November 20, 2024

To
The General Manager
Department of Corporate Services,
BSE Limited
Phiroze Jee Jee Bhoy Tower
Dalal Street, Fort
Mumbai – 400001
Scrip Code: 544239

To
The General Manager
Department of Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kural Complex,
Bandra (East), Mumbai – 400051
Symbol: ECOSMOBLTY

Sub: Transcript of the earnings conference call for the quarter and six month period ended September 30, 2024

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and six month period ended September 30, 2024, conducted after the meeting of Board of Directors held on 11th November, 2024, for your information and records.

The above information is also available on the website of the Company i.e https://www.ecosmobility.com/

This is for your kind information and record please.

Thanking You,

For Ecos (India) Mobility & Hospitality Limited

SHWETA BHARDWAJ
Digitally signed by SHWETA BHARDWAJ
Date: 2024.11.20 10:10:20 +05'30'

Shweta Bhardwaj
(Company Secretary & Compliance Officer)

Providing Ground Transportation in 100+ Cities in India & 30+ Countries Worldwide

"ECOS (India) Mobility and Hospitality Limited Q2 & H1 FY '25 Earnings Conference Call"

November 12, 2024

MANAGEMENT: MR. RAJESH LOOMBA – CHAIRMAN AND MANAGING DIRECTOR, ECOS (INDIA) MOBILITY AND HOSPITALITY LIMITED
MR. ADITYA LOOMBA – JOINT MANAGING DIRECTOR, ECOS (INDIA) MOBILITY AND HOSPITALITY LIMITED
MS. DEEPALI DEV – CHIEF OPERATING OFFICER, ECOS (INDIA) MOBILITY AND HOSPITALITY LIMITED
MS. HEM KUMAR UPADHYAY – CHIEF FINANCIAL OFFICER, ECOS (INDIA) MOBILITY AND HOSPITALITY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY ‘25 Conference Call of ECOS (India) Mobility and Hospitality Limited.

As a reminder, all participant line will be in listen only-mode. And there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Savli Mangle from Adfactors PR. Thank you and over to you ma'am.

Savli Mangle: Thank you, Sejal. And good afternoon, everyone. A very warm welcome to our Q2 and H1 FY ‘25 Earnings Conference Call.

To guide us through the results today, we have the Senior Management Team of ECOS (India) Mobility and Hospitality Limited, headed by Mr. Rajesh Loomba – Chairman and Managing Director; Mr. Aditya Loomba – Joint Managing Director; Ms. Deepali Dev – Chief Operating Officer; and Ms. Hem Kumar Upadhyay – Chief Financial Officer.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward-looking in nature. The actual Results may vary as they are dependent on several external factors.

With that said, I would now like to hand it over to Mr. Rajesh Loomba to share his comments. Thank you and over to you, sir.

Rajesh Loomba: Thank you very much. And good afternoon and namaskar, everybody. Thank you for joining the ECOS (India) Mobility and Hospitality Limited's Earnings Conference Call.

This is our first call, maiden call, so do excuse our inexperience. Being the first call also, and for those who are new to ECOS, I would take a little time to explain to you the ECOS journey, how it all began, and after that we will discuss our quarterly and half yearly performance.

So, the seeds of this business were actually sown by our father in 1973, some 51 years back. He started off by driving a borrowed car himself. He was an ex-army officer who joined the army during the Emergency post ‘62 war. And when he started this after getting out of the army with a borrowed car, he named this company ECO because it stood for emergency commissioned officer, as this is what he was.

Myself, since he was running the business from the home itself, I got involved at a very young age, spending a lot of time in his small home office. However, in ‘96 we founded this present company as a private limited company with myself, my mother and father as the promoters. Post ’96, till 2002, with the economic liberalization happening across India, we had managed to gather a lot of good corporate and MNC clients and hotels, etc., as our initial B2B customers. So, this, I would say, would be Phase-1. Unfortunately, in 2002 our father passed away, and thereafter my brother, Aditya, he joined me and partnered with me in the business. So, the second phase started 2002 to 2012. And over the next 10 years we have emerged to be probably the largest car rental company in the NCR region.

At this juncture, we had two inflection points or learnings. One was that due to lack of any off-the-shelf software for this business, we preempted the tech is the future and started to develop our back-end software for running the operations by automating documented processes into our tech. and this gave us the ability to scale. Also, what we realized was that the scale was exciting us, and thereafter we decided to grow out of the NCR, one of the first companies to do that, who grew out of their home base cities. Also, a lack of capital at this stage made us innovate and asset-light model wherein our drivers and vendors, in fact, started buying cars to provide to us. So, this is where we were in 2012.

Between 2012 and now, the third phase of our growth story, we have opened since then 22 offices across the country with our professional team, over 950 full time employees on the roles currently, and professionals in the leadership roles. So, our strategy was to be asset-light in this phase of growth well before the time, and now although it's a market trend. In fact, if you see our journey between 2015 and 2020, from ‘96 to 2015 it took us some 19 years to reach our first target, which is the top line of Rs. 100 crores. But between 2015 and 2020, we grew top line from Rs. 100 crores to Rs. 400 crores, which well proves our ability to scale up fast. Then of course, we are all aware COVID happened, which stalled our growth. But again, post-COVID, from 2022, we managed to bounce off real fast. And till now, as of last year, we have crossed revenues of Rs. 560 crores.

So, today, I am happy to share that we are India's, in fact, largest and most profitable chauffeur-driven mobility provider, and we believe this growth is just the beginning. For those who are new to this industry, basically we have two main flavors of the same business, which is provide chauffeur-driven mobility solutions. Over the years we have focused on two of the highest demand and revenue generating verticals, one is chauffeured car rentals or what we call CCR, and the other is employee transportation solutions, or what we call ETS.

Now, CCR is basically something that you may all be using in your daily business travel or leisure travel. It's a consistently high-quality chauffeured service offering the full range of cars, minivans, coaches from economy to luxury, full variety diversity of vehicles with trained chauffeurs. And this service is provided across more than 109 cities in India and 30-plus countries globally now. This is the fixed tariffs and no surge pricing, etc.

Clients range from corporates who are our mainstay, then travel agencies, event management companies, wedding planners, people who have bulk requirements for specific events. We call this a B2B2C business as our business depends on how well our services are liked by our end user. As of FY ‘24, the company provided the CCR and ETS services to over 42 Fortune 500 Companies, and over 60 BSE 500 companies amongst the over 1,200 organizations that we are serving across India.

Then there is ETS which caters to the home office, home pick-up and drop requirements of our customers. And these customers are typically large corporations with very heavy and high headcounts, mostly from IT, ITES, now the global capability centers, and manufacturing companies. This service is mostly concentrated now across 11 cities in India. This is where also most of our such clients are concentrated. So, luxury, comfort, convenience, and most importantly, the ability to provide quality at a scale, rental after rental, are the pillars which makes ECOS the best choice for corporate India and gives us the ability to really scale this business and take it to where it is today.

We ensure that our customers have the convenience and flexibility to access a wide range of vehicles as per their need and comfort. And the quality is the core of our service offering, ensuring professional and reliable experience for our clients. So, we have always focused on building a robust mobility solution tailored to the unique needs of our customers. And plus, we do employ a suite of digital tools also enhancing operational efficiencies, the service reliabilities; and most importantly, the safety aspect.

Over the years, our efforts have been awarded with prestigious awards and accolades, innumerable awards and accolades. But what we are very proud of is the national award conferred by the President of India in 2013, ’14, ‘15, ‘16, and then in I think 2017 they finally gave us a Scroll of Honor as the top passenger transport company, and then the top category in all these years.

So, coming to the giving you an oversight of the industry. So, this corporate mobility industry in India has witnessed a significant growth, mostly it's been propelled by demand for the flexible, reliable and premium transportation solutions across India. Furthermore, as companies increasingly expand into Tier-2 cities and beyond, the demand for ETS solutions is also rising at a fast pace, coupled with, of course, the return to office. Beyond that, you can see around you the factors driving the growth, the opening up of new airports, the expansion of the road networks, the highways, the expansion of Tier-2, Tier-3 cities, everything is adding on to the ability to travel further and faster for the business travel and leisure travel and people when they travel, they do need a reliable ground transportation service also.

So, I feel ECOS is very well positioned to tap into these opportunities with our extensive network, experienced management team and our commitment to safety and service excellence. One thing that's also ended our growth has been, with our large corporates, their need to consolidate and reduce the number of vendors that they deal with. So, they now prefer to deal with more professional vendors who are able to provide the level of compliance and governance that such companies expect.

Looking ahead, we aim to increase our share of business from existing clients while expanding our customer base. We are increasing our efforts to build a strong presence in Tier-2 cities and beyond also and with initiatives focused on brand building and technology upgrades to enhance scalability and operational efficiency, which is going to be our main growth driver.

Now, I will give the call to Aditya, who is the Joint MD, and he will take you through the business and client and product profile of our company.

Aditya Loomba: Thank you, Rajesh. Good afternoon, everyone. And thank you for joining the Call. I also wish everybody had wonderful Diwali and joyous festivities.

I would take you through the width of ECOS' business in terms of clients, geography and fleets. The 25 years of our journey has taken us from serving customers from over 100 cities in India to providing services across 30 countries globally. Today, the company operates a fleet of more than 12,000 economy to luxury cars, SUVs, minivans and luxury coaches. We also provide specialty vehicles such as luggage vans, vintage cars and vehicles for accessible transportation for people with disabilities. We also provide cars on a self-drive basis in the cities of Delhi, Mumbai and Bangalore.

We run this mobility solution in an asset-light model with 90% of the fleets are vendor-owned. In FY '24, through the CCR and ETS segments, we completed more than 30 lakh trips averaging at more than 5,000 trips in a day with over 750 clients in FY '23 to around 1,200 clients in FY'24. Our customers include Fortune 500 companies operating in various industries, including information technology, business process outsourcing, global capability centers, consultancy, healthcare, e-commerce, pharmaceutical, legal, manufacturing, etc.

In line with our growth strategy, we have expanded our fleet of luxury cars, electric vehicles and other mid-segment cars in the key metropolitan cities including Delhi, Mumbai and Bangalore. We are also focused on deepening our partnerships with vendors and expanding our operations geographically, expanding our reach and service capabilities. Our brand is highly visible amongst the corporate decision makers, plus we have our focus on online marketing as well as the road visibility with our branded cars and branded amenities. We also partner with credit card companies to reach their frequent business travelers.

And to execute all these initiatives, we have a dedicated marketing team. Our cost of sales and marketing in FY '24 was only 0.7% of the total revenue. With a strong emphasis on technology, chauffeur training, quality control and rigorous testing, we are confident in our ability to drive further business expansion.

I thank you all for listening. And now, Deepali Dev – the Chief Operating Officer of our company, will take us through our operational performance.

Deepali Dev: Thank you, Aditya. Good afternoon, everyone. So, till now we have discussed the "What, When, and Who" of our journey.

I will take you through the most crucial part, which is the how part. So, what differentiates us? Internally, we call it "VRQSR".

- **Variety**, as we offer a diverse range of car mix.
- **Reach**, because our operations span across India and globally.
- **Quality**, which is delivered by well-maintained cars and skilled chauffeurs.
- **Safety**, our chauffeurs undergo through background checks and we know them almost one-on-one.
- **Reliability**, which is the most important aspect of delivering the same experience and higher service levels trip-after-trip for almost over 3 million trips which we have delivered in the last financial year.

So, essentially our growth and ability to scale actually hinges on our service standards, and this is how we earn and retain the trust of our customers, ensuring that they choose us over our competitors. So, this ability to scale has come from a high quality of service that has helped us to create a rock-solid brand which is actually the end result of our high-performance culture.

Well, a lot goes behind the scenes to deliver this consistent service. It starts from fostering the right culture. It's a top-down approach. It gets displayed through various aspects. And we use technology and constant process improvements to institutionalize this kind of a culture of providing quality at scale.

Our chauffeurs, we call them chauffeurs by the way, we do not call them drivers, they are the real brand ambassadors. And we literally transformed them from being just a driver to a chauffeur via our very intensive L&D approach. So, be it induction or any kind of skill development or behavioral training, we make sure that beyond the car, which is the chauffeur who is going to actually be the brand ambassador and give that extra mile experience, goes through all kind of L&D approaches so that it's refined at the last mile.

Beyond the first thing which is L&D, we also work on them on their rational, emotional levels of engagement. Human beings always want to be engaged, so rationally we pay them on time and we pay them fairly. And for the emotional connect, we make sure that there is a structured engagement which is floated across in the organization, be it the main cities or be it Tier-2 cities. Beyond these two things, we also have an extensive operations team, which is maintaining a constant vigil on quality by being on the ground.

So, this is actually the foundation of the next phase of our growth. It was very evident that we would require technology to scale. For the customers we have our customer app online booking tool and a 24x7 contact center. For the chauffeurs, we have our own chauffeur app. In fact, we are continuously advancing our technology. Currently, as we talk right now, we are in the UAD phase of new car rental transportation management system, which is developed on latest dot.net technology.

So, as a summary point, let me take you through what is there in the growth strategy. We want to continue doing what has really worked for us. We will continue to focus on increasing our wallet share from our existing customers, while adding new customers and expanding our presence in Tier-2 and Tier-3 towns and cities in India. Our emphasis on brand building strategies and technology for scale and operational excellence, combined with expanding services in existing networks, will form the bedrock for our growth strategy.

I would like to thank you here and now hand it over to Hem Upadhyay, who's the Chief Financial Officer of our organization, to take you through the financial performance of the company. Over to Hem Upadhyay.

Hem Upadhyay: Thank you, Deepali. And good afternoon, everyone.

So, in the Q2 FY '25, our revenue from operation increased by 15.74% to Rs. 159.5 crores compared to Rs. 137.8 crores in Q2 FY '24, and this was mainly driven by the demand in the ETS business. The EBITDA stood at Rs. 23.6 crores in Q2 FY '25 compared to Rs. 24.6 crores in corresponding previous period. The EBITDA margin decreased by 307 bps to 14.8% in Q2 FY '25 as against 17.8% in Q2 FY '24. This was mainly on accounts of the increase in cost of operations and service. The PAT of the company is stood at Rs. 15.7 crores as compared to Rs. 16.4 crores in Q2 FY '24.

During first half of FY '25, our operational revenue increased by 15% to Rs. 308.4 crores, up from Rs. 268.5 crores in the same period of the last year. This growth was driven by continued demand of our ETS business. The EBITDA was Rs. 44.3 crores in the first half of the year as compared to Rs. 46.7 crores in the corresponding previous period. The EBITDA margin was at 14.4% and H1 FY '25 as against 17.4% in H1 FY '24. This decline was mainly on account of the increase in cost of operation and service. The PAT stood at Rs. 29.2 crores as against Rs. 30.4 crores H1 FY '24.

During this period, we have reduced our debts by 50% from Rs. 21.7 crores in FY '24 to Rs. 11.5 crores in H1 FY '25. This reduced our debt-to-equity from 0.12 to 0.06 during the same period. Our net debt to equity stood at negative 0.16 as on H1 FY '25. This shift strengthened our balance sheet positioning as well as to reinvest in growth initiative such as fleet expansion and technological upgrades, while maintaining a healthy financial structure.

Thank you all for listening. Now we can now take the questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Balaji from IIFL Securities. Please go ahead.

Balaji: Thanks for the maiden quarterly call, and thanks for the opportunity. I had three questions. So, the first one is more of housekeeping in nature, so could you just provide the split between the CCR and ETS segments' revenue? And how the Y-o-Y growth look like in each of these segments? That would be number one.

Number two is, on your overall revenue growth of around 15%-16%, so PAT, even though that is healthy enough, it does look a little bit below what you were targeting for the full year. So, any reason to call out as to why it has been a little lower than your expectation?

And the final question would be on the margins. We have seen that the costs have gone up and there have been some margin compression. So, what exactly is causing this? And were there any one-offs and how do you expect margins to trend going forward? So, those would be my questions.

Rajesh Loomba: Thank you, Balaji. So, between the two businesses, between CCR and ETS, as of this H1 our breakup is 62% with ETS where we have seen larger growth and larger demand that was there in ETS. So, that is right now 62%, while the CCR is 38%. At the same time last year H1 it was 51% was ETS and 49% was CCR. Now, this higher growth in ETS, of course, that was because of a higher demand and we were quick to capitalize on that demand. So, this has led to, because the ETS cost of operations are higher as compared to CCR, this has led to a reduction in the margins, right.

At the same time, the reason for the lower demand or the lower growth in CCR is that because of elections, it was as per our expectation a bit, but yes, the lower muted demand and business travel continued for another couple of months till August, and then finally the CCR demand has also very well picked up from September onwards. So, if you look between Q1 and Q2, there's been a growth of CCR of almost 15% in Q2 versus Q1. So, because of the higher operational costs of ETS, it has resulted in a lower overall margin in the H1.

Balaji: And when you said 15% growth in Q2 versus Q1, you are referring to the Q-on-Q revenue growth in CCR, right?

Rajesh Loomba: Yes. So, this is also between Q1 and Q2, also there's been an increase of our PAT by almost 10%, is an increase between Q1 and Q2. And we expect our CCR to keep doing better over the H2. There's a factor of seasonality of course, but due to elections and limited business travel, as a result of that this year the effect has been a little higher in H1. But we are hoping to make up for it with a higher CCR growth in H2.

Balaji: So, just a quick follow up. So, elections I get it, but when you say muted business travel, what does that mean? What is exactly resulting in this weakness here?

Rajesh Loomba: So, muted business travel means, if you look at CCR, at CCR our client profile within the corporates is typically business travelers, right. So, when business travel itself is slow, it does affect us to that extent.

Moderator: Mr. Balaji, does that answer your question?

Balaji: Yes. But is this because of the overall macro, anything to kind of draw some broad inferences from that is what I was asking.

Rajesh Loomba: No. See, because of the elections, generally business travel was low because of the political uncertainty which may have been there at that time. Beyond that, there were no events also or international delegates etc. who were not coming in at that point, right. This is however now picked up from September onwards very well.

Moderator: Thank you. The next question is from the line of Senthil Kumar from Joindre Capital Services. Please go ahead.

Senthil Kumar: I have two questions now. Firstly, you said just now that CCR growth was impacted due to the election. So, what kind of growth can we expect in the second half of FY '25 and also FY '26?

Rajesh Loomba: So, we are seeing a good growth, both organically from our current clientele who have now started travelling more, their purpose for travelling is higher, the policies are clear of the new government that has come in. Also, we have formidably increased our sales teams, which have started delivering the results. And we are acquiring new and new clients both in ETS and CCR. In fact, we have acquired almost 70 clients in H1 in our CCR and nine large clients in ETS during H1. So, due to those reasons, we see good growth in the CCR and of course, ETS also, that's unsaid, in the H2.

Senthil Kumar: And my second question, in Q2 FY '24 the total cost of services increased by 287 basis points on year-on-year basis. So, does it indicate the inability to pass on the rising cost on account of contractual agreements, or is it the competitive pressure to win the new contracts?

Rajesh Loomba: So, the entire effect is due to a higher operating cost of ETS per se. So, when a section of the business, which is a higher operating cost, that increases more than the other business, that is the only effect, it has nothing to do with any kind of price pressure that we are facing from clients in either of the segments.

Senthil Kumar: So, you said like now from September onwards the CCR business has now picked up. So, what kind of margin can we expect in the second of FY '25?

Rajesh Loomba: Business that picks up which has a lower operating cost, that should lead to a higher margin, that's been our experience last 20 years. And typically, over the last 20 years, you see, these two sections have been, it's always been between 40% to 50%, they have been growing together. And some years ETS may be higher, some years CCR may be higher, it depends on how the sales cycles pan out and what kind of clients pick up.

Senthil Kumar: Can we expect around the 18% to 19% of EBITDA margin full year FY '25?

Rajesh Loomba: So, I cannot comment on such exact numbers, sir. But definitely we are seeing an uptick in the CCR business from September onwards. And that's clear, between Q1 and Q2 our CCR business grew 15% while our ETS business grew only 3.5%. So, that should give you an idea.

Senthil Kumar: And finally, I just want to know, how much of fleet we have added during the second quarter?

Rajesh Loomba: During the H1 we have added 59 cars in total which comprise some hybrid cars and some EVs.

Moderator: Thank you. The next question is from the line of Ashutosh Tiwari from Equirus Securities Private Limited. Please go ahead.

Ashutosh Tiwari: So, firstly, you mentioned about you added more people in sales. Can we define what kind of increase in percentage would have happened versus last year to this year in the sales team? And any new city or any new area that we are adding?

Rajesh Loomba: So, as of March '24 we had 32 people in sales. That has now gone up to 39 people and still we are onboarding more people. We have recreated the structure for our sales organization. And in our business, sales cycles are a little longer, it can take anywhere between one month to a year, depending on the size of the client and the complexity of the client to onboard a client. But these are the investments that we are making to ensure that the growth trend line keeps going up.

Ashutosh Tiwari: And like, say, the focus will remain on the corporate mobility only, right? Or you are thinking of adding some other vertical as well?

Rajesh Loomba: No, the focus would be on corporate mobility. So, corporate mobility comprises of the client base which is corporates from all industries, travel agents, conference organizers, event management companies, essentially B2B. So, this is something that we have done well and this is what we are doubling down on and taking to the next level in terms of scale.

Ashutosh Tiwari: And your ETS business would have grown how much, roughly, in the first half, broadly?

Rajesh Loomba: So, ETS has grown in the first half, the ETS business was around Rs. 191 crores, this grew from last H1 was around Rs. 130 odd crores.

Ashutosh Tiwari: So, almost 40% growth?

Rajesh Loomba: Yes.

Ashutosh Tiwari: 40% plus growth in fact we have seen in this vertical versus last year.

Rajesh Loomba: Yes.

Ashutosh Tiwari: And the CCR has fallen. But you are saying that you have now started seeing the pickup from September month?

Rajesh Loomba: Yes, correct.

Ashutosh Tiwari: So, in the ETS business, I mean, over next three, four years what do you think the kind of sales momentum we can maintain, like we can target basically conservatively?

Rajesh Loomba: I am sorry, can you just repeat your question?

Ashutosh Tiwari: I mean, in the ETS which is going very fast for us, over next say three, four years, what kind of growth we can conservatively target?

Rajesh Loomba: So, there are various factors, Ashutosh, which are driving this growth. One is the progressive consolidation by our clients of their vendors. They are reducing the vendors, they are looking at more managed services. And of course, with the advent of the GCCs which we see new GCCs setting up base in India almost one every week, we have over 1,500 GCCs I think currently. And the forecast is there would be almost 2,400 GCCs in India by the year 2030. And especially the GCCs require a higher level of service for their employees who are more value-added in nature. So, we are expecting to see a ride on the back of this, plus the manufacturing sector's growth to complement the growth of our ETS segment in the years ahead. This is a decision, of course, the growth in IT which has been the mainstay also.

Ashutosh Tiwari: And in the CCR you said that from September month the momentum has picked up, so ideally the share that you had in 2Q of CCR that should improve going ahead?

Rajesh Loomba: Yes, it already increased from 37% in Q1 to 40% in Q2.

Ashutosh Tiwari: And we have seen a decent operating leverage with your like employer expenses and all falling as a percentage of sales in this quarter. As you further ramp up, can we see further improvement on this side going ahead?

Rajesh Loomba: So, of course, with greater scale the employee costs, which is our largest cost, would not be increasing at the same pace at the same rate. And if that happens, it should give us the operating leverage.

Ashutosh Tiwari: And lastly, on the CAPEX side, what kind of CAPEX in terms of purchasing of cars or any other CAPEX item you envisage for this year and next year?

Rajesh Loomba: We have already invested around Rs. 18 crores into our cars in H1. Sorry, Rs. 10 crores in H1, and we have made further investments in H2 also till now over the last one and a half months, we have already invested around Rs. 8 crores to Rs. 9 crores already into our cars. Going ahead, we would be making more investments depending upon the opportunities where we feel that buying our own cars would make more sense or is necessary for the growth of the business.

Ashutosh Tiwari: So, I mean, full year can they be like Rs. 25-odd crores for this year?

Rajesh Loomba: Yes, we can look at Rs. 25 crores to Rs. 30 crores this year.

Ashutosh Tiwari: And next year, any guidance?

Rajesh Loomba: For next year, again, you see, we would always keep our owned fleet between 5% to 10%, which is something that has shown us to get the maximum and the most wisest return on capital employed into our own assets. Beyond this, if we see opportunities which makes sense, so we would be opportunistic on that. If we see opportunities that make sense for us to invest in the owned cars, then we would do that. So, planning for opportunities that we cannot see currently would not make any sense. We take this up as per the demand and the needs of our clients.

Ashutosh Tiwari: And this quarter actually on like say Q1 to Q2, we have seen a fall in our other expense while the scale has increased, any particular reason behind that?

Rajesh Loomba: So, the fallen expense is because of the higher CCR business that we did. Like I said, CCR, the share of the business was 37% in Q1, it rose to 40% in Q2, being a slightly higher margin business the cost of operating on a gross margin basis is lesser.

Ashutosh Tiwari: No, I understand the margin extension would be a result of that. But on an absolute basis, I guess, in both ETS and CCR our revenue has gone up in Q2 versus Q1, despite that we have seen a fall in other expenses.

Rajesh Loomba: I will give this to Hem to answer you.

Hem Upadhyay: See, that Rs. 1 million, as Rajesh sir told you, that's due to the mix in CCR and ETS. So, this is the things that operating cost has gone down a little bit. Otherwise, there is not much changes in the operating cost numbers during this Q1 and Q2.

Moderator: Thank you. The next question is from the line of Narendra from Robo Capital. Please go ahead.

Narendra: So, you said in your opening remarks that it took you till 2015 to reach Rs. 100 crores. And then from 2015 to 2020 you got to Rs. 400 crores. So, what is the next target in our journey? And by when do we expect to achieve that target, if you could shed some light on that?

Rajesh Loomba: Yes, so our entire senior leadership team and our strategy is focused on taking advantage of all the opportunities that the market presents, be it in growing the existing set of customers, just share the wallet of their business, or expanding our sales teams, and within sales teams creating different verticals to target different client segments to generate that client demand. See, we have learned over the last 20 years in terms of sustainably growing the business. Till-date we have been a bootstrapped company till we went public. We had not taken any outside financing. And we wish to continue with that, wisely allocating capital. At the same time, aggressively growing our sales efforts, growing our supply chain to ensure that we can keep growing at ever faster paces.

Narendra: Do we have any internal target in terms of revenue that ECOS would want to reach in three, four years, anything like that?

Rajesh Loomba: I think we have grown 20-plus-percent CAGR over the last 20 years. And we can aspire to keep increasing this. And even though going from a small base is a very different ball game as compared to when you grow from a larger base, but then that is where we have to see and modify our strategies to take into account the ability to pick up higher and higher amounts of business every year, even at a larger pace.

Narendra: Second question is between ETS and CCR, right, so is there any focus on any one particular segment or are we taking it as it comes? And also, if you could provide the differential between the two segments, it would be helpful.

Rajesh Loomba: See, the market size is very, very big. And I guess we have only touched the tip of the iceberg till now since. If you look at the industry report, only around 20% of the market has been served by the organized pan-India players. At the same time, this is growing at a higher pace. We are number one amongst those organized pan India players, and we wish to keep making sure that we consolidate and leverage that position that we enjoy to keep growing fast. So, the market size itself is so big to us to be able to absorb better growth.

Deepali Dev: And specifically answering whether we have any such intentions of focusing on one of the aspect, no, the efforts are from all directions to create more demand and create the business to the next level in both the segments.

Rajesh Loomba: See, the business is the same, it's a chauffeur with a car, right. So, we need to ensure that we are able to satisfy every different use case that may be there for different client segments where they need a chauffeur with a car. The car type can change, geography can change, but the basic business doesn't change.

Narendra: And sir, the margin difference between the two if you can share?

Rajesh Loomba: So, operating cost in ETS is definitely higher as compared to CCR. The exact margins we do not share due to the competition confidentiality, we want to keep it confidential.

Moderator: Thank you. The next question is from the line of Aman Singh from Profit Gate Capital Services. Please go ahead.

Aman Singh: Congratulations on maiden earnings call. Sir, my question was also same regarding margin, difference in ETS and CCR, if they could share something directionally. Second, how is the trade receivable increase different in both the segments?

Rajesh Loomba: I am sorry, I could not hear properly the last part of your question.

Aman Singh: Also if you could share how trade receivables are different in both the segments and how many days we receive money from receivables in both the segments?

Rajesh Loomba: Hem will take up this question.

Hem Upadhyay: Yes. Our average receivable days are between 45 to 50 days. And in the case of the ETS it's slightly less to 30 to 35 days. So, the average days come to between 40 and 50 days for both the business segment.

Aman Singh: And on margins, if you can share something directionally?

Hem Upadhyay: So, as just told that that the margin is something that is confidential, and due to the competition we generally avoid to share exact margins with the stakeholders.

Moderator: Thank you. The next question is from the line of Amit Agicha from HG Hawa. Please go ahead.

Amit Agicha: Thank you for giving the opportunity and greetings to the complete team for the festive season. My question was with respect to like how many self driven fleets do we have? And like is the margin better in them?

Rajesh Loomba: Self drive is not a very a high priority business for us, and we do not keep a separate fleet for self drive. It is the same vehicles wherein a self-drive business that comes in, and we are very choosy about who we lend to, in terms of they have to be somebody known and typically from within our corporate clients only, then we rent it out to them.

Amit Agicha: As you have mentioned like you are operating in countries abroad as well, like so probably there the fleet might be more, like I want to know the number of fleets that you have that is self driven.

Rajesh Loomba: Currently, overseas, we are providing only chauffeur-driven services. We are not providing self drive services overseas currently.

Amit Agicha: So, in India?

Rajesh Loomba: Yes, in India, like I said, we use the same fleet for chauffeur drive and self drive, and self drive is not a high priority business for us because we have seen in the past that it does not make much of a profit. So, we tend to give it only to known customers who typically come from within our corporate client.

Amit Agicha: Probably the margin must be better in them?

Rajesh Loomba: No, margins are not better. If they were better we would definitely have been in that business.

Amit Agicha: Last question was with respect to the interest cost, like on the loan which we have.

Rajesh Loomba: Yes. So, we have reduced our loan to only now around Rs. 10 crores, approximately, as on date. So, that's the loans against cars. Currently whatever new cars we have purchased have been through internal accruals, so interest cost is very less.

Amit Agicha: Sir, my question was what is the interest rate?

Rajesh Loomba: Interest rate?

Amit Agicha: Yes.

Rajesh Loomba: I will let Hem answer that.

Hem Upadhyay: Can you repeat which interest rate you are asking for?

Amit Agicha: On the borrowings that the company is having, the blended cost of interest.

Hem Upadhyay: See, from last almost one and a half years we did not go for any loan, but earlier our average were around 8.5% to 8.7%.

Moderator: Thank you. The next question is from the line of Prince Choudhary from PINC Wealth Advisory. Please go ahead.

Prince Choudhary: I have a few questions question. First one, whether do we have any kind of contracts with our customers in ETS segment?

Rajesh Loomba: Yes, we do have contracts with all our customers, and the duration of the contracts typically is three to four years.

Prince Choudhary: If you can provide the wallet share per customer? As you have mentioned, you are strategically planning to increase the wallet share of the customer. So, I want to know what steps you are taking and what is the current wallet share versus going forward?

Rajesh Loomba: So, typically it depends on, the wallet share also is a function of how large the client is and how many eggs you want to keep in one basket, right. So, where we are working, the kind of clients we are working, on average you can say that we may be one of, being the only supplier to being 1 of 4 to 10 suppliers of any such customer. And thereafter, the wallet should depends on your ability to service the demand from the customer and the quality of services that you provide.

Prince Choudhary: Also, if you can provide the breakup of our geographical concentration.

Rajesh Loomba: Geographically, if you look at it, almost 60% of our business comes from Gurgaon, Bangalore, Mumbai and Hyderabad. The rest 40% is there from Delhi, from overseas, from smaller cities, Ahmedabad, Pune, Chennai, Jaipur, Noida, Kolkata.

Prince Choudhary: And global versus domestic?

Rajesh Loomba: So, global is, of course, a new initiative. And as for H1 we have done almost 1.7% of our business has come from our global operation.

Prince Choudhary: 1.75%?

Rajesh Loomba: 1.7%, Yes.

Moderator: Thank you. The next question is from the line of Rahul from State Street Global Advisors. Please go ahead. Mr. Rahul, I would request you to unmute your line and speak please.

Rahul: Thank you for the opportunity and congratulations for the maiden call. I just want to understand, on the global front is it largely your Indian clients asking for a global transfer sort of service? And in which geography globally currently you guys operate? Because I understand you have 30-plus countries where you have fleets, over there also you have your fleet network? And which specific countries that you are targeting from initial standpoint, because it's still small as a business?

Rajesh Loomba: Yes. So, our largest, as far as H1 is concerned, to answer the first part of question, yes, it is primarily aimed at servicing our Indian clientele travelling overseas. Our largest is the US followed by Europe and UK. And thereafter, followed by the Middle East as of date.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rajesh Loomba for closing comments.

Rajesh Loomba: Thank you, ma'am. So, I would like to thank all of our clients, partners, my team here at ECOS, and all our stakeholders. I guess it's your trust and your commitment that enables us to pursue our vision of being India's leading corporate mobility provider. I do hope that you also try out our services to get a better feel of what we are actually doing and hear it from the horses' mouth, which are our chauffeurs. But we are definitely excited about this journey ahead and look forward to building true value for our customers together.

Moderator: Thank you. On behalf of ECOS (India) Mobility and Hospitality Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.