities, growing from 89 cities in FY2021. Its offices are located in major cities like Bengaluru, Gurugram, and Mumbai. The company also provides employee transportation services (ETS) in 10 Indian cities. It has long-standing relationships with vendors, supported by timely payments, incentives, and regular business. Additionally, the company has a global vendor network, enabling it to offer CCR services in over 30 countries, including the USA, UK, France, and Japan.
- Established brand built over years through operational excellence:** The company has implemented various branding strategies, including branding its vehicles and chauffeur uniforms with the "Eco" logo. It engages in online marketing through LinkedIn, Instagram, Facebook, YouTube, targeted emails, SEO, and PPC. The company has also formed strategic collaborations with credit card issuers to strengthen its market presence. Additionally, it is a member of several industry associations like IATO, OTOAI, and TAAI, which helps increase visibility and showcase its unique selling points at various forums.
- Comprehensive technology ecosystem enabling operational superiority:** The company is committed to ensuring seamless integration across its front-end and back-end systems by leveraging advanced technology solutions developed by its outsourced team. These include a customizable Online Booking Tool that integrates with customers' travel desks via API, allowing for efficient management of CCR needs. The Chauffeur Mobile Application aids chauffeurs with booking management and trip details, while the Customer Mobile Application offers a comprehensive platform for managing bookings and providing real-time chauffeur information. Additionally, the company has launched CabDrive Pro, an end-to-end corporate car hire management system, which integrates with both customer and chauffeur applications, as well as the RentNet Application—the company's central transport management system. This system enhances the customer experience by optimizing car and chauffeur assignments based on feedback and specific customer requirements.

### Risk

- Low entry barrier business.
- Customer concentration risk.

### MView

We believe Ecos (India) Mobility & Hospitality Ltd IPO gives investors an opportunity to invest in the largest and most profitable chauffeur-driven mobility provider to corporates in India, backed by over 25 years of industry experience. We think the company's asset-light model, extensive network across 109 cities and strong relationships with Fortune 500 and BSE 500 companies position it well to capitalize on the growing corporate mobility market. We also believe the company's focus on technology integration, seamless customer experience and strategic global partnerships further enhance its competitive edge. By looking at the financials, the company has shown a substantial growth in revenue from operations/net profits, increased by 187%/342% in FY 2023 and 31%/43% in FY 2024. On valuation parse at the upper price band of ₹ 334/-, the issue is asking for a market cap of ₹ 2004 cr. Based on FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking for PE of 32.05x which seems slightly expensive considering near term growth triggers. Being the largest and most profitable chauffeur-driven mobility with prime focus to be an asset light business we believe the company may command a premium valuation compared to its listed peers which are trading at around 30x. Investors should also look at IPO offers which come with 100% OFS i.e ₹ 601.20 cr issue which is an area of concern for new investors. Given the company's sustained financial performance, robust branding initiatives and presence in high-growth sectors like IT, healthcare and e-commerce underscore its potential for continued growth. Hence, considering all rationales we recommend investors to "SUBSCRIBE WITH RISK" and We also expect ECOS India can generate decent listing gains over and above 20% on the issue price on the back of market optimism



### CONSOLIDATED FINANCIAL TABLES

#### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at March' 31		
	2024	2023	2022
Equity Share Capital	12.00	0.06	0.06
Net Worth	177.41	115.13	71.56
Total Borrowings	21.72	32.95	3.34
Revenue from Operations	554.41	422.68	147.34
Revenue Growth	31.17	186.86	-
EBITDA as stated	89.96	69.73	18.05
EBITDA Margin (%) as stated	16.23%	16.50%	12.25%
Net Profit for the Year	62.53	43.59	9.87
Net Profit Margin	11.00%	10.25%	6.51%
EPS	10.42	7.27	1.65
Net Asset Value (₹) as stated	29.57	19.19	11.93
ROE (%) as stated	42.8%	46.7%	14.8%
RoCE (%) as stated	42.9%	40.9%	19.1%

Source: Company RHP

#### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Total Income (₹ in Cr)	Mcap (in Cr)	FV	EPS	NAV (₹ Per Share)	P/E	P/B	RoNW (%)
Ecos (India) Mobility & Hospitality	568.21	2,004	2	10.42	29.07	11.5	32.1	42.8%
Wise Travel India	414.09	710	10	12.79	89.52	4.8	30,6	15.6%
Shree OSFM E-Mobility	119.06	268	10	7.02	58.64	-	33	15.24%

Date as on 31st March 2024, Cline Mcap,PE, calculated as on 23-08-2024

ECOS (INDIA) MOBILITY & HOSPITALITY LTD, Revenue EPS/PE, P/B, NAV calculated on annualised basis post money



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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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