

November 18, 2024

<b>National Stock Exchange of India Ltd.,</b>  Exchange Plaza, C-1 Block G, Bandra Kurla Complex Bandra [E], Mumbai – 400051  NSE Scrip Symbol: BLS	<b>BSE Ltd.,</b>  Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001  BSE Scrip Code: 540073	<b>Metropolitan Stock Exchange of India Ltd.,</b>  Vibgyor Towers, 4 <sup>th</sup> Floor, Plot No. C62, G - Block, Opp. Trident Hotel, Bandra Kurla, Complex, Bandra (E), Mumbai – 400098  MSE Scrip Symbol: BLS
--	--	---

Subject: **Transcript of Earnings Call held on November 12, 2024**

In continuation to our intimation dated November 05, 2024, please find enclosed a transcript of the Earnings Call held on Tuesday, November 12, 2024 to discuss the operational and financial performance of the Company for the Second quarter ended September 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**

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

Encl: as above



“BLS International Services Limited  
Q2 and H1 FY '25 Earnings Conference Call”

November 12, 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:** **MR. NIKHIL SHETTY – NUVAMA WEALTH**

**Moderator:** Ladies and gentlemen, good day, and welcome to the BLS International Limited Q2 and H1 FY '25 Earnings Conference Call hosted by Nuvama Wealth. 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 a touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Nikhil Shetty from Nuvama Wealth. Thank you, and over to you, sir.

**Nikhil Shetty:** Thank you, Del. Good day, everyone. On behalf of Nuvama Wealth, thank you for joining the Q2 and H1 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, Managing Director; Mr. Shikhar Aggarwal, Joint Managing Director; Mr. Amit Sudhakar, CFO; Mr. Lokanath Panda, COO of Digital Business; and Gaurav Chugh, Head of Investor Relations.

I now hand over the conference over to Gaurav. Thank you, and over to you, Gaurav.

**Gaurav Chugh:** Thank you, Nikhil. Good afternoon, everyone. The company's presentation and press release has already been uploaded on the stock exchanges as well as on the company's website. And we hope that you 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 Mr. Shikhar Aggarwal for his opening remarks. Post which, Mr. Amit Sudhakar will discuss the financial performance of the company, 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, everyone, for joining us on BLS International's Q2 and H1 FY '25 earnings call today. I'm extremely delighted to announce that we have concluded the second quarter and first half of fiscal year 2025 with highest-ever financial performance. Our second quarter consolidated revenue has seen a strong increase of 21% to INR 495 crores compared to same period last year. We witnessed highest-ever EBITDA reported by the company at INR 164 crores, which grew remarkably by 89% and our profit after tax was INR 146 crores, surging 78% year-on-year. The result in our first half is the best period till date with consolidated revenues climbing 25% to INR 988 crores. EBITDA also grew by 78% to INR 297 crores and profit after tax increasing 74% year-on-year to INR 267 crores. These results

lay a solid foundation for our growth trajectory throughout the remainder of our fiscal.

Our remarkable growth is primarily attributed to the surge in visa applications, a direct result of our strategic expansion in key markets and our targeted approach to securing lucrative contracts alongside bolstering our existing ones over the last 18 to 24 months. Further, we have expanded our operations by opening up new visa application centers in Columbia and Peru during the quarter.

During quarter Q2 FY '25, the number of Visa application processed has increased from 7.2 lakh applications in Q2 FY '24 to 10.1 lakhs in Q2 FY '25, which have grown by a robust 41% year-on-year. This includes the application processed by iDATA during the quarter. This uptick aligns with the broader growth in the global travel and tourism industry which has provided an encouraging backdrop for our expansion.

With the completion of acquisition of iDATA in July 2024, we began including iDATA's financials in our consolidated reports from the second quarter onwards. iDATA has contributed significantly to our financial strength, reporting revenues of INR 60 crores and EBITDA of INR 23 crores and also represents around 1.6 lakh visa applications during the quarter.

Synergies from the acquisitions of iDATA, and ongoing transition in our business model from partner-run centers to self-run centers has resulted in enhanced margin profile for the company during the period. Our EBITDA margins expanded to 33.1% in Q2 FY '25, an expansion of 1,186 basis points from 21.3% in the corresponding quarter. Furthermore, our net revenue per application has also increased from INR1,988 in Q2 FY '24 to INR2,883 in Q2 FY '25.

Additionally, in October '24, we have also completed the acquisition of Citizenship Invest, a global leader in Residency and Citizenship programs with presence across more than 15 countries, enhancing BLS capabilities and offering long-term visa solutions. Capitalizing on BLS expansive reach across 70-plus countries combined with Citizen Invest's robust reputation and influence among High Net Worth individuals is anticipated to significantly enhance overall processing volumes.

I'm delighted to report that our Digital Service segment has expanded its presence to more than 121,000 touch points, underscoring our commitment to fostering financial inclusion and empowering digital access.

In terms of Business Correspondent (BC) operations, we have seen a remarkable volume of over 3.6 crores transactions with the gross transaction value surpassing INR 20,000 crores during the quarter. Additionally, we have expanded our network by adding more than 2,700 channel service partners bringing our total to over 29,700 BCs as of September 30. The partners also have generated loan leads of approximately INR1,400 crores for financial

institutions as compared to INR1,000 crores in the last quarter. The expansion reflects our ongoing efforts to deepen our market penetration.

Our subsidiary BLS E-Services has also signed a definitive agreement to acquire 57% controlling stake in Aadifidelis Solutions and its affiliates (ASPL). It is among the leading loan distribution processing players in India, boasting a comprehensive pan-India presence. ASPL's network of 8,600 plus partners have presence in 17 states and tie ups with leading financial institutions is an added advantage. The integration of ASPL will complement our existing suite of BC-driven citizen-focused banking services and unlock numerous cross-selling opportunities, further enhancing our service offerings and market reach. We hope to close this transaction quite soon.

As we look to the future, our strategy is dual faceted. We aim to cultivate organic growth within our Visa and Consular services and digital service business and also actively seeking out opportunities for inorganic expansion, both domestically and internationally. Our outlook for the current fiscal remains positive, and we are dedicated to driving sustainable growth.

In closing, I wish to reiterate our strong confidence in the coming quarters. The BLS team is committed to advancing growth across both of our key business segments. We are convinced that strategic initiatives we have implemented will lay the groundwork for a prosperous future in coming years.

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

**Amit Sudhakar:**

Thank you, Shikhar. Good afternoon, everyone. I'm pleased to present the consolidated financial performance for the second quarter and half year ended September 30, 2024. In the Q2 FY '25, we achieved a revenue of INR 495 crores marking a robust year-over-year increase of 21% from INR408 crores reported in Q2 FY '24. This growth was attributed largely by strong performance of Visa and Consular service business. We are witnessing a sustained momentum and remain confident of our prospects for continued expansion in the subsequent quarters.

Our EBITDA for the quarter surged to INR 164 crores, up from INR 87 crores in same period last year, registered a strong growth of 89%. The EBITDA margin for the quarter was 33.1%, expanding by 1,186 basis points year-over-year. This margin expansion was attributed to our cost optimization efforts and transitioning to self-run model and iDATA acquisition.

Profit before tax for the quarter was reported at INR 164 crores, a significant 88% increase from INR 87 crores in second quarter of the previous financial year. The profit after tax also showed a strong performance at INR 146 crores compared to INR82 crores in the corresponding quarter of the previous year, reflecting a growth of 78%. Taxes in Dubai impacted the PAT growth. Earnings per share for the quarter stood at INR3.40 per share as

compared to INR1.90 per share in Q2 FY '24.

Coming to the half year performance, the half year revenue stood at INR 988 crores as compared to INR 791 crores, registering a growth of 25% over the corresponding previous period. The EBITDA for the H1 FY '25 stood at INR 297 crores versus INR167 crores in the corresponding half year of last year, a robust growth of 78%. The EBITDA margin for the H1 FY '25 stood at 30.1% against 21.1% in H1 FY '24 and an expansion of 901 basis points. Profit after tax stood at INR 267 crores as compared to INR153 crores in the previous corresponding half year, a growth of 74%.

Now coming to segmental highlights. In Q2 FY '25, our Visa Consular segment saw a strong growth of 30%, generating a revenue of INR418 crores, an increase from INR 322 crores in Q2 FY '24. The EBITDA for this segment expanded by 107% to INR 152 crores with an EBITDA margin of 36.4%. This represents an increase of 1,360 basis points over 22.8% margin recorded in Q2 FY '24.

The quarter also saw a 41% rise in the number of visa applications processed climbing from INR7.2 lakhs application in Q2 FY '24 to 10.1 lakhs application in Q2 FY '25, which includes 160,000 applicant counts from iDATA.

Looking at the first half of the year, Visa and Consular service revenue grew 33% to INR832 crores in H1 FY '25, up from INR627 crores in H1 FY '24. EBITDA for the same period experienced a significant year-on-year increase of 89%, reaching to INR273 crores with EBITDA margin of 32.9%. This margin widened by 982 basis points compared to a 23% margin in H1 FY '24, reflecting an ongoing commitment to growth and efficiency.

In Q2 FY '25, our digital business segment reported a revenue of INR77 crores as compared to INR86 crores in the same quarter of the previous financial year. The EBITDA for the segment stood at INR12 crores in Q2 FY '25. The EBITDA margin has remained flat at 15.5%. In H1 FY '25, the digital revenue stood at INR156 crores as compared to INR164 crores in the corresponding period. The EBITDA for the segment stood at INR24 crores in H1 FY '25 as compared to INR22 crores in H1 FY '24. The EBITDA margin witnessed an expansion to 15.3% in H1 FY '25 from 13.6% in H1 FY '24.

The company continues to exhibit a healthy balance sheet with net cash and cash equivalents totalling to INR 902 crores as on September 30, 2024. Our financial prudence is further reflected in our strong return ratios with the annualized return on equity of 32% and return on capital employed of 27%.

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

**Moderator:**

Thank you. We will now begin the question and answer session. The first question is from the line of Dinesh from Finsight.

**Dinesh:**

Okay. First of all, very congratulations on a really good set of numbers, sir. I mean, obviously, on the margins and the PAT front. My question sir, we have seen the Visa and Consular business has shown has a tremendous growth in terms of applications and revenue on all fronts. But the digital business definitely is not on a year-on-year basis, showing the numbers what we are looking at.

So first of all, what are the challenges here that we are facing? And second, are we don't want to split this business and completely use this cash, the proceeds of this business so in the Visa business for further acquisitions? That's my first question.

**Amit Sudhakar:**

Nikhil, sir, you would like to take it or?

**Nikhil Gupta:**

No, I don't mind. Actually, I just wanted to respond by saying that all businesses have different risks and rewards, as you know so definitely, the visa and consular business has much higher margins because the number of people kind of competing in that space are less and the digital business is a little more competitive. There is no plan right now to completely sell or separate the businesses.

As you know, digital business is a subsidiary of BLS International. And we want to find opportunities for growth there because we believe there are opportunities still there in that space.

**Dinesh:**

Okay. So then what are the challenges you're facing, sir? Because we are not, I mean, definitely, the numbers are not reflecting that, right? And what is the challenge you are facing?

**Shikhar Aggarwal:**

Competition. I think also, I can add 1 more point. Basically, last year, if you see one of our contracts that completed and in spite of that contract, not having the revenue from that contract, which was in the state of Punjab, the revenues have increased. So definitely, we have seen a growth, but 1 of the contracts were completed last year.

That is the reason you see there is no major growth in terms of revenue, but because the overall revenue reduced from that contract.

**Amit Sudhakar:**

And Dinesh, this IPO money, what we have raised is for the growth, and that's what Shikhar said in his speech also that we are doing few acquisitions and the numbers will start showing from Q3 onwards. So you'll see the growth coming in this business also.

**Dinesh:**

That sounds great, sir. The last thing from my end. So we have made quite a few acquisitions in the last few months, right, including the iDATA. So how do we see the things are panning out there? And what kind of numbers we should expect when we end this financial year and maybe the next financial once we have all the consolidated numbers? Yes.

**Amit Sudhakar:**

So, the consolidations in this quarter, if you see the iDATA numbers have been added in the

current quarter. Therefore, the growth trajectory has been about 22-23% in the revenue, which we have been doing for the last 2 quarters, and we think it will continue with our existing business growing as well as with the acquisitions which are coming in.

**Dinesh:** Okay. So the kind of numbers we see in the next year I'm asking like say, what was the target and guidance for the next year and -- yes, the next year?

**Shikhar Aggarwal:** Correct. We want to maintain the numbers that we've achieved in the first few quarters.

**Dinesh:** Okay. And the same margins, right? We can expect the margins to maybe expand further?

**Shikhar Aggarwal:** Yes. Our objective is to maintain the same margins.

**Moderator:** The next question is from the line of Nihal Shah from Prudent Corporate Advisory.

**Nihal Shah:** Congratulations for the great set of numbers. So if I reduce the applications that we had from iDATA in this quarter so we are looking at around 18% volume growth in these applications that we have processed. So what was that number for iDATA? And how has iDATA been growing since the last few years, if you can share some light on it and their margins as well.

**Amit Sudhakar:** iDATA is having a revenue of around INR 200 crores to INR250 crores annually, which is going to be now part of our numbers, further, what we anticipate around 10% to 15% growth going forward in iDATA business that is how we look at it. What was your second question?

**Nihal Shah:** So the margins have been around 45%, 50% there since the last couple of years. And for this quarter, if you can give specific margins for iDATA?

**Amit Sudhakar:** As we said, this quarter, they did about INR 60 crores of revenue and INR 23 crores was the EBITDA, about 40%.

**Nihal Shah:** Okay. And so are we using their facilities to manage our contracts as well in their existing facilities so that synergies have been set already or that will happen in the coming quarters?

**Amit Sudhakar:** That will happen over the next couple of quarters.

**Nihal Shah:** Okay. Okay. So that could improve our margins even more from this level of 33-odd percent, right?

**Amit Sudhakar:** That's right. Once those synergies will come in play, we will see improvement.

**Moderator:** The next question is from the line of Vishal Singh from Finvestors.

**Vishal Singh:** And congratulations on posting excellent results, sir. My question, although 2 of the questions have been answered. My question would be like what impact of current geopolitical



environment or scenarios which are going on, will have on our business?

**Amit Sudhakar:**

Shikhar, you would like to take it?

**Shikhar Aggarwal:**

Yes. See, as you know, our company is currently present in 70-plus countries involving multiple governments and geopolitical scenarios year-on-year keep on happening in different pockets of the world, but it does not impact us on an annual basis. Definitely, after COVID certain countries, for example, Russia outbound traffic still has not come up.

So once probably the situation stabilizes, we will definitely see numbers coming back from there. But other than that, across the world, we have seen increase in volume since 2019.

**Vishal Singh:**

That means there would be hardly an impact. Sir, could you just possibly guide us for like the guidance like 25% to 30% of the conservative side, what you are doing currently for this fiscal year?

**Shikhar Aggarwal:**

If you see our last 5 years, our CAGR growth has been more than 70% in terms of PAT. Even this first 2 quarters, the numbers that we have achieved compared to last year has been phenomenally higher. So definitely, as we grow more as a company as we are bidding for multiple new contracts, billions of dollars of contracts that we've been bidding for.

We have won a few contracts in the last couple of months, we've deployed them, we have acquired a few companies. So definitely, growth can come from multiple areas, existing business growth, new contracts, acquisition synergies. We're also shifting from some of the operations in certain countries. We are taking over fully where we had some local partners.

So you will see definitely that we want to maintain whatever we have achieved first.

**Vishal Singh:**

So as per your presentation, as you said, like you have moat and I think you don't have any peer in our country. As we can see that you have posted that it will be like 20% of CAGR growth in air traffic and passengers will be traveling. So what is your vision on growth trajectory for a longer period, like for '27 or 3 to 5 years like...

**Shikhar Aggarwal:**

Whatever we have achieved in the past year we want to maintain that. And whatever, obviously, industry growth trajectory of 15%, 20%, that is a bare minimum, I feel that we can achieve. But definitely, as in the past also, we want to overachieve then give a high guidance. So definitely, we will be maintaining that.

**Moderator:**

The next question is from the line of Shrija Pathak from JK Capital.

**Shrija Pathak:**

So my first question is actually about revenue per visit or passport. In the past, it used to be higher than the one that we're seeing right now? Is it because it was actually above 3,000 in the 2015, 2016 years. Have you guys changed the way you calculate it now? Or why is the reason, what's the reason for its decrease?

**Amit Sudhakar:** So frankly speaking, I don't have numbers of FY15-16. But for the last couple of years, if you see, especially post-COVID, the trend has been going up only on a quarter-to-quarter basis. So I'll have to check '15-16 and then come back to you on that number.

**Shrija Pathak:** Okay. Great. My second question is on the line of EBITDA margin for the Visa and Consular business. I see that over the past couple of years, your operational expenses as a percentage of revenue has been going down. Is it because of the new model as you shifted to the more self-owned model? Is that the major reason for that?

And will we see that kind of continue? I understand that a lot of the expansion came because of some of the acquisitions. But will we see this trend as we go forward this factor contributing significantly to your EBITDA margins increasing?

**Amit Sudhakar:** There were couple of reasons for the EBITDA margin. One as you said, that has been one of the major reasons why we changed our model from partnership to our own. Second has been the new contracts we have won at a higher application prices as well as with this acquisition we had just done of iDATA.

They were at a 40% to 45% EBITDA margin. So all these factors have improved our EBITDA margin over the last couple of quarters if you see.

**Shrija Pathak:** Okay. Great. Just my last question is about the bit that are happening right now in the market. How many have you guys applied for? What's the progress? And yes, just a little bit on that.

**Shikhar Aggarwal:** Yes. Yes. So basically, as we see in the last couple of years, every couple of years, bids keep on coming globally and we have also won a lot of new contracts in the last 1 year. And next few years, also, there are multiple contracts going on in Europe and North America, and different multiple countries that we are bidding for and we are in different stages of bidding.

And once the result is out, we definitely as for the guidelines we announced with the market. But definitely, there is a big, big, big scope in terms of growth. We've been winning new contracts. Existing governments are coming out with re-bids, where competitors are incumbent and also newer governments which are outsourcing for the first time.

So there is a growth opportunity in both the trajectories.

**Moderator:** The next question is from the line of Hena Vora from DAM Capital.

**Hena Vora:** Just one question from my end. So we have attributed the fact that moving towards a self-model has helped us in the margins. I just wanted to understand, is this also ROC accretive if you can just tell me what ROC we will be making under this partnership model and under the self-driven model?

**Shikhar Aggarwal:** Sorry. Sorry, what was the last point?

- Hena Vora:** I was asking what sort of ROCs do we make under the partnership model and what we'll be making under the self-driven model?
- Amit Sudhakar:** Our ROC normally is very high because in both the cases, we don't invest in the property, but we do investment in the infrastructure only. Whereas in the case of partnership model, we don't do that also. The whole infrastructure and the logistics are being handled by the partner. So obviously, the margins are much more when you do it on your own versus doing through the partner.
- Hena Vora:** Okay. Just in ballpark number would be as are the ROC similar in both the cases?
- Amit Sudhakar:** It will depend from country to country and the investment in the infrastructure, which we need to invest.
- Hena Vora:** Okay. So is it fair to assume that the partnership model better in terms of ROC or that would not be the case?
- Amit Sudhakar:** So I think ROC will be a much more when we do on our own.
- Moderator:** The next question is from the line of Prateek from Morgan Stanley.
- Prateek:** Congratulations on a good set of numbers. My question was if we look at the revenue for the existing business, removing the iDATA numbers, I mean Q-on-Q, the revenue is slightly lower. So is there a reason for that?
- Amit Sudhakar:** So one has been that the digital business revenue was lower. And the second, our business is quite seasonal in the sense that Q4 and Q1 are the higher revenues compared to Q2 and Q3. So due to the seasonal nature of the business, as well as...
- Prateek:** Sure. And the second question was iDATA EBITDA that got accrued this quarter was around INR23 crores. Is that what...
- Amit Sudhakar:** Yes. That's right. On a INR60 crores of revenue.
- Prateek:** Okay. And when I went through presentation this wasn't for the entire 3 months, it's from July 9 onwards that you are accreting.
- Amit Sudhakar:** Exactly. It is from 9 July onwards.
- Prateek:** Sure. And is there some seasonality in that business as well because CY '23, I think the total EBITDA for that business was around INR140-odd crores.
- Amit Sudhakar:** Yes. There is a seasonality in their business also, as you know, during winter, the travel to Europe is much less compared to during the summer. So now this is a lean season, which will

slow till December practically, it comes to the lowest level of volumes. And then it starts picking up from January-Feb onwards.

**Moderator:** The next question is from the line of Yash from Stallion Asset.

**Yash:** So I think in the first half, you've done 24% revenue growth. And given the strong growth in your visa applications as well, it's up 44% Y-on-Y. Second half, do you think we can grow more than 25%? And even in FY '26, do you think we can maintain this 25% run rate in revenues?

**Amit Sudhakar:** See revenues can go much higher because of the new acquisitions, which are in the pipeline and some have got crystallized. So it will have an impact in the Q3 as well as Q4. We are anticipating the revenue to be higher.

**Yash:** Okay. Okay. Got it. And I think you had acquired this 1 business. I think it's called Aadifidelis sorry, I'm not getting the name right on the loan processing business in the first quarter. I just want to see how large can this be? I think this business is a part of your digital business of loan processing and it had about INR22 crores of EBITDA for FY '24.

And I'm just trying to understand how you can scale those businesses up and what would the numbers look like in FY '25 and '26?

**Amit Sudhakar:** We are at the last stage of closing this transaction, hopefully, we should get it closed in this month. There last year, audited numbers were about INR 600 crores of revenue on which they had a INR 22 crores of EBITDA. We see a big synergy with our businesses because we also have more than 30,000 CSPs as well as touch points of over 1 lakh.

And if we can work out a synergy between those touch points and the loan distribution company's expertise, we can scale up this business. And hopefully, we'll see that over the next couple of quarters and see how we can scale up this business.

**Yash:** Right. And sir, any sort of new acquisitions similar to iDATA? Because obviously, I think discussion is that you've got a lot of cash on balance sheet. So I mean, if you haven't got any acquisitions similar to iDATA, then any possible dividend to reward the shareholders?

**Amit Sudhakar:** So we just closed another one, which is a Citizenship Invest about \$31 million acquisition, which got finalized in the first week of October. And that is in Dubai. They provide residency and citizenship to more than 20 countries. So that is where we have invested, Aadifidelis will be the next investment, which will happen hopefully in this month.

So we have a decent, acquisition pipeline. And as and when they get crystallized, we'll be utilizing our funds and dividend we have been paying. So the surplus, we are using it for dividend as well as for the new acquisitions.

**Moderator:**

The next question is from the line of Anuj Jain from Global Capital.

**Anuj Jain:**

And congratulations on the wonderful set of numbers. Just want to understand 1 thing this quarter, we have seen significant improvement in the EBITDA margins, right? So I mean this is a combination of 2 things. One is iDATA as well as the second one is where you are moving from partner model to self-managed model.

So can you please help me in understanding like what kind of further improvement we can see and how this partner model and self-management model will help us in increasing the margins going forward?

**Shikhar Aggarwal:**

First of all, just shifting from partner to self model is not the answer, there are multiple factors. We have increase in service fees also in many of the tenders even in value-added services fees have been increased. The conversions have also improved. So multiple factors have led to increase in EBITDA margins and definitely moving from partner-run model wherein we have to share some of the revenue.

And profitability with them, now 100% of this will be captured by us, will definitely have led to an increase in EBITDA margins. And going forward, our objective is to maintain this EBITDA margins first. As you know, we were at 21% last year when we grew to 27% in the first quarter. Now we have grown 33%. So our objective is to maintain the numbers that we have achieved.

I think it's a high number that we have done now 33%. So first objective is just to maintain it. And if we see more synergies that can improve EBITDA margins, then definitely, we will add on. But main objective is to deliver consistent EBITDA margins at this level.

**Moderator:**

The next question is from the line of Ravi Kumar Naredi from Naredi Investments.

**Ravi Naredi:**

Sir, whatever iDATA and other subsidiaries we bought, we took INR255 crores on borrowing in spite we have cash balance of INR1,000 crores. Any specific reason to borrow?

**Amit Sudhakar:**

Mainly because of the better ROI calculation on the acquisition. So the borrowing has been done in Turkey for the acquisition. it's a tax-efficient structure. That was the main reason; we did the acquisition on a small amount of borrowing.

**Ravi Naredi:**

Okay. Okay. Understand. Any new visa application mandate, if we won in this quarter, will you describe it?

**Shikhar Aggarwal:**

See, we are constantly bidding for multiple contracts. In this quarter, we have opened offices in new geographies in Colombia and Peru. We've also rolled out certain contracts that we won, again, for example, in the Poland and Philippines. We recently started Portugal and Morocco. I think it was in the quarter before or this quarter, I don't know.

Constantly, we are rolling out newer contracts in newer geographies and also opening new offices for our existing contracts. For this quarter also, we have done the same.

**Ravi Naredi:** Okay. And this investor presentation, you mentioned ongoing transition from partner model to self-managed model. What is the difference?

**Shikhar Aggarwal:** Difference is that there are still certain countries that you see that we have the opportunity to transition. So we are evaluating that in certain geographies of the world. So that is what it means.

**Moderator:** The next question is from the line of Ankush Agrawal from Surge Capital.

**Ankush Agrawal:** Within our visa business, as far as we move to iDATA revenue number of INR 60 crores. Sequentially, our revenue numbers are lower within the visa business despite the fact that the number of application process is similar. Like in now visa business, the EBITDA margins are primarily higher because EBITDA is similar, while revenues are lower sequentially. So can you explain why this has happened while the revenues are low sequentially within visa business, excluding iDATA.

**Amit Sudhakar:** This has been mainly on account of consular numbers being much higher, where the revenue per application is much lower. Wherein we have passport renewals services and the others services were much higher compared to the Q1. Therefore, the mix has been a little different. That's why.

**Ankush Agrawal:** Okay. Okay. It doesn't have any impact of accounting, I think in FY '24, we take this accounting change wherein the embassy fees, which was a pass-through was directly being passed and was not being booked. Has that also impacted a bit in this quarter or that hasn't been done in FY '24, '25?

**Amit Sudhakar:** So nothing in this quarter.

**Ankush Agrawal:** Okay. The second question is around iDATA. So iDATA margins are about 37% this quarter and the revenue run rate of INR 60 crores is similar to the numbers that we shared at the time of acquisition for 2023. So wanted to understand why the revenue has not grown plus why the margins are lower than, say, 55%, 58% at iDATA did in 2023 to now, 37% in this quarter.

**Amit Sudhakar:** Nikhil sir, you will take it or?

**Nikhil Gupta:** I can take that. Two things have happened. One is that there has been some changes in certain countries where we are operating, where the volumes of transactions have come down because of things like e-visa, we've compensated some of that with higher volumes and new additional volumes in other countries.

And you'll keep seeing this improvement as we decided that we will do synergies with BLS

where 9 centers were to be done in 9 months. We've already completed 4 of them, and therefore, you will start seeing improvements coming in, in the quarters ahead.

**Ankush Agrawal:** Okay. But do we expect that we will be able to achieve like similar margins as per their pre-acquisition like now?

**Nikhil Gupta:** We expect to improve the margins, as I said and achieve the kind of margins that we were doing earlier.

**Ankush Agrawal:** Okay. The last question is would it be possible for you to share how much of our visa business is dependent upon the Spain contract? I know it's a large number but for a ballpark of how much of our revenues and profitability would depend on Spain contract.

**Amit Sudhakar:** Spain will be around, say, 25% to 30%.

**Ankush Agrawal:** Just 25% to 30% of overall revenue you are saying?

**Amit Sudhakar:** That's right. That's right.

**Ankush Agrawal:** But the applications to sales will be much higher because of the data that we have shared earlier.

**Amit Sudhakar:** No, the application ratio will be same or similar.

**Moderator:** The next question is from the line of Ishika Bajaj from Helios Capital Asset Management.

**Ishika Bajaj:** So bookkeeping questions. So for cost of service in Q2 FY '25 is going down by around INR63 crores. So is there a particular reason for this? Or is it just because of the model shifting from partnership to self.

**Amit Sudhakar:** Yes. That's been the major reason and what the commission we were paying to the partner were booked under cost of service directly, which is not there, and that expenses are being booked under employee costs and the administrative costs.

**Ishika Bajaj:** Other expenses, that's also gone up by INR 50 crores. What is the reason for that?

**Amit Sudhakar:** Exactly the same reason that it has moved out of the cost of sales and the expenses have been under other expenses and the employee costs because now all those offices are being maintained by us.

**Ishika Bajaj:** Yes. Understood. And one more thing, when this iDATA acquisition was announced, it was said that initially, you're going to pay EUR 50 million and then go on a milestone-based payment structure. So is that still something that you're doing or you paid out the entire INR720 crores?

- Amit Sudhakar:** So we have paid the entire amount, except a small, I think, EUR 4 million, which is to be paid over the next 1 year or so.
- Moderator:** The next question is from the line of Ruchita Ghadge from I-Wealth.
- Ruchita Ghadge:** So my question was on the partnership model. So have you converted all our centers from partnership into self-made or there are still a few models which are remaining.
- Shikhar Aggarwal:** Yes. There's still a few pending but depending on the operational requirements we are analyzing whether it is feasible enough to convert or not, but most of them have been converted.
- Ruchita Ghadge:** Okay. So we expect the margin to further increase from your 34%, 35% PBT margin that we've made during this quarter. We see a further improvement once we convert those models as well?
- Shikhar Aggarwal:** As we said, like we have really grown from 21% margin level to 27% and now 33% so on an increased revenue that you expect in the coming quarters and years, consolidation with all the companies. Our main objective is first to maintain the margins that we've achieved. So as of now, our objective is just to maintain the margins that we have achieved.
- And if we grow further, that will be a bonus. But our objective right now, consolidation that we plan to do in the next few years is to maintain the margins.
- Ruchita Ghadge:** And this Aadifidelis acquisition, when do we see these numbers coming in our books?
- Amit Sudhakar:** We are planning to see that it gets closed in the coming months. And hopefully, we will see the numbers reflecting in our Q3 numbers.
- Ruchita Ghadge:** And what is the kind of growth that we see in this business?
- Amit Sudhakar:** I think once we get into the business, we will have a much better idea of how we can grow it further.
- Moderator:** The next question is from the line of Chandan Mishra from Finvester.
- Chandan Mishra:** First of all, congratulations on posting good set of numbers. My first question is, if you please quantify the organic business growth in the current and coming years leaving the acquisition...
- Amit Sudhakar:** We couldn't get your question.
- Chandan Mishra:** Sir, please quantify the organic business growth in the current and the coming years...
- Shikhar Aggarwal:** 18% is what we have grown organically.



- Chandan Mishra:** This is sir, leaving the acquisitions aside?
- Shikhar Aggarwal:** Correct. In terms of volume applications.
- Chandan Mishra:** And sir, my next question is what are the acquisitions planned in the near current future?
- Shikhar Aggarwal:** Right now our aim is to consolidate the acquisitions that we have done and streamline the operations. And then going forward, as you know, we are constantly looking for growth opportunities for both organically and inorganically. So if good opportunity arises, then we can definitely look at further acquisitions.
- Chandan Mishra:** One last question, sir. As it is being asked, but my question is just follow-up to digital business. As we have seen some flat dip in digital business year-on-year. Do we expect some improvement in upcoming quarter on the year-end?
- Shikhar Aggarwal:** Definitely, as we said that digital business, we have actually internally seen a growth only because one of the contracts that we are running was completed last year. So that is why the revenue was not taken from that contract. In spite of that, our other business and digital business have grown. So we do expect growth coming in digital business in the coming quarters and years.
- Moderator:** The next question is from the line of Balu from Parami Financial Services.
- Balu:** Congratulations on the good set of numbers. I have one question. I think in the month of August, we had announced for the QIP. So your views on those. Where are we in terms of our QIP?
- Shikhar Aggarwal:** I think we had just announced enabling resolution as a company that what our plan knows that every year we do enabling resolution, depending on the requirement, we will announce the QIP. Right now, there is no requirement but that was just enabling resolution. As and when there is a requirement where we have a big acquisition opportunity or requirement of funds, we will be announcing that.
- Moderator:** The next question is from the line of Dinesh from Finsight.
- Dinesh:** Sir, I think most of my questions have been already answered, but can you just tell us like the cash, which is approximately INR 900 crores, right, all inclusive where is this cash? Is it in India or is it in foreign operations?
- Amit Sudhakar:** So basically it's all over the world, but a major portion is in India and the second highest amount is there in Dubai because there we consolidate.
- Dinesh:** Okay, India. And sir, sir, like, say, as you mentioned, we have already done a few acquisitions and a few are maybe under pipeline, I'm assuming that. So the cash which we have is after

paying all the current acquisitions which we have already done, right? Or are we expecting any draw down from this cash for any of the pending acquisitions?

**Amit Sudhakar:** No, we will be using this for the pending acquisitions.

**Dinesh:** Okay. And how much is that amount? And what is the amount we are expecting there?

**Amit Sudhakar:** See, actually, if you see our results, we are generating about INR500 crores to INR600 crores a year of cash in the company with the current run rate. And we have used out of this money \$31 million for the Citizen Invest, which we announced in the first week of October. And now we are going to even pay for the Aadifidelis in a month's time.

So these are the current investments and others, which are in the pipeline. Once they get crystallize, we will know how much we need to pay them.

**Dinesh:** Okay. So there is certain pending amount is still we are expecting, right?

**Amit Sudhakar:** That's right. And we are generating also. So it's both.

**Moderator:** The next question is from the line of Yash from Stallion Asset.

**Yash:** So I think last time, you had mentioned that you have about \$1.5 billion to \$2 billion of opportunity. And I wanted to understand how many tenders are now like going to be renewed? What is like a bidding pipeline for the next 2 years?

**Shikhar Aggarwal:** Yes. The answer is out of those we already announced that we won Slovakia Global in the last one year, Hungary, while multiple contracts, Italy government, Poland, Portugal. So we have won multiple contracts and also we are bidding for newer contracts and as and when we win more contracts we'll definitely announce.

**Yash:** Okay. So I mean, is it possible to quantify like what...

**Shikhar Aggarwal:** Opportunity is much bigger. It's definitely upwards of \$1.1 billion, \$1.5 billion. In Europe, there are multiple countries that are coming in for renewals, in North America also. And we are actively now as we grow as a company, as we mature as a company, even with this acquisition of iDATA, not only that we've added geographical presence, we've also added some good people who had good presence in different geographies that where we were not present.

And they have good relationships in those territories. So definitely, we see good opportunities coming in, and we are hopeful that we will win certain market share as we are performing our existing contracts well re-winning them as well and governments are taking notice and they have good reliance on us. So definitely, we see that government wants to change the market scenario globally and stop the over reliance on one monopoly player.

So that is why we see growth coming in, in our company.

**Yash:** Right. And sir, second question is that as you said that you have about INR500 crores to INR600 crores of cash generation. So after the acquisition as well. I mean is just to the Board as a suggestion, would it be possible to open for a buyback?

**Shikhar Aggarwal:** I think we can consider it. We are looking at multiple options right now. Our main focus is to deploy the cash in terms of either acquisitions or dividend to the shareholders that we've been doing. We're also investing in technology and also opening of newer centers consolidating our operations. We're also spending on business development and getting more quality people on board. Definitely, we have not explored that, but we can discuss it on our next Board meeting.

**Moderator:** Due to time constraint, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

**Shikhar Aggarwal:** Thank you, everyone, for joining the Q2 FY '25 Conference Call of BLS International. We look forward to talking to you again next quarter.

**Moderator:** Thank you. On behalf of Nuvama Wealth, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

---

Disclaimer: This is a transcription and may contain transcription errors. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy. Some minor editing may have been done for better readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 12, 2024, will prevail.