



IPO DETAILS

#IPOology

BLS E-SERVICES LIMITED



ISSUE OPEN

30th January, 2024



ISSUE CLOSE

1st February, 2024

Min. Lot Size

108 Shares

Issue Price Band

₹129 - ₹135

Issue Size

Fresh Issue:
23.03mn Eq Shares
(₹ 3,109.05 mn)

OFS:
N/A

Face Value

₹10

Industry

Technology Services

Listing at

NSE, BSE

RATING

Subscribe

OPEN ACCOUNT

APPLY NOW

Marwadi Shares and Finance Limited

Corporate Office: Marwadi Financial Plaza, Nana Mava Main Road, Off 150ft Ring Road, Rajkot - 360001, Gujarat.

Registered Office: X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. - 53E, Zone - 5, Road 5E, Gift City, Gandhinagar - 382355, Gujarat
0281 7174 100/0281 6192 100 **CIN of MSFL:** U65910GJ1992PLC017544

SEBI Reg. No. of MSFL for NSE, BSE, MCX, NCDEX: INZ000174730 | Membership No.: NSE:08760, BSE:0910, MCX:56410, NCDEX:1280 | SEBI Regn.No. of DP: IN-DP-476-2020 (NSDL DPID:IN300974) (CDSL DPID:12035100) | Research Analyst: INH 000002186 AMFI: ARN-42506 | PFRDA: POP07082018

Disclaimer: 'Investment in securities market are subject to market risks, read all the related documents carefully before investing'.

For Facts & Figures



BLS E-SERVICES LIMITED

Rationale

Considering the FY-23 / FY24-Annualized EPS of Rs 2.24/3.23 on a post-issue basis, the company is going to list at a P/E of 60.33x /41.77x with a market cap of Rs. 12,266 mn, whereas its peers namely EMudhra Limited is trading at a P/E of 57x.

We assign a “Subscribe” rating to this IPO as the company has an asset-light business model with diverse sources of revenue and negligible customer acquisition and retention costs. Also, it is available at a reasonable valuation as compared to its peers.

Objectives of the issue

Strengthening the technology infrastructure to develop new capabilities and consolidating the existing platforms;

Funding initiatives for organic growth by setting up of BLS Stores;

Achieving inorganic growth through acquisitions; and

General Corporate Purposes

Company Overview

The company is a technology-enabled digital service provider, providing, (i) Business Correspondents Services (66% of Revenue); (ii) Assisted E-services (28% of Revenue); and (iii) E-Governance Services (6% of Revenue) at grass root levels in India.

Their revenue structure revolves around a transactional framework. For every service delivered, a transaction fee is levied, along with a fixed government fee.

Through their robust network, they provide access points for the delivery of various services for governments (G2C) and businesses (B2B) alike in addition to a host of B2C services to citizens.

They promote sustainable livelihoods and economic self-reliance for the women, rural poor and unbanked by linking them to banking, financial and insurance services and promoting financial, social and digital inclusion.

The company utilizes a “phygital” strategy (i.e., physical and digital) that integrates technologically over 98,000 merchant distribution outlets (comprising of BLS Touchpoints and BLS Stores) for assisted payment solutions, remittance, travel, education, and insurance products, with a one-stop digital online platform for all of their offerings.



BLS Touchpoints: Pioneering Digital Citizenship in India

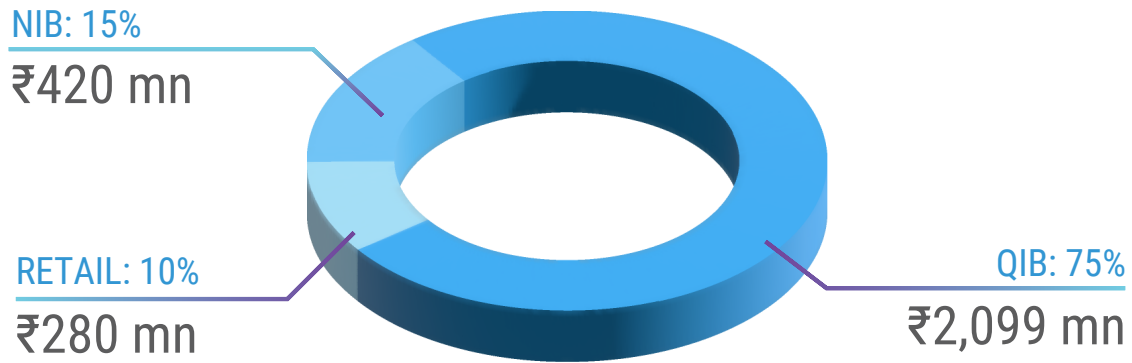
They support the implementation of e-governance initiatives for State Governments in India, delivering ICT-enabled citizen-centric services through their network of merchants, known as BLS Touchpoints. These services, including birth certificates, PAN and Aadhar registrations, property registrations, and more, are provided transparently and accountably, enhancing citizen access.



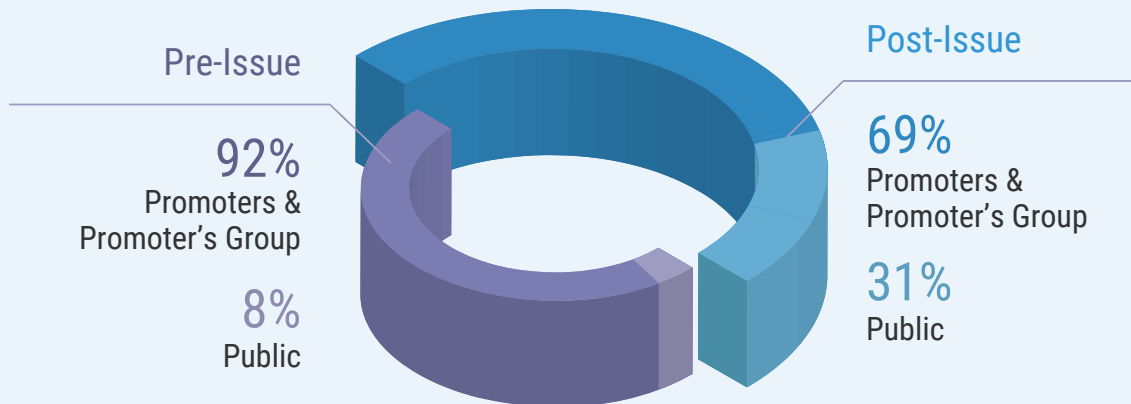
BLS E-SERVICES LIMITED

Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



1,100 mn

Authorised Equity
Share Capital



678 mn

Paid-Up Capital
(Pre-Offer)



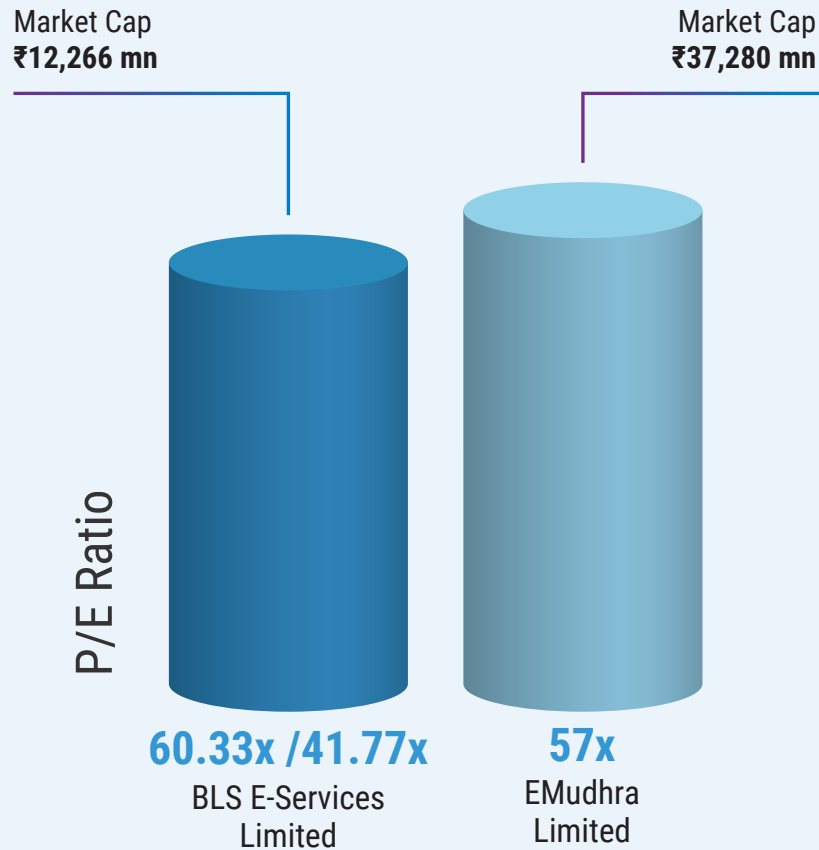
909 mn

Paid-Up Capital
(Post-Offer)



BLS E-SERVICES LIMITED

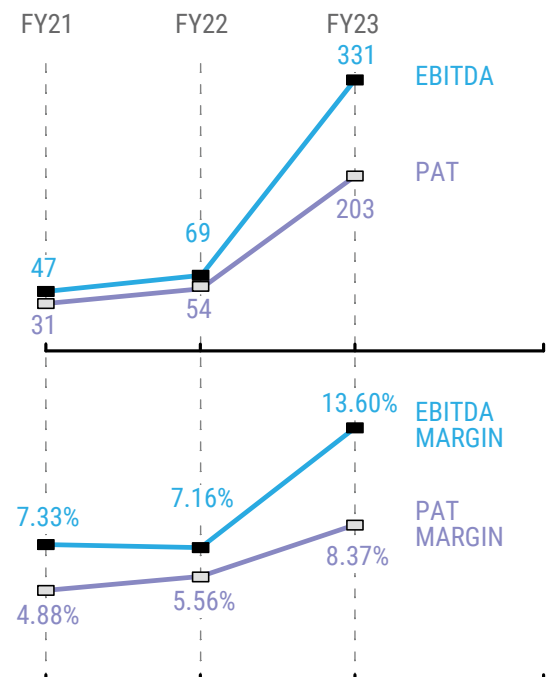
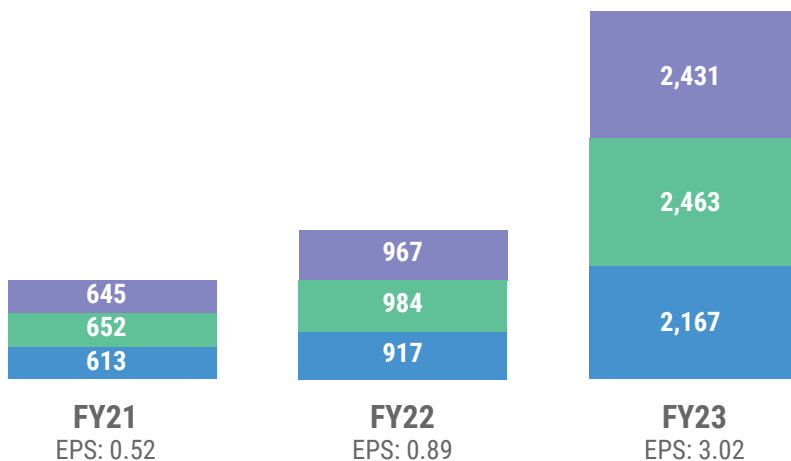
Valuations and Peer Comparison



Market Cap data of listed securities as on January 25, 2024

Financial Snapshot (in ₹ mn)

- Revenue
- Total Income
- Total Expenses





BLS E-SERVICES LIMITED

Business Insights



Competitive Strengths

- Asset light business model
- The company enables social and financial inclusion in India
- Multiple cross-selling and up-selling opportunities, network effect, and wide reach for customer acquisition
- Business model with diverse sources of revenue and negligible customer acquisition and retention costs
- Successful track record of their acquisitions
- Experienced senior management, skilled employees and strong parentage of their Promoters, Diwakar Aggarwal and Shikhar Aggarwal and Corporate Promoter "BLS International Services Limited"



Business Strategy

- Strengthening and integrating their technology backbone
- Grow their merchants and BLS Stores network
- Pursue strategic investments and acquisitions to enhance product and service capabilities
- Leverage existing market position to grow each business segments, with an aim to improve cross-selling results.



Risks

- They predominantly undertake fee and commission-based activities, and their financial performance may be adversely affected by their inability to generate income from such activities.
- A substantial portion of the revenue is generated by BC business operated by their subsidiaries, ZMPL and Starfin for their banking partners. The businesses of their banking partners are regulated by the RBI and any change in the RBI's policies, decisions, and regulatory framework could adversely affect their business, cash flows, results of operations, and financial condition.
- As a result of their limited operating history, they may not be able to compete successfully, and it may be difficult to evaluate their business and future operating results on the basis of their past performance.

Promoters and Management Details

Rahul Sharma - Executive Director

Shikhar Aggarwal - Chairman and Non-Executive Director

Diwakar Aggarwal - Non-Executive Director

Research Disclaimer <https://bit.ly/2RK2tzc>

