

August 12, 2024

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| National Stock Exchange of India Ltd., Exchange Plaza, C-1 Block G, Bandra Kurla Complex Bandra [E], Mumbai – 400051 NSE Scrip Symbol: BLS | BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 BSE Scrip Code: 540073 | Metropolitan Stock Exchange of India Ltd., Vibgyor Towers, 4 th Floor, Plot No. C62, G - Block, Opp. Trident Hotel, Bandra Kurla, Complex, Bandra (E), Mumbai – 400098 MSE Scrip Symbol: BLS |
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Subject: **Transcript of Earnings Call held on August 06, 2024**

In continuation to our intimation dated July 31, 2024, please find enclosed a transcript of the Earnings Call held on Tuesday, August 06, 2024 to discuss the operational and financial performance of the Company for the first quarter ended June 30, 2024.

The transcript is also available on the Company's website at <https://www.blsinternational.com/>

You are requested to take the same on your records.

For BLS International Services Limited

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Dharak A. Mehta
Company Secretary & Compliance Officer
Membership No.: FCS12878

Encl: as above



“BLS International Services Limited
Q1FY25 Earnings ConferenceCall”

August 06, 2024

MANAGEMENT: MR. NIKHIL GUPTA – MANAGING DIRECTOR
MR. SHIKHAR AGGARWAL – JOINT MANAGING
DIRECTOR
MR. AMIT SUDHAKAR – CHIEF FINANCIAL OFFICER
MR. LOKANATH PANDA – CHIEF OPERATING
OFFICER – DIGITAL BUSINESS
MR. GAURAV CHUGH – HEAD INVESTOR RELATIONS

Moderator:

Ladies and gentlemen, good day, and welcome to BLS International Services Limited Q1FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I'll now hand the conference over to Mr. Gaurav Chugh from BLS International Services Limited. Thank you, and over to you, Mr. Gaurav.

Gaurav Chugh:

Thank you, Sumit. Very good afternoon everyone and thank you for joining the Q1 FY '25 earnings call of BLS International Services Limited. To discuss the operational and financial performance of the company, we have with us on the call today, Mr. Nikhil Gupta, our Managing Director; Mr. Shikhar Aggarwal, our Joint Managing Director; Mr. Amit Sudhakar, our Chief Financial Officer; and Mr. Lokanath Panda, Chief Operating Officer of our Digital business.

The company's investor presentation and press release has already been uploaded on the stock exchanges as well as on the company's website and we hope you all had an opportunity to go through the same.

Let me remind you that this discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It may be viewed in conjunction with our businesses that would cause future results, performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

I would like to hand over the call to Shikhar Aggarwal for his opening remarks, post which Mr. Amit Sudhakar will discuss the financial performance, and then we will open the floor for an interactive Q&A session. Thank you, and over to you, Shikhar.

Shikhar Aggarwal:

Thank you. Thank you all for joining BLS International's Q1 FY '25 Earnings Call today. We trust you had an opportunity to have a look at our results, press release and the investor presentation, which are available on both the stock exchanges and our company's website.

I'm delighted to share with you that we have commenced FY '25 by achieving some significant milestones. Firstly, we have crossed INR 500 crores in terms of consolidated total income in the quarter. Our total income in Q1 FY '25 was INR 510 crores, which is a growth of 31% from the same quarter last year. This was also the quarter with the highest-ever quarterly profits. We have delivered a profit after tax of INR 120.8 crores, which is a remarkable 70% year-on-year growth.

I would also like to take a moment to point out some interesting facts. If you look at our numbers few years back, in FY '21, we did a revenue from operations of INR 478 crores in the

full financial year, which is lower than the revenue of INR 493 crores, which we recorded just in this quarter itself, which is Q1 FY '25. And this is just not for the revenue. It is also for other key financial parameters like EBITDA and PAT as well. I believe this is a testament to our focus on sustainable growth.

Now coming back to Q1 FY '25, our revenues from operations during the quarter have reported a strong growth of 28% year-on-year. The growth has been largely driven by growth in our Visa & Consular segment, which has witnessed an increase in volumes, growing 18% from the corresponding quarter. The volume growth has been due to growth coming from new contracts as well as growth from our existing contracts.

Our enhanced penetration in target markets and strong industry tailwinds from global travel and tourism during the quarter have also contributed positively to our growth. As we have been mentioning about the transition in our business model from partner-run model to self-run model. Over the last few quarters, we have been successful in this transition, and we are now starting to see results in expansion of the margins. And we are hopeful to see further positive outcome from this strategic move in the future.

Another milestone that we have achieved is the recently completed iDATA acquisition. We have successfully completed the 100% acquisition of iDATA, a leading Turkey-based Visa & Consular service player. The integration of iDATA's business operations with BLS will further solidify our presence in the European geography. We will start seeing the consolidation of this acquisition from Q2 FY '25 onwards, and we are also exploring further synergies which will further help to optimize our operations.

Our Digital Service business continues to witness growth traction, while the revenues in Q1 FY '25 was at similar levels as compared to Q1 FY '24. We continue to deliver a good performance in terms of profitability. Our continuous focus has led to an increase in margins and operational efficiencies, which has enabled us higher profitability in this quarter. We continue to witness growth in this segment with the addition of new banks and CSP during the quarter. As of 30th June 2024, we had 27,000 plus CSPs and more than 110,000 touch points.

In this quarter, the BC business has seen over 3.5 crores transactions with Gross Transaction Value of around INR 20,000 crores. Further, in line with our commitment to promote financial inclusion and digital empowerment, we signed a definitive share purchase agreement to acquire 55% controlling stake in Aadifidelis Loan Solution and its affiliates, which is one of the largest loan distribution processing companies in India with Pan-India presence. A network of 8,600 plus channel partners enabled Aadifidelis to facilitate average monthly loan disbursement of more than INR1,500 crores. The acquisition is expected to close in Q2 FY '25 and will align with our company's portfolio of Business Correspondents-led citizen-centric last mile banking delivery and provide ample cross-selling opportunities.

To conclude, with increased business confidence and travel-facilitating measures and rising air capacity and connectivity across the globe, we anticipate significant boost to the international tourism and corresponding demand of visa applications. We are witnessing a positive momentum and are optimistic about sustaining growth in the future.

We also are resolute in our belief that our strategic growth initiatives and acquisitions will generate substantial long-term value for our stakeholders. Meanwhile, we'll continue to focus on our inorganic growth initiatives, wherein we would be targeting synergistic tech-enabled businesses.

Now I'll turn over the call to Mr. Amit Sudhakar, our CFO, for further updates on financial performance. Thank you.

Amit Sudhakar:

Thank you, Shikhar. Good afternoon everyone. I'm pleased to present the consolidated financial performance for the first quarter ended June 30, 2024. Our consolidated revenue from operations increased by 28.5% to INR492.7 crores from INR383.5 crores in Q1 FY '24, largely driven by growth in Visa & Consular business. The EBITDA surged by 66% to INR133.2 crores compared to INR 80.1 crores in Q1 FY '24. EBITDA margin improved to 27% in Q1 FY '25, up from 21% in Q1 FY '24, showing a significant expansion of 615 basis points. PAT in Q1 FY '25 witnessed a robust growth of 70% to reach INR 120.8 crores compared to INR 71.0 crores in Q1 FY '24, with a margin improvement of 600 basis points to 24.5% in Q1 FY '25.

Now moving to the segmental highlights. Revenue from Visa & Consular Services experienced a strong growth of 36% to register revenue of INR 414.1 crores in Q1 FY '25, up from INR 304.8 crores in Q1 FY '24. EBITDA grew by a robust 71% Y-o-Y to INR 121.3 crores in Q1 FY '25 with a margin of 29%, which expanded by 600 basis points as compared to 23% in Q1 FY '24. The margins have witnessed an expansion due to higher volumes, transition to a new business model as well as our efforts to bring in operational efficiency in our businesses. The number of visa applications processed during the quarter have risen by 18% from 7,21,000 applications in Q1 FY '24 to 8,50,000 applications in Q1 FY '25.

We have also announced the completion of iDATA acquisition recently, for a consideration of INR 720 crores. This is a large milestone for the company and we will witness the synergistic benefits from Q2 onwards. iDATA is a profitable company and recorded INR246 crores revenue with INR144 crores in EBITDA in calendar year 2023.

Our Digital Business revenue stood at INR 78.5 crores in Q1 FY '25 compared to INR 78.7 crores in Q1 FY '24. The EBITDA surged by 31% Y-o-Y to INR 11.9 crores in Q1 FY '25, against INR 9.1 crores in Q1 FY '24. The EBITDA margins at 15.2% were up 358 basis points from 11.6% in Q1 FY '24.

The company continues to maintain a strong balance sheet with cash and cash equivalent of INR1,290 crores as on 30th June 2024, and strong return ratios with ROE of 29% and ROCE of 32% on an annualized basis.

With that, I will request the moderator to open the floor for questions.

Moderator: The first question is from the line of Nikhil Shetty from Nuvama Wealth.

Nikhil Shetty: Congrats on a strong set of numbers. My question is on margins. So, we have witnessed substantial growth in the EBITDA margin in Visa & Consular business. And as I understand, number of iDATA is yet to be added to the numbers. So, what led to this growth? And I mean, how much of our partner-based centers are transitioned to the company-owned model? And what is key reason behind the growth in the EBITDA margin in Visa business?

Shikhar Aggarwal: Yes. Thank you, Nikhil. So, as you know, we grew 600 basis points in EBITDA margin level, now we are standing at 29% EBITDA margins from 23%. And there are, I think, a couple of factors for this growth. Definitely, if you see that in some countries, we have transitioned to our one model, I think 4, 5 countries have already transitioned, more 3, 4, 5 countries are expected to transition. We have gotten an increase in service fee. We have won new contracts at higher service charges, even though existing contract that we re-tendered we have won at higher service charges. So the service fee has increased.

Also, there has been an increase in some conversions of different services across the world. So I think that is the reason for increase in EBITDA margin. And yes, we have also seen a growth in revenue of 36%. Volume of applications have also grown by 18%. So I think those are some of the factors that have led to increase in EBITDA margin, and we think that this is sustainable and it can grow further. And yet acquisition of iDATA, the numbers will be added from second quarter.

Nikhil Shetty: Yes. But just to get more clarity on EBITDA margin. So, after the integration of both the acquisitions, how much margin do you expect on a blended basis for FY '25?

Shikhar Aggarwal: The exact number, we don't know. But definitely, we see further upside in our margins. If you see last year, we did 21%, year before we were at 15%-16%. So constantly, the EBITDA margins have been growing and definitely, after this acquisition, we definitely feel that EBITDA margins can grow further.

Nikhil Shetty: Okay, sir. And lastly, sir, despite having INR 1,300-odd crores on our balance sheet, we are planning to raise INR 2,000-odd crores. I believe this is for acquisition as well. So is it fair to believe you have already identified the target company?

Shikhar Aggarwal: So, Nikhil, first of all, this money INR 1,290 crores that we have on the books is as of first quarter-end and post that the acquisition of iDATA was done, so money was paid from that. Also, Aadifidelis Loan Solution that we've announced, we will be using this cash. So, cash level definitely, in the short term, will be utilized in these acquisitions. Obviously, in the next few months and years, we expect more cash to come into the company. But see, this was an enabling resolution that we passed in the Board meeting and in the follow-up AGM we wish to take that up. But definitely, we are constantly looking at growth opportunities of the company. Organically, we are looking at new contracts, newer geographies and inorganically these acquisitions.

So definitely, we are talking constantly to different outsourcing companies, not only in Visa, but allied sector as well. So, this was an enabling resolution, and that is why we passed it. But definitely, we have planned for the future as and when companies that we're talking to, one of it gets closed, the bigger acquisitions, then we will be accordingly raising the funds.

Moderator: The next question is from the line of Sandeep Agarwal from Naredi Investments.

Sandeep Agarwal: Mr. Aggarwal, you did miracle in company. Congratulations. And we are a shareholder more than 5 years, so we knew this company throughout. We wish all the best to you and your employees. Sir, my question is 55% controlling stake you bought for loan distribution, so it is for BLS or BLS E-Services?

Shikhar Aggarwal: Thank you, first of all. I think the entire team of BLS International is working hard to deliver good growth on a sustainable basis. So definitely, in the future also, we expect good growth coming in. This company has bought the loan distribution company in its subsidiary - BLS E-Services. 55% will be held by the BLS E-Services.

Sandeep Agarwal: Okay. Secondly, after 100% acquisition of iDATA, how much cash we have, or we raised some debt?

Shikhar Aggarwal: As of first quarter-end, we have given the cash numbers of INR1,290-odd crores. Post that, we have utilized certain cash in the acquisition of iDATA.

Sandeep Agarwal: After iDATA, "Yeh Dil Maange More" so what is next?

Shikhar Aggarwal: See, we are -- as we've spoken, we are a mature company now, and we are focusing on sustainable growth and we see there is ample opportunities in the market. So we are -- as you know, we have been a conservative company utilizing our cash effectively. So accordingly, we are looking at multiple opportunities, both inorganically and organically, and we wish to do acquisitions that will be revenue accretive, EPS accretive, and we'll only focus on that. So definitely, we want to grow, but on a sustainable basis.

Moderator:

The next question is from the line of Amit Chandra from HDFC Securities.

Amit Chandra:

Yes. So on the margin expansion, obviously, the margin expansion has been pretty decent, and it has been the highest margin. So, we said that transitioning from partner-run centers to self-managed centers as the main reason. So, if you can throw some more light here in terms of how many centers we have in terms of self-owned and outsourced as of now? And as far as my understanding goes, shifting to the self-management also involves the capex, like owned centers. So, is it turning towards more asset-heavy kind of a model?

Shikhar Aggarwal:

So, Amit, first of all, this increase in margins, one of the reasons is the shift from partner-run models to self-owned centers, but there are multiple other factors. If you see, we have got increase in service charges from our existing client government and new tenders that we have won at good higher service charges. There has been increase in different value-added service fee also, increase in conversion as well. So, there were multiple factors that has led to an increase in margin, and that is sustainable. The capex that pertains, I think Amit can add on that.

Amit Sudhakar:

So, Amit, if you see, our depreciation and our employee costs have gone up compared to the last quarters, and only due to this that we have got people on our own payroll as well as we have invested in new facilities. Therefore, the depreciation has also gone up. So, it is reflecting in those rather than in EBITDA directly. So, the impact has come from hedge actually.

Amit Chandra:

Okay. So in terms of the 615 bps margin expansion that we had, how much we can attribute towards shift towards the self-owned centers and how much would be from the cost saving measures and higher realisation and the value add services, can you give some breakup on that or some more color that would be helpful?

Amit Sudhakar:

We don't have a specific breakup, but you can see that the volume growth has been about 18%, whereas the revenue in visa and consular business has grown at around 35%. So that shows the increase in the revenue, which we have done that, which is impacting the EBITDA. On the other hand, if you take out the incremental employee costs and the depreciation, that will give you the net increase, which has come in from EBITDA margins.

Amit Chandra:

Okay. And we have also seen quite substantial increase in the number of applications and also the revenue per application has been increasing. So, in terms of the total applications, if you can provide how much has been from Indian and foreign centers or missions, what is driving this higher realization and higher volume growth? Is it some specific center, specific countries? Or is like widespread?

Amit Sudhakar:

So, see, this is coming from new contracts which we have won. And in India, we do not more than 10% of the total revenue. So, 90% is all outside India. And the growth is coming from India as well as from outside India in these numbers. It is on higher volumes from the existing

centers as well as the new centers, which we have opened for the new contracts which we have won over the last one year.

Amit Chandra: Okay. So, all the contracts that we have won is already into this? So, from here, we can see the growth like normalizing or there are some other contracts that we're winning and there is possibility that this number can grow further because iDATA is coming, so it opens up a new market. So how do you see this in terms of number of applications?

Shikhar Aggarwal: I think if you see the volume, we have grown 18% in terms of the volume in first quarter. This obviously does not include the acquisition numbers. The numbers will grow further. But I think the opportunity in the market is humongous in terms of outsourced market itself, there are multiple tenders that are coming up for bidding, and we are doing pilots. We have a bunch of contracts. If you see in the last one year, we have won multiple contracts with multiple governments. In the future also, we expect some market share to come-in from that.

Then there are non-outsourced markets also, which will continue to outsource. More and more outsourcing will happen, more on the production will come. So definitely, we think that we can sustain the growth momentum.

Amit Chandra: Sir, I just wanted to understand because last 4 quarters, the volume applications has been mostly constant. We have seen a jump in this quarter. So, the growth is coming from existing contracts? Or is it totally from a newer contract in this quarter?

Shikhar Aggarwal: Some growth is also coming from existing contracts. China is now back to pre-COVID level. But obviously, majority of the growth is coming from newer contracts as we have been talking that we have been winning new contracts, deploying them. So, volume growth has started to come in from those as well.

Amit Chandra: Okay. And in terms of the realization growth, obviously, it has been growing steadily. So that could be one of the reasons. But apart from that, is there a mix change also a reason for the increase in applications and how this application will look like after iDATA integration?

Shikhar Aggarwal: Honestly, Amit, I'm sorry, but you are not very clear on the last question. I think you're talking about the volume of iDATA. So, they do 650,000 or something odd applications annually.

Amit Chandra: No, no. I was talking about the net revenue per application. That has been on an increasing trend. So how much of that is from the change in the mix of international versus domestic and how much is from value-added services, if you can provide some color on that? And also, how the revenue per application is of iDATA?

Shikhar Aggarwal: So, revenue per application of iDATA is higher than BLS International because they are operating in specific geographies at higher service charges. But I think our revenue mix, Amit

Sudhakar if you can share more.

Amit Sudhakar: This all, is coming from outside India only mainly because in India, we have a very limited revenue.

Shikhar Aggarwal: I think maybe you can have a call with Amit Sudhakar on your question.

Moderator: The next question is from the line of Samir Palod from AUM Fund Advisors.

Samir Palod: Wonderful set of numbers. If you can just talk a little bit about cash flow, the EBITDA growth and how much of that EBITDA has translated into cash flow from operations, that would be very helpful?

Shikhar Aggarwal: Yes. I think Amit, our CFO, will take this up.

Amit Sudhakar: So, Samir, if you see our numbers and the growth in cash flow, more or less the EBITDA will match with our incremental cash position. We have given our quarterly cash balances, the increase if you see is more or less matches with the EBITDA that we have done. Because our businesses are all-cash basis, it reflects directly into our cash balances. So, if you see the cash balance had moved by INR154 crores in this quarter, if you add the depreciation, it will be approximately coming to the same numbers, around that.

Samir Palod: Fair enough. And if you can just talk a little bit about how you see the rest of the year going for your Visa processing business, for your current business and for the acquisition business separately? And do you see further operating leverage in your margins going through the next 3 quarters?

Amit Sudhakar: So if you see in the last couple of quarters, we have talked about this shift which we were doing from a partnership-model to our own-model, and the impact started coming from this quarter. And the second, there have been a tailwind as far as global travel is concerned, which is helping us in the volume of business in most of the centers. So that growth is what we have done in this quarter, we feel that this momentum will continue for the current year. And over and above that, the acquisitions, which are in the pipeline as they will add and there will be a value EBITDA accretive from the day 1, will add further to the top line as well as the margins.

Samir Palod: But in terms of sort of steer in terms of what would be the growth you think in your base business as well as in the Turkey business.

Amit Sudhakar: So, see, we have done a growth in this quarter about 18% in the volumes. And overall, about 35% on the revenue, we believe that will continue and the growth in the EBITDA should also be on the same line as for the existing business is concerned. And once these acquisitions are completed, additional EBITDA will be added to the same.

Moderator: The next question is from the line of Kevin Jain from PL Capital.

Kevin Jain:

Shikhar and the team, congratulations for these kinds of numbers. One peculiar particular thing, which I have noticed, which is not there any of the Indian companies for the first full financial year, March '22, your entire consolidated profit was INR111 crores. And this is a testimony that in the first single quarter of March '25, you have done INR120 crores, which is higher than the entire profit of financial year FY '22. Congratulations. Now one fundamental question what I want to ask that you and your management have seen the evolution of VFS or any of the global majors right? Now they have also acquired several regional players. So, if I were to ask that BLS is at which juncture or trajectory in terms of acquiring now, as you have acquired iDATA, right. What is the pathway for next 5 to 6 years? And what has been the journey of VFS or any global equivalent measure, see because your acquisition is one of the most relevant things, right? Because then you make a very strong pipe and a very strong funnel, and credentials helps to build on credentials. So, can you throw some perspective on this matching the trajectory of VFS, what are our renewed strength as compared to VFS? That would be helpful.

Shikhar Aggarwal:

So, Kevin, if you see in the last 4 years, we have grown 92% CAGR level in EBITDA. And that was all organically done. Next few years also, if you divide the bucket of growth of BLS, our first focus is on organic growth, how we can organically increase the revenue from our existing contracts, get more outsourcing from our existing client governments, increase our geographical presence.

And then Second is how we can win more contracts from the competition, which are coming up for renewal, where we can build a certain market size share. Then if you see a lot of new governments which have never outsourced like Philippines, Brazil, we recently won, more governments are now in the pipeline, which are outsourcing for the first time. Some existing governments are outsourcing in the newer geographies for the first time. So, first focus is on that.

Then definitely acquisitions. If you see there are only a handful of players in this business globally, big players and then a handful of regional players as well. And we have acquired one of those sizable regional players iDATA. So next few years also, the kind of cash that the company will throw, we are looking at constantly growing the company both in Visa outsourcing and allied government outsourcing services globally.

So, we are looking at different acquisition opportunities. Regional players across the world that can be EPS accretive, economies of scale help us enter into newer market and we get our money back in a certain number of years. So definitely, we are looking at those kinds of acquisitions and also Visa outsourcing allied field in government outsourcing where they are good contracts being held by those companies.

So next year, I feel growth will come on all fronts, and I feel that we can sustain the growth momentum. If you see our competitors, we have won 14 to 15 new contracts in the last 1 to

1.5 years, and most of it was from the competition. Some governments have outsourced for the first time also, that most of this was winning more market share. So that is why we see good growth coming in all fronts of the company.

Kevin Jain: We absolutely got it. My last question is that from Q2 or Q3, you will be giving a combined consolidated number on a line-by-line basis. So logically speaking, when you integrate your numbers with iDATA, your margins at EBITDA level and a PAT level then would be substantially higher. And will there be any cost synergy in times to come, not immediately from the iDATA business over the next 1.5 to 2 years, which you will eventually focus on.

Amit Sudhakar: So Kevin, first, just to give you some numbers, iDATA last year has closed about INR 240 crores top line and had an EBITDA of around INR 140 crores, so those will get line-to-line consolidated with us, what we would be doing it from, 10th of July onwards. Those will be in our books directly coming in.

Then what we have done is we have analyzed that out of those 15 locations where they have offices out of them, 7 or 8 places, we also have our offices and we are trying to see to synergize those offices and get the benefit of cost and as well as operations. So these efficiencies will add value to the whole transaction, which we plan to do, it will take a couple of quarters to align those operations, so that will have another benefit, which we will see.

Kevin Jain: Perfect. I got the best perspective. Wish you good luck.

Moderator: The next question is from the line of Jaiprakash from Korman Capital.

Jaiprakash: Question on the seasonality. Is there any seasonality in the business? Like there is Q1 generally the stronger than other quarters?

Shikhar Aggarwal: Yes. Definitely, we see good numbers coming in Q1. There is a growth in terms of certain geographies. But now global travel has come to a similar level across all the months, that's what I feel, so I feel that if you see the acquisitions that we have done, the new contracts that we are planning. So, I think definitely, we see a good growth coming in all the quarters.

Jaiprakash: Okay. Sir, just to understand, we did the IPO of this BLS e-services, right? So, I just wanted to understand, like what was the reason we did the IPO and because company seems to have enough cash on the balance sheet. So, if you can just give out the rationale?

Amit Sudhakar: Jaiprakash, we basically wanted to deal in both the businesses separately. And they both have their own growth plans and to cater to their funding requirements of their future growth, we wanted to keep them insulated with each other. We do not want to use the cash generated by Visa business into the digital business requirement as well the digital business cash generation into Visa.

So for that angle, we have delisting that indirectly this company. And now the acquisition which we have announced of Aadifidelis will be done by the IPO funds that we have raised for that expansion. So those funds will be used for the growth of the BLS e-services future growth requirements.

Moderator: The next question is from the line of Arvind Kumar Sharma from Gemological Science International.

Arvind Kumar Sharma: Mr. Shikhar Aggarwal. We have got very actual results. Actually, BLS is the only company which is having business internationally and getting the profits, otherwise, all the companies, which are having global business are in deep trouble. Only companies which are concentrated on India are profitable. One more time I want to congratulate you. Sir, my question is that we have gone for IPO of BLS e-services. But we have the INR 300 crores, it is being unutilized. What is the reason?

Amit Sudhakar: So, Arvind, the last question I explained that the IPO funding we are going to use for this acquisition, which is in the final stages now. We are signing a definitive agreement. And once that happens, we will be utilizing for that as well as the balance will be used for the growth capital of the BLS e-services, where we are investing in the IT infrastructure as well as we are going to open e-stores as well as the acquisitions. So, there are a couple of more acquisitions in the pipeline. As and when they get crystal light, we will be announcing that also.

Arvind Kumar Sharma: Actually, we are adding a lot of opportunity. I mean to say in our real budget, we are again emphasis on retail infrastructure of India. So, you have done very good outside India, let us consider to India.

Amit Sudhakar: So BLS e-services focusing only on India.

Arvind Kumar Sharma: Yes, that's what I want to suggest, you might be knowing it better than me.

Amit Sudhakar: Thanks for your suggestion. Thank you.

Moderator: The next question is from the line of Sunny Roy, an individual investor.

Sunny Roy: Yes. So, I just saw that you are having enriched resolution of INR 2,000 crores, via QIP or any other mode, so may I know what the intent or reason is since we had a negative working capital and you have flushed with cash. So why do you want to raise up to INR 2,000 crores via QIP or any of the mode?

Amit Sudhakar: So, Sunny that was explained by Shikhar also that this is an enabling resolution we have passed, and which will require an AGM approval also and we will keep it handy for if we are looking at looking at acquisitions globally. If there are some big acquisitions come in, we will have to at that time, take a call of raising these funds. So, at the moment, these are all enabling

resolution. No specific fundraising has been brought out at the moment.

Sunny Roy: Okay. So, you don't have any concrete M&A plan as of now?

Amit Sudhakar: No, no. As and when, we have some, we will be then raising the funds.

Moderator: The next question is from the line of Sachin, an Individual Investor.

Sachin: Congratulations on amazing set of results. Just wanted to check if there are any opportunities for revenues between the 2 firms, BLS's e-services as well as international. I don't recall specifically where, but is the company looking at travel insurance as a segment revenue? And is that something that the company is looking at? And also, in terms of the exchange rate fluctuations and so on, how well is the company insulated because we're just seeing that in the news now that there's a lot of fluctuations with the dollar. Can you please throw some light on that?

Amit Sudhakar: So as far as travel insurance, this facility we give part of the value-added services to the travelers. That we give them a couple of countries, we give that the option of applying for a travel insurance because that is a mandatory requirement for the Visa. So, we provide those services from respective travel insurance companies. And as far as the exchange rate, we have a natural hedge that our all contracts are in USD or in Euro. So, we collect the equivalent local currency matching with the achieved rate. So, we don't have an exchange rate risk inherited into the system.

Sachin: Okay. And also, in terms of the enabling provision of INR2,000 crores, I didn't see whether debt was an option, it more inclined towards equity, but not sure if debt is an option or there is going to be equity dilution whenever it can have.

Amit Sudhakar: So, this resolution is only related to equity. And we have earlier passed our overall debt funding requirement as an enabling resolution. So, those are very much there. Once we have some decent amount of acquisition or something, we will be announcing it and then work out the structure of how much debt or equity we'll have to raise.

Sachin: Okay. So hopefully, when that happens, your existing investors have a way to participate in such.

Amit Sudhakar: Certainly. Certainly.

Moderator: The next question is from the line of Manish from KJMC Capital.

Manish: First of all, congratulations on the great numbers. I just wanted to know, looking at the current international situation as a BLS International or iDATA, are we involved in a business with any of these countries? And do you think it might affect the quarter 2 numbers?

Shikhar Aggarwal:

We operate currently in a global scenario, where there is every year or every quarter or somewhere we have geo-political tension keeps happening. So, I don't think on an annual basis, this affects our business. We are operating in 70-plus countries. So, every country across the world, we have some small operations or big operations, but I don't think on an annual basis, anything effects. Maybe in the short term, it might affect in certain country. But the countries in question, we don't have any sizable revenue. So, I don't think it has any effect on us.

Manish:

Okay. And the second question is about BLS e-services as government is looking forward to reach out to the every corner of India for financial inclusion and other services. So as an outsourcing service, what is the growth strategy do we have? And do we have any domestic tenders under pipeline?

Shikhar Aggarwal:

I think we are in line with the government strategy. That is why we started the business 6 years back to reach every corner of the country. We already have now 100,000 touch points in all the states and union territories. If you see our BC businesses now reached 27,000 touch points, we have started loan distribution for private sector banks wherein the entire last year, we did INR 600 crores of loan distribution. And this first quarter itself, we have crossed INR 1,000 crores of loan distribution.

So, I think we are very well aligned with the government strategy of piggy banking to all parts of India. Our reach with existing clients is increasing. We are getting more private sector banks. E-governance also, we are discussing with multiple states outsourcing opportunity that we're currently doing. Assisted e-services also to our footfall of 600,000-700,000 people have seen uptick. And that is why we see there has been a 30% increase in EBITDA of e-services as well. So, I think that is here to stay, and we feel there is further growth expected in the coming quarters.

Manish:

Okay. And any state government tenders under pipeline?

Shikhar Aggarwal:

There are many tenders in the pipeline, but it has to align with our strategy objective or negative working capital upfront cash collection. So, we are focused fully on that. We want to grow on a sustainable and consistent manner.

Moderator:

Thank you. Ladies and gentlemen, due to time constants, that was the last question. I would now like to hand the conference over to Mr. Shikhar Aggarwal for closing comments.

Shikhar Aggarwal:

Thank you, everyone, for joining in on our Q1 FY '25 earnings call. We hope all your queries are answered. In case of further queries, please feel free to get in touch with Mr. Gaurav Chugh, our Head IR or our IR team at Ernst & Young, LLP. We look forward to interacting with you again next quarter. Thank you, and goodbye.

Moderator:

On behalf of BLS International Services Limited, that concludes this conference. Thank you



BLS International Services Limited
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for joining us, and you may now disconnect your lines.

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