Management Discussion

Ashish Mishra - Deputy Chief Executive Officer, BLS E-Services Limited
Thank you. Good morning, everyone, and thank you for joining us on the BLS E-Services first earnings call. We hope you had the opportunity to review Quarter Two Financial 27 results, press release, and investor presentation uploaded on the stock exchanges as well as on our website. As we are conducting the conference call for the first time and we may have new investors following our story, I would like to begin by spending a few minutes of what we do, how we have grown, and where we are headed. Then I will take you through the quarter's results.

BLS E-Services was set up in 2016 as part of the BLS Group with a simple belief: every Indian, wherever they live, should have easy access to banking, credit, and government services. Millions of people in rural and semi-urban India still live far from a bank branch or a government office. For them, a trusted service point in their own village or neighborhood makes a real difference to everyday life. The BLS Group already had deep experience in running large, technology-enabled citizen services for the governments.

We saw an opportunity to apply that same strength at home by building a network that brings formal financial and public services to the last mile. That remains our purpose today. Our four business segments: let me take time on how we are organized. We operate through our four business segments. The first business segment is our largest, which is the business correspondent services. We act as a banking outlet for our partner banks in villages and small towns, offering account opening, deposits, withdrawals, remittances, pensions, and government benefit payments.

Our second segment is loan disbursement, where through Aadifidelis and our BC network, we source and process loans for banks and NBFCs, and connect lenders with rural and semi-urban borrowers. Our third segment is e-governance. Here we work with state governments to deliver citizen services such as Aadhaar enrollment, land records, utility bill collection, and welfare support schemes. Our fourth segment is assisted e-services. Here local merchants use our platform to offer insurance, bill payments, railway bookings, telemedicine, and education services to their customers.

Now behind all our four segments is one operating model, which is asset-light and merchant-led. Our touchpoints are owned or run by local entrepreneurs who invest in their own premises and equipment. We provide the technology platform, the BLS brand, training, and the partnerships with banks, financial institutions, and governments. This model has three clear advantages. First, it allows us to expand quickly without large capex spending. Second, our technology costs are shared across a very large network, so profitability improves as volumes grow.

Third, customers come to us through trusted local merchants, which means we spend very little on customer acquisition. Our revenue is also well diversified. It comes from transaction commissions, loan distribution income, registration and renewal fees, and multi-year government contracts. No single stream dominates, which makes the business more resilient. What sets us apart now: several things set BLS E-Services apart. First, we built one of India's largest last-mile networks over many years of on-ground work, and this reach is difficult and time-consuming for anyone else to replicate.

Alongside this, we have long-standing relationships with public and private sector banks, NBFCs, insurers, and several state governments built on trust and consistent delivery. Next, because every touchpoint can earn from multiple services, each new product we add brings in revenue without adding much cost. We also have proven acquisition track record, with our every acquisitions integrated successfully and adding both scale and earnings. Finally, we have a strong debt-free

balance sheet and the backing of the BLS Group, which gives us the flexibility to keep investing for growth.

Now if you look at the growth of our business, it has come from steady organic expansion combined with carefully chosen acquisitions. We began our journey with focus on assisted digital and citizen services. In 2018, we acquired Starfin India, which gave us our business correspondent platform and remains the backbone of our banking business today. In 2022, we acquired Zero Mass, which significantly scaled our BC network and reach. In the same year, we also acquired BLS Kendras, which strengthened our government-to-citizen services.

In 2024, we listed on the NSE and BSE after a successful IPO and acquired a majority stake in Aadifidelis Solutions, marking our entry into loan disbursement business. More recently, in July 2026, we completed the acquisition of Atyati Technologies, which further increased our scale in the business correspondent business. Each step has added a new capability or a step change in reach. Over this period, we have grown from a single-service provider into multi-service platform that today serves banks, NBFCs, insurers, state governments, and millions of citizens.

Let me now give you a quick update on our business. Our loan distribution business, together with Aadifidelis Solutions, continues to be an important growth engine. Credit demand in rural and semi-urban India is strong, and our network gives lenders reach they find hard to build on their own. We are now working on co-origination models for micro and agri loans, and on selling insurance and saving products at the point of loan origination. In e-governance, we offer over 330 citizen services through our BLS touchpoints.

This includes Aadhaar enrollment in Rajasthan, Sub-Registrar digitalization in Chhattisgarh, and bill collection in Uttar Pradesh. Earlier this year, we also won mandate from the Government of West Bengal for beneficiary verification under the Ayushman Bharat schemes. In assisted e-services through our BLS Seva platform, our merchants now offer more than 700 services, from insurance and bill payments to railway bookings and telemedicines. Our aim is simple: to make every touchpoint a one-stop service shop center for its community.

On technology front, we continue to invest in modern cloud-ready platforms, AI-based tools for reconciliation and agent support, and stronger cybersecurity. Our asset-light model helps us grow quickly while keeping the balance sheet debt-free. Let me take you to the highlights of the second quarter and the first half of this financial year. We have delivered another quarter of strong growth. Total income for Quarter Two FY27 rose 55% year-on-year to INR428 crores. The first half of the year has also been strong, with total income rising by 40% to INR738 crores.

Operating EBITDA increased 44% to INR29 crores in Quarter Two FY27, while in H1 FY27, operating EBITDA increased 33% to INR50 crores. This performance was driven by a broad-based growth in all our businesses as well as on account of acquisition of Atyati Technologies, which was completed on 2nd July 2026. Operationally as well, it was a very productive quarter. Our business correspondent business achieved a gross transaction value of 41,400-plus crores during the quarter, up fromINR27,300 crores in Quarter Two FY26.

The total touchpoints rose to over 1,88,200 as on 30th September 2026 from over 1,47,000 a year ago, and our BC network and customer service points grew to over 74,400 from over 45,400. We also strengthened our banking relationships. The number of bank tie-ups for our business correspondent business, including loan disbursement business, increased to 192 from 144 in Quarter Two FY26, and we received empanelment mandates from Punjab & Sind Bank and Chhattisgarh Gramin Bank. Integration of Atyati Technologies has added significant scale to our financial inclusion

platform and extended our reach into new geographies.

Our focus now is on making this larger network more productive, bringing it fully onto our technology platform, standardizing processes, and offering our complete range of services at every point. We are also seeing a clear shift in what banks want from us. Public sector banks are looking to us for loan leads, while private banks want us to help them expand into new geography. Both trends play to our strengths. Now I would like to talk about our strategy and how we want to scale the business in the coming years.

Our first priority is to complete the integration of Atyati Technologies and lift productivity across the combined network. Alongside this, we will grow revenue per touchpoint by offering more services at every point and building a strong cross-selling culture among our agents. We will scale our loan distribution business through deeper partnerships with banks and NBFCs, and through co-origination models for micro and agri loans. In e-governance, we will bid for new government mandates and take our proven models to states such as Bihar, Madhya Pradesh, and Jharkhand.

We will also continue to add new partners across regional rural banks, cooperative banks, insurers, and NBFCs, and we will pursue disciplined acquisitions that add network scale and earnings. With a larger network, more banking partners, a wider product range, and a strong balance sheet, we enter the second half from a position of strength. We expect the momentum of the first half to continue and remain confident of delivering sustained profitable growth in FY27 and beyond. Before handing it over to the CFO, I would like to thank our CSP operators, BC agents, and merchant partners who represent us in communities across the country, our banking and government partners for their trust, our employees for their commitment, and our shareholders for their support.

With that, I hand it over to Rahul, our Chief Financial Officer. Thank you.

Rahul Sharma - Chief Financial Officer, BLS E-Services Limited
Well, thank you, Ashish ji. Good morning, everyone, and thank you for joining us. Let me take you through our numbers for the quarter and half year ended 30th September 2026. I will cover our consolidated performance for the quarter and the first half. The total income for the quarter was INR428 crores, up 55% from INR276 crores in the same quarter last year. This is the highest quarterly total income in the company's history. Operating EBITDA was INR29 crores, up 44% from INR20 crores, with an operating EBITDA margin of 6.8%.

EBITDA including other income was INR32 crores, up 23%. Profit after tax was INR21 crores, up 12% from the same quarter last year. On a sequential basis, revenue and operating EBITDA both grew close to 40% over Quarter One, as the expanded network following the Atyati integration started contributing. For the first half, total income was INR738 crores, up 40% from INR527 crores in H1 FY26. Operating EBITDA grew 33% to INR50 crores from INR38 crores, and EBITDA including other income grew 16% to INR59 crores.

Profit after tax was INR39 crores, up 9% over the same period of last year. Importantly, the growth was broad-based, supported by steady performance across all our business verticals, so we are not dependent on any single engine. Our asset-light model converts profits into cash well, and this gives us the flexibility to invest in technology, network expansion, and value-accretive opportunities. To summarize, this is a record quarter on revenue, strong growth in operating profits, stable margins, and a healthy balance sheet. We enter the second half with good momentum and a larger platform to build on.

With that, I will hand it over to the moderator to open the floor for questions. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question-and-answer session. [Operator instructions] Ladies and gentlemen, if you have any questions, you may please share with the management team.

I hand over the call to Mr. Ashish Mishra for closing comments. Over to you, sir.

Ashish Mishra - Deputy Chief Executive Officer, BLS E-Services Limited
Can you hear me now?

Operator
Yes.

Ashish Mishra - Deputy Chief Executive Officer, BLS E-Services Limited
Thank you. Thank you for joining in for the first-ever BLS E-Services call today. It was a pleasure to share the strategy and our financial performance for this quarter. Look forward to engaging with all of you in the new quarters, and wishing you and your families a very Happy Diwali. Thank you. Thank you, moderator.

Operator
[Operator Closing Remarks]