

**Price:** 337  
**Recommendation:** Buy  
**Industry:** Tour, Travel Related  
**Sector:** Consumer Discretionary  
**Report Date:** 17-Mar-2025

BLS International Services Limited has shown remarkable growth, with a 17% revenue increase to INR 513 crores in Q3 FY '25 and a 22% rise to INR 1,501 crores for the nine months ending December 2024. This success is driven by strategic acquisitions like iDATA, Citizenship Invest, and Aadifidelis, enhancing their market position. The shift to a self-managed model improved EBITDA margins by 1,000 basis points. BLS is focused on organic and inorganic growth, investing over INR 1,000 crores in acquisitions.

Sales		Profit & Loss		Profitability Matrix	
Current Year	153 Cr	Operating Profit(Year)	15.7 Cr	Operating Profit Margin	10.3 %
Previous Year	86.8 Cr	Operating Profit(Quarter)	4.52 Cr	EBITDA Margin	31.57 %
Current Quarter	41.2 Cr	PAT (Year)	36.9 Cr	Net Profit Margin	31.1 %
Previous Quarter	34.2 Cr	PAT (Quarter)	0.27 Cr	EPS	0.86
Revenue (QYoY)	23.3 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	391	Sales Growth	48.0 %	Sales Growth	20.47 %
PEG Ratio	17.3	PAT Growth	7.58 %	Sales Growth QYoY	76.82 %
EV/EBITDA	268	EPS Growth	-4.44 %	PAT Growth	-98.56 %
P/B	143	Dividend Yield	0.31	PAT Growth QYoY	-94.65 %
Capital Allocation		Holdings		Leverage	
RoE	44.1 %	Promoter	70.4 %	Debt/Equity	0.04
RoA	32.7 %	FII	10.9 %	Debt	4.20 Cr
RoCE	44.9 %	DII	1.36 %	Market Cap	13861 Cr
RoIC	57.6 %	Public	17.3 %	Enterprise value	13844 Cr
		No of Shares	41.2 Cr	Cash Equivalents	21.2 Cr

source : Company filings

**Company's Overview Based on Recent Concall and Performance:**

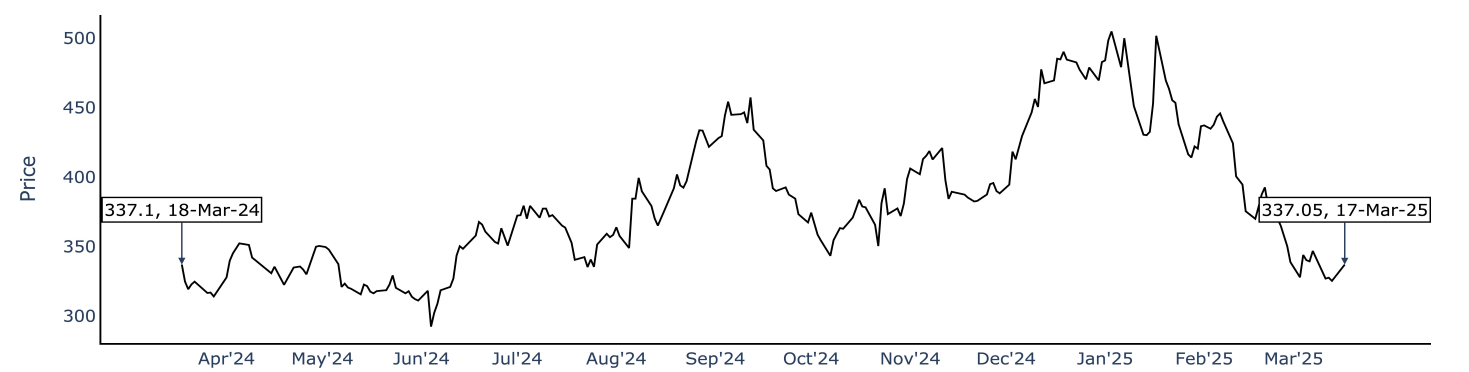
BLS International Services Limited has demonstrated significant growth and strategic advancements in the recent quarter. The company reported a robust year-on-year revenue increase of 17% to INR 513 crores for Q3 FY '25, and a 22% rise to INR 1,501 crores for the nine months ending December 31, 2024. This growth is attributed to the integration of new businesses, including the acquisitions of iDATA, Citizenship Invest, and Aadifidelis, which have bolstered their market position and expanded their service offerings. The strategic shift from a partner to a self-managed model has also contributed to a substantial EBITDA margin expansion of approximately 1,000 basis points, reflecting enhanced operational efficiency and profitability.

The company's new initiatives include a focus on both organic and inorganic growth, with significant investments in acquisitions totaling over INR 1,000 crores. These acquisitions are aimed at strengthening BLS's presence in the visa and consular services market, as well as expanding into digital services. The acquisition of Citizenship Invest, for instance, has positioned BLS at the forefront of residency and citizenship programs, enhancing their capabilities in providing comprehensive visa solutions. The integration of Aadifidelis into their digital services segment has also driven revenue growth, with the segment reporting an 87% increase in Q3 FY '25.

Looking ahead, BLS is optimistic about its future growth prospects, with plans to continue exploring new avenues for expansion both domestically and internationally. The company is actively bidding for multi-billion dollar tenders and is poised to capitalize on the growing demand for outsourced services, with only 50% of the market currently outsourced. BLS aims to maintain its current growth trajectory by leveraging its strong financial position, which includes a net cash reserve of INR 690 crores, to fund further acquisitions and business expansions.

While the company's performance has been impressive, there are areas for potential improvement. The profit after tax (PAT) growth has lagged behind EBITDA growth, partly due to increased tax liabilities from expansions in high-tax regions like Dubai, Turkey, and India. To address this, BLS could focus on optimizing its tax strategy and further enhancing operational efficiencies. Additionally, while the digital business has shown strong growth, maintaining and improving margins in this segment will be crucial for sustaining overall profitability. Overall, BLS's strategic initiatives and strong financial performance position it well for continued success in the coming years.

BLS Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Oracle Fin.Serv.	64962.20	28.32	28.98%	2.47%	-5.94%	-6.30%	-26.93%
PB Fintech.	62254.56	299.96	1.13%	10.66%	48.31%	41.19%	92.16%
Coforge	49115.67	64.09	24.09%	8.36%	42.82%	6.58%	-9.45%
Hexaware Tech.	45674.38	38.86	23.50%	0.60%	20.58%	6.41%	65.40%
KPIT Technologi.	34185.73	45.04	31.19%	0.45%	17.58%	-8.24%	21.17%

Aspect	Commentary
Revenue	The company experienced a significant revenue increase, with a 76.82% QYoY growth, indicating strong sales performance. This growth is driven by strategic acquisitions and market expansion, reflecting a robust business model and effective management strategies.
Profit & Loss	Operating profit margins are healthy, with a notable year-on-year increase. However, quarterly PAT shows a decline, suggesting potential challenges in cost management or increased expenses impacting net profitability.
Profitability Matrix	The company maintains strong profitability metrics, with high operating and net profit margins. This indicates efficient cost management and a strong ability to convert revenue into profit, enhancing shareholder value.
Valuation Matrix	The valuation metrics suggest a high market valuation, with a trailing P/E of 391 and a PEG ratio of 17.3. This reflects investor confidence but also indicates potential overvaluation risks if growth expectations are not met.
Growth (YoY)	Year-on-year growth is robust, with significant sales and PAT growth. However, EPS growth is negative, suggesting dilution or increased share count impacting earnings per share, which may concern investors.
Growth (QoQ)	Quarterly growth shows strong sales performance but a significant decline in PAT, indicating potential short-term challenges in profitability or increased operational costs affecting net income.
Capital Allocation	The company demonstrates efficient capital allocation with high returns on equity, assets, and capital employed. This reflects effective use of resources to generate returns, supporting long-term financial health.
Holdings	Promoter holding is strong at 70.4%, indicating confidence in the company's prospects. Institutional holdings are moderate, suggesting a balanced investor base with potential for increased institutional interest.
Leverage	The company maintains a low debt-to-equity ratio, indicating prudent financial management and low financial risk. This provides flexibility for future investments and growth opportunities without significant leverage concerns.

**Analyst viewpoint:** BLS International Services Limited has exhibited commendable growth in the recent quarter, primarily driven by their strategic acquisitions and a strategic pivot to a self-managed operational model that has notably improved EBITDA margins. The company has demonstrated a substantial year-on-year revenue increase of 17%, underpinned by acquisitions like iDATA and Citizenship Invest, which have solidified its competitive stance in the market. With a quarter-on-quarter sales growth of 20.47%, BLS has showcased its robust sales performance, which reflects a well-executed business model and strategic market expansion. Its low debt-equity ratio further illustrates prudent financial management, providing a solid foundation for future growth initiatives.

In the current landscape, BLS is positioned well against its peers, with plans to continue leveraging its strong cash reserve for further acquisitions. The focus on both organic and inorganic growth, along with the expansion into digital services, reinforces their competitive edge. However, a notable challenge remains in the form of profit after tax (PAT) growth, which has lagged behind due to heightened tax burdens in international markets. It's imperative for BLS to address these fiscal challenges to maintain its growth trajectory and enhance shareholder value. Despite this, the company's strategic path and performance metrics position it promisingly for continued success in the short to mid-term horizon.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

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