



IPO NOTE

BLS E-SERVICES LIMITED



Rating:

Subscribe



ISSUE OFFER

Issue Opens on	JAN 30, 2024
Issue Close on	FEB 01, 2024
Total IPO size (cr)	₹310.91
Fresh issue (cr)	₹310.91
Offer For Sale (cr)	NIL
Price Band (INR)	129- 135
Market Lot	108
Face Value (INR)	10
Retail Allocation	10%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	75%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	10%

SHAREHOLDING (No. of Shares)

Pre Issue

66,726,485

Post Issue

89,756,485

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	02-02-2024
Refunds/Unblocking ASBA Fund	05-02-2024
Credit of equity shares to DP A/c	05-02-2024
Trading commences	06-02-2024

BLS E-Services Limited is a technology-enabled digital service provider, offering (i) Business correspondent services to major banks in India, (ii) Assisted E-services; and (iii) E-Governance Services at grassroots levels in India. Through its robust network, it provides access points for the delivery of essential public utility services, social welfare schemes, healthcare, financial, educational, agricultural, and banking services for governments (G2C) and businesses (B2B).

OBJECTS OF THE ISSUE

- Strengthening the technology infrastructure to develop new capabilities.
- Funding initiatives for organic growth by setting up of BLS Stores.
- Achieving inorganic growth through acquisitions.

OUTLOOK & VALUATION

BLS E Services Limited is a digital service provider, and it could be a beneficiary of digital India initiatives by the government. The company operates on an asset-light business model, has a wide reach for customers, and has a business model with diverse sources of revenue. The company has also reported consistent growth in its financials.

A few concerns are that the company has a limited operating history, making it difficult to evaluate its business and growth; secondly, it is dependent on a single customer for major revenue; and third, it has geographical concentration.

Finally, it is valued at a P/E of 44x, which seems fairly priced, so considering all the factors, we give a Subscribe rating to this.



KEY MANAGERIAL PERSONNEL

01

Rahul Sharma

Executive Director and Chief Financial Officer (CFO) of the Company. He was appointed as the Chief Financial Officer of the Company since December 21, 2022. He has been associated with BLS group since the year 2011. He has over 16 years of experience in the field of taxation, finance and accounts.

02

Shikhar Aggarwal

Chairman and Non-Executive Director of the Company. He has over 6 years of experience in providing technology enabled services to governments and citizens with his association with BLS group of companies since 2016 and is presently, the joint managing director of BLS International Services Limited.

03

Sanjay Kumar Rawat

Company Secretary & Compliance Officer of the Company since March 14, 2023. He is an associate member of the Institute of Companies Secretaries of India. He has over 12 years of experience in secretarial and legal compliance. Prior to joining this Company, he was associated with Terracis Technologies Limited and TaraSpan Solutions Private Limited.

04

Lokanath Panda

Chief Operating Officer of the Company with effect from April 12, 2023. He has over 20 years of experience in the field of payment systems, financial inclusion, citizen services portfolio and expansion of retail channel for other value added services and products. Presently, he is also a whole time director in the Subsidiary i.e., ZMPL.



COMPANY PROFILE

- Through its tech-enabled integrated business model, we provide digital and physical products and services in the G2C, B2C, and B2B categories in semi-urban, rural, and remote areas.
- The Company organizes its business along three primary business segments, (i) Business Correspondents Services; (ii) Assisted E-services; and (iii) E-Governance Services.
- A key stakeholder in each of its business segments are merchants, with whom it collaborate for delivery of its products and services to the citizens.
- Its merchants act as its interface with the consumers and play a critical role in delivering goods and services. Presently, its merchants are organized into two categories i.e. BLS Touchpoints and BLS Stores. As of September 30, 2023, it has 98,034 BLS Touchpoints, which includes 1,016 BLS Stores.

COMPETITIVE STRENGTHS

- Asset light business mode.
- It 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 the acquisition.
- Experienced senior management.

KEY STRATEGIES

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

KEY CONCERNS

- The Company As a result of its limited operating history, it may not be able to compete successfully, and it may be difficult to evaluate its business and future operating results.
- None of the e-governance projects are awarded to the Company directly. All of its contracts to E-Governance projects are awarded to its Corporate Promoter, BLS International Services Limited.
- Deterioration in the performance of its Subsidiaries may adversely affect its results of operations.
- It is dependent on and derives a substantial portion of its revenue from, a single customer, one of the largest PSU Bank.
- The Company provides E-Governance Services only in the states of Punjab, Uttar Pradesh and West Bengal.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (LAKHS)	RoNW (%)
BLS E-Services Limited	3.02	18.76	-	24,629.27	16.46%
Peer Group					
EMudhra Limited	8.35	53.02	56.27	24,875.70	15.75%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN LAKHS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	6,672.65	1.00	1.00
Other Equity	4,021.38	678.39	139.60
Net Worth	10,694.03	1,506.69	967.90
Total Borrowings	-	726.05	-
Revenue from Operations	24,306.07	9,669.82	6,448.72
EBITDA	3,628.96	862.06	547.29
Profit before Tax	2,697.94	677.74	392.22
Net Profit/loss for the year	2,033.18	537.96	314.82



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