

CREDIT RATING REPORT

MAY 2024

Ecos India Mobility and Hospitality Limited

Instrument Rated	
Total Bank Loan Facilities Rated	Rs.5 Crore
Long Term Rating	CRISIL BBB+/Stable (Assigned)
<i>Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.</i>	
1 crore = 10 million	
Refer to Annexure for Details of Instruments & Bank Facilities	
*Issuer did not cooperate; based on best-available information	
<div>Please note that the rating(s) are based on best available information with the credit rating agency: the entity whose debt is being published via this rating rationale did not provide the requisite information needed to conduct the rating exercise or did not provide the No Default Statements (NDS) for the last three months and is therefore classified as 'non cooperative'.</div>	

Rating History			
Date	Long Term Rating	Short Term Rating	Rating Watch/Outlook
Apr 1, 2024	CRISIL BBB+	--	Stable
Feb 21, 2024	Withdrawn INC	--	-
Nov 8, 2023	CRISIL BB+ INC	--	Stable
Sep 19, 2022	CRISIL BBB-	--	Stable

Factsheet	
Date of Incorporation	1996-2-15
Corporate status	Private
Business of the company	Specialized Consumer Services
About the company	It is engaged in the business of car rental, tour operations, events management and other allied services.
Listed at	NA
Debt Listed at	NA
Registered office	45, First Floor, Corner Market, Malviya Nagar, Delhi, Malviya Nagar (South Delhi), South Delhi, New Delhi- 110017
City	South Delhi

Pin Code	110017
District	South Delhi
State	Delhi
Statutory Auditors	S S Kothari Mehta and Co.
Bankers	Kotak Mahindra Bank Limited
Fund Based Bank Limits – excl. Term Loan	05.00
Non-Fund Based Bank limits (Rs.Cr.)	NA
Term Loan (Rs.Cr.)	NA

CRISIL Ratings has assigned its '**CRISIL BBB+/Stable**' ratings to the long-term bank loan facilities of Ecos India Mobility and Hospitality Limited (EIMPL; part of Ecos India group).

The rating reflects the revival in the group's business risk profile post the Covid-19 pandemic as reflected in revenue of Rs 422.7 crore in fiscal 2023 as against Rs 148.45 crore in fiscal 2022 (revenue was Rs 401.67 crore in fiscal 2020 and had declined to Rs 99.78 crore in fiscal 2021). During the current fiscal, the group has achieved revenue of Rs 437 crore during the ten months ended January 31, 2024 (with operating margin of 16.8% during the period) and the group is expected to achieve revenue of around Rs 530-540 crore for full year fiscal 2024. The improvement in revenue is on account of higher demand from the existing customers and addition of new customers on a regular basis. The operating margins of the group have improved to 16.55% in fiscal 2023 and is expected to remain around 16%-17% in fiscal 2024. The improvement in operating margins have resulted from the cost control measures taken by Ecos India Group and price revision done with the suppliers and customers post pandemic. Working capital cycle is moderate as reflected in Gross Current Assets (GCA) of 111 days, as on March 31, 2023, marked by debtors of 57 days and high other current assets including unbilled revenue. The GCA is expected to remain in the range of 100-125 days over the medium term.

The Financial Risk Profile of the group is healthy as reflected in networth of Rs 115.03 crore, gearing at 0.29 times and total outside liabilities to adjusted networth (TOLANW) ratio at 0.97 times as on 31st March 2023. With healthy accretion to reserves, the networth is expected to improve and remain above Rs 165 crore as on 31st March 2024. In absence of debt funded capital expenditure the gearing and TOLANW ratio are expected to remain at around 0.16 times and 0.6 times respectively as on 31st March 2024. The debt protection metrics of the group are marked by expected interest coverage at 32 times and Net cash accruals to adjusted debt at 2.6 times in fiscal 2024. The debt protection metrics are expected to improve over the medium term on account of healthy profitability.

The rating reflects the extensive industry experience of the promoters and their established network of clientele, moderate working capital cycle and healthy financial profile. These strengths are partially offset by its exposure to intense competition.

Analytical Approach

CRISIL Ratings has consolidated the business and financial risk profile of Ecos India Mobility and Hospitality Limited, Ecreate Events Private Limited, Eco Car Rental Services Private Limited, and Consultrans Technology Solutions Private Limited as these are wholly owned subsidiaries of Ecos India Mobility and Hospitality Limited.

Key Rating Drivers

Strengths:

Extensive industry experience of the promoters and their established network of clientele
Moderate working capital cycle
Healthy financial profile

Weakness:

Exposure to intense competition

Outlook Stable

CRISIL Ratings believe Ecos India group will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating Sensitivity factors

Upward factor

*Sustained improvement in scale of operation and sustenance of operating margin around 16-17%, leading to higher cash accruals.

*Improvement in working capital cycle resulting in sustenance of healthy financial risk profile.

Downward factor

*Decline in operating profitability below 10% or decline in scale of operations leading to net cash accrual lower than Rs 30 crores.

*Any large debt-funded capital expenditure weakening the capital structure

*Any substantial increase in the working capital requirements thus weakening the liquidity & financial risk profile.

About the Group

EIMHL was incorporated in 1996. It is engaged in the business of car rental, tour operations, events management and other allied services. EIMHL is owned & managed by Mr. Rajesh Loomba, Mr. Aditya Loomba and Mrs. Chanchal Loomba.

Ecreate Events Private Limited is fully owned subsidiary of Ecos India Mobility and Hospitality Limited and was incorporated on 21st June 2011. The company is involved in event management business.

Eco Car Rental Services Private Limited is a fully owned subsidiary of Ecos India Mobility and Hospitality Limited and was incorporated on 9th April 2015. It is involved in supporting and auxiliary transport activities.

Consultrans Technology Solutions Private Limited was incorporated on 24th August 2021 and is a fully owned subsidiary of Ecos India Mobility and Hospitality Limited.

Business Risk Profile

Market Position

Extensive industry experience of the promoters and their established network of clientele: The promoters have an experience of more than two decades in specialized consumer services that has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers. The group operates through its own brand- Eco rent a car, and provides corporate cab services, car rental and B2C services. This is backed by efficient fleet management and diversified operations. The group has contracts with its clients for 2-3 years and the same are regularly renewed. All the contracts have fuel escalation clause available which also supports the group's operating profitability.

Exposure to intense competition: The competes with Carzonrent, Orix-RAC, WTI cabs and Eco-RAC in the car rental segment. Though competition has moderately impacted the car rental business, the group has built a healthy clientele over the past decade and has invested in technology and customer acquisition to competently deal with competition. The group regularly adds new customers, and this resulted in an increase the scale of operations. The group's ability to improve its market position in the car rental business will remain a key rating sensitivity factor.

Operating Efficiency

Moderate working capital cycle: Gross current assets were at 111-203 days over the three fiscals ended March 31, 2023. Its moderate working capital management is reflected in its gross current assets (GCA) of 111 days as on March 31, 2023. Main customers for the group are corporate offices, banks, etc. The average credit period with the debtors varies from 45-50 days. Further, Payments to the suppliers is made on monthly basis which can vary from 30-45 days.

Healthy financial profile

Group's capital structure has been at healthy level due to lower reliance on external funds and healthy networth at Rs 115.03 crore, yielding gearing of 0.29 times and low TOL/ANW ratio of 0.97 times for year ending on 31st March 2023. The networth is expected to remain above Rs 165 crore and in absence of any major debt funded capex plan, the gearing and TOLANW ratios are expected to remain at around 0.16 times and 0.62 times as on 31st March 2024. The debt protection measures have also been at healthy level due to leverage and healthy profitability. The interest coverage and net cash accrual to total debt (NCATD) ratio are expected to remain at 32 times and 2.6 times for fiscal 2024.

Liquidity Profile- Adequate

Bank limit utilization is low at around 26.5 percent for the past twelve months ended Feb-24. Cash accruals are expected to be over Rs 70 crore against term debt obligation of Rs 9-10 crore in fiscal 2024 leaving sufficient cushion to meet the working capital requirement. The Current ratio is comfortable at 1.85 times on March 31, 2023. Unencumbered investments of around Rs. 40.85 crore in shares, debentures, and mutual funds as on March 31, 2023 and are expected to remain in the business supporting liquidity profile.

Financial Policy

The financial policy is conservative, as reflected in total outside liabilities to adjusted networth ratio of 0.97 times as on March 31, 2023 (was at 0.55 times in previous year).

Key Financial Indicators (Standalone)

As on for the year ended March 31	Unit	2023	2022	2021
		Actuals	Actuals	Actuals
Net Sales	Rs Crore	422	148	99
Operating Income	Rs Crore	422	148	100
OPBDIT	Rs Crore	70	19	11
PAT	Rs Crore	44	8	-1
Net Cash Accruals	Rs Crore	55	17	13
Equity Share Capital	Rs Crore	0.06	0.06	0.06
Adjusted Networth	Rs Crore	115	70	61
Adjusted Debt	Rs Crore	33	3	15
OPBDIT Margins	%	16.5	12.49	11
Net Profit Margins	%	10.3	6	-1.5
ROCE	%	57.5	17.44	0.25
PBDIT / Int. & Finance Charges	Times	31.17	11.97	4.79
Net Cash Accruals / Adjusted Debt	Times	1.69	4.96	0.86
Adjusted Debt / Adjusted Networth	Times	0.29	0.05	0.24
Current Ratio	Times	1.85	2.16	1.88
Cashflow from operations	Rs Crore	16.56	19.91	33.93
TOL/ ANW	Times	0.97	0.55	0.67
Operating Income/Gross Block	Times	6.45	1.92	1.14

Gross Current Assets days	Days	111	149	203
Debtor Days	Days	57	52	75
Inventory Days	Days	0	0	0
Creditor Days	Days	0	0	0

Notes to Financial Performance (Standalone)

Ratios	Unit	2023	2022	2021
		Actual	Actual	Actual
Investment or loans and advances to subsidiaries	Crore	00.00	00.00	00.00
Interest accrued and due	Crore	00.00	00.00	00.00
Contingent Liabilities (more than 10% of networth)	Crore	02.55	01.78	00.19
Debtors Greater than 6months	Crore	03.02	01.70	04.06

Annexure 1: Bank-Details of Facility Classes

1.Overdraft Facility

#	Bank	Amount (Rs.Cr.)	Rating
a.	Kotak Mahindra Bank Limited	5	CRISIL BBB+ / Stable
-	Total	5	-