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Issue Offer

An Offer for Sale of 18,000,000 equity shares.

Issue Summary

Price Band INR	318-334
Face Value INR	2
Implied Market Cap INR mn.	20,040
Market Lot	44
Issue Opens on	Aug 28, 2024
Issue Close on	Aug 30, 2024
No. of share pre-issue	60,000,000
No. of share post issue	60,000,000
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Link Intime India Private Ltd

Book Running Lead Managers

Equirus Capital Private Limited and IIFL Securities Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	97.75%	67.75%
Public & Others	2.25%	32.25%

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.

ECOS Mobility is the largest and most profitable chauffeur-driven mobility provider to corporates in India, based on revenue and profit after tax in FY23. Incorporated in 1996, the company specializes in chauffeured car rentals (CCR) and employee transportation services (ETS), serving a wide range of corporate customers, including 42 - Fortune 500 and 60 - BSE 500 companies in FY24. With a pan-India presence across 109 cities, the company operates through its own vehicles and a network of vendors across 21 states and four union territories. Also, it has expanded globally, offering CCR services in over 30 countries through its international vendor network. The company operates an asset-light model, managing a fleet of 94.19% vehicles operated through vendors, ranging from economy to luxury cars, mini-vans, and luxury coaches. The demand for premium vehicles has seen a significant increase, with bookings rising from 28.53% in FY22 to 35.46% in FY24. Company has integrated advanced technology into its services, providing a custom online booking tool, API integration with customer travel desk platforms, and mobile applications for both chauffeurs and customers.

Investment Rationale

Market Leadership and Strategic Positioning in Corporate Mobility: Company's asset-light model, supporting vendor-supplied vehicles, ensures high operational flexibility and competitive returns. The company's focus on fleet premiumization positions it advantageously to capitalize on rising corporate spending and. As India's corporate sector grows, driven by MNCs, SMEs, and HNIs, the company is well-positioned to strengthen its market presence in both ETS (employee transportation services) and CCR (chauffeured car rentals) sectors, supported by the increasing trend of Global Capability Centres (GCCs) and outsourcing.

Building Long-Term Customer Relationships for Sustainable Growth: The company has built relationship with Indigo, HCL, Deloitte, Walmart Global Tech, and HDFC Life Insurance. These relationships bring high customer value and provide clear revenue prospects and industry insights. Company's 72.45% of ETS customers also used CCR services in FY24, which helped lower marketing and acquisition costs. The collaboration between business segments further strengthens the company's market position and supports its growth and ability to attract new customers.

Extensive National and Global CCR Service Network: The company operates in major locations like Bengaluru, Gurugram, and Mumbai. It also offers ETS in 10 cities nationwide. This extensive pan-India presence supports efficient service coverage and rapid expansion to meet customer demand. Company's vendor agreements typically last one to five years, benefiting from timely payments, incentives, and strong, long-standing relationships. Technological advancements, such as integrated chauffeur applications, have improved service management and operational efficiency. Globally, the company operates in over 30 countries, including the USA, UK, and China, ensuring robust international CCR services.

Technological Transition and Expertise: The technology team drives innovation, addressing customer needs and enhancing service quality. This focus on technology has expanded their customer base and strengthened client relationships. The corporate mobility sector transitioning towards more organized structures, the company is well-positioned to capitalize on this shift. By advancing technology and developing secure, user-friendly customer applications, the company enhances its service ecosystem and operational efficiency, ensuring a seamless and reliable experience for clients.

Valuation and View : The company is strategically positioned for growth with its extensive geographical presence across India. It plans to expand further into key regions, capitalizing on the development of GCCs in Tier 2 and Tier 3 cities, which are becoming vibrant trade and tech hubs due to inclusive development initiatives, infrastructure funding, MSME growth and digital penetration. It has a presence in 109 cities across India, and its large fleet size, combined with its operations in both ETS and CCR, positions it well to benefit from growth in these markets. At the upper price band of INR 334, the issue is priced at a P/E of 32.05x based on the FY24 EPS of INR 10.4. We recommend to subscribe for listing gains.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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