

February 13, 2023

**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, 4th 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 February 07, 2023**

In continuation to our intimation dated February, 01 2023, please find enclosed a transcript of the Earnings Call held on February, 07 2023 to discuss the operational and financial performance for Q3 FY 2022-23.

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
ICSI Membership No.: ACS40502

Encl: as above



“BLS International Q3 FY23 Earnings Conference
Call”

February 07, 2023



**MANAGEMENT: MR. NIKHIL GUPTA – MANAGING DIRECTOR, BLS
INTERNATIONAL
MR. AMIT SUDHAKAR – CHIEF FINANCIAL OFFICER,
BLS INTERNATIONAL
MR. SHIKHAR AGGARWAL – JOINT MANAGING
DIRECTOR, BLS INTERNATIONAL**

Moderator: Ladies and Gentlemen, Good day and welcome to BLS International Q3 FY23 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 this conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Mr. Shikhar Aggarwal. Thank you and over to you, Sir.

Shikhar Aggarwal: Good morning everyone. I welcome you all to our Earnings Conference Call for Q3 and 9 months FY23 Business and Financial Performance.

I have with me on call today Mr. Nikhil Gupta – Managing Director and Mr. Amit Sudhakar – Chief Financial Officer of the Company.

Our performance in the third quarter has been in line with the expectations continuing the growth trajectory of the previous quarters. Healthy recovery in travel and tourism across the globe is boosting volumes and revenues in our visa business which is growing month and month. With the increase in volumes, we are benefitting from economies of scale leading to an improvement in our margins and visa business.

In early January 2023 China also announced plans to open up travel which bodes well for us. We expect volumes to increase going forward after this development. Now only Russia which has been operational for a while remains to open fully to tourism. We also won new contracts in our visa business including the Malaysian immigration authority contract to issue E-Visa and we have successfully renewed our contract with the ministry of external affairs for the attestation business. On the other front in the last quarter, we had consolidated our business correspondent and e-Governance business in one segment namely digital services. Our business correspondent business has been growing steadily especially after the acquisition of Zero Mass Private Limited in June 2022.

Consequently, the line of business became sizable enough to demand dedicated focus. Therefore, we consolidate BC and e-Governance business into digital service segment. In line with this we consolidate our digital service business under BLS-E Services Private Limited thereby making BLS Kendra, ZMPL and Starfin as subsidiaries of BLS-E Services which will facilitate the future growth plans for a digital service business. Moreover, we are able to offer both type of services through a common touch point we are investing in infrastructure and manpower to expand this segment. In fact, a number of touch points have grown from 80,000 to September 2022 to 90,000 December 22.

During the quarter we commenced 4,300 GramaOne centers in Karnataka while operations in West Bengal, Rajasthan and Punjab are going on track while the visa business continues to grow we aim to develop our digital service business aggressively.

For this we plan to expand our network of touch points throughout India. In line with this PNB Punjab National Bank and Bank of Baroda are already on board with us whereas we explore tying up with further newer banks. I would like to conclude this by saying all our businesses are doing well. We firmly believe that digitalization is the key in the post-COVID world and we have always try to use cutting edge technologies for all our services.

This is all from my side I now hand over it to Mr. Amit Sudhakar for updates on the Financial Performance. Thank you.

Amit Sudhakar:

Good afternoon everyone.

Let me brief you on the Financial Performance for the third quarter ended 31st December 2022:

During the quarter we reported a revenue of 437.90 crores an increase of 92.86% YoY and 22.72% QoQ mainly driven by robust recovery in visa and counselor business coupled with digital services businesses. The revenue was also supported by a contribution of about 42.2 crore from ZMPL during the quarter. We are seeing good momentum in all our businesses and our optimistic of sustainable growth in the coming quarters. The EBITDA for the quarter stood at 66.30 crores compared to 25.53 crore in the corresponding quarter last year and 56.8 crores in Q2 FY23. The EBITDA margin for the quarter stood at 15.14%, which is over 390 basis point higher compared to the corresponding quarter last year. Cost optimization and higher volumes help offset the impact of the higher cost of services benefitting the EBITDA margin for the quarter. The profit after tax PAT stood at 45.85 crores in Q3 FY23 as compared to 28.29 crores in the previous corresponding quarter and 50.99 crore in Q2 FY23.

Going forward as mentioned earlier we are investing and expanding both our businesses segments the visa as well as digital services the recent ZMPL acquisition has been EBITDA and EPS accretive from the day one and is expected to further improve our overall ROCE.

Coming to 9 months results of the 9 months ended December 2022:

Our revenue grew 79.11% YoY to 1067.56 crore, the EBITDA stood at 154.47 crore growing at 115% YoY while EBITDA margin improve to 241 basis point to 14.47% The PAT for the period was 127.54 crores vis-a-vis 76 crore in the corresponding period last year a rise of 67.8%. In December 2022 we allotted bonus equity shares in the ratio of 1 is to 1 for every equity share of Rs. 1 each held by the shareholders of the Company.

The Board has approved the first interim dividend for FY22-23 at 50% that is 50 paise per share on the expanded equity capital.

This is all from my side. We will now open the call for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session anyone questionnaire to ask the question may press * and 1 on the custom telephone if you wish to remove the cell phone press * and 2. Participants are requested to use handset for asking the questions. ladies and gentleman we will wait for a moment all the questionnaire assembles. Participants give * and 1 to ask the question. The first question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Thank You Garima Ji to give me opportunity congratulations in advance to reach 1 billion dollar market cap which we will surpass soon top line rises by 93% for this quarter while net profit rises by 62%, so what are reason to net profit margin down in this Quarter 3?

Amit Sudhakar: As explained in our commentary we have started investing in our digital businesses. So, the percentage margin has come down in the current quarter and in the next quarter onwards we will see the benefit from those digital business investment and what we are trying to invest in extra people on board to expand the businesses.

Ravi Naredi: What are the business and will you highlight some more information about that?

Amit Sudhakar: So, in digital businesses if you look at we basically have two verticals one is the banking correspondent business and the second is e-Governance. So, we have won few contract in the last quarter and we have started operations in Karnataka where we have got 4,300 as Shikhar explained center points which we are developing and will start full operations from next quarter this quarter onwards we will see the revenue start coming from those. So, we are putting the infrastructure and increasing the number of touch points on Pan India basis, wherein all Digit business will grow over the next few quarters.

Ravi Naredi: Sir, what will be the income tax rate for the Financial Year '23 and '24 if you can guide about that?

Amit Sudhakar: See the effective rate will go on increasing now from the last year onwards main reason being the revenue from Indian operations especially from digital business has grown, if you see the last year YoY we were doing 10% business in India and now that has gone up to 17%. So, the effective rate what we are looking at will come, somewhere around from say 10% last year to around 12% to 15% this year.

Ravi Naredi: Sir can you tell in next three years where we see visa and counselor services versus digital services any broad picture can you give it will be the help us?

- Amit Sudhakar:** If you see in our total revenue around 83%, 85% is coming from visa counselor service. Looking at the opportunities that we have in both the space, I think we can expect the revenue mix to remain same in the coming years because we are expecting further growth in the visa counselor segment and further growth in digital service segment. So, definitely we expect the revenue mix to be maintain the same and this figure sometime changes because depending on a very big contract if you get in digital so that quarter the percentage may change a little bit, but as a midterm and a long-term strategy point of view we want to keep it 20-80 ratio.
- Ravi Naredi:** Both the services we have same margin or visa have more margin in compared to digital services?
- Amit Sudhakar:** As on today the visa has a much better margin compared to digital, but in the topline growth we see higher potential in digit business immediately in the next couple of quarters, so digital will grow much faster.
- Ravi Naredi:** Thank you and all the best sir
- Moderator:** Thank you all the participants uses the * and 1 to ask the question. The next question is from the line of Amresh Kumar from Geosphere capital please go ahead Amresh may I request to ask the question please. He is not respond we move to the next participant. The next question is from the line of Maulik Patel Individual Investor. Please go ahead.
- Maulik Patel:** Hey Thank you for taking my call. My question is BLS International Limited is holding 70% in BLS-E Services Private Limited right?
- Amit Sudhakar:** Yes that is right.
- Maulik Patel:** And then who is holding the remaining 30%?
- Amit Sudhakar:** Maulik as we have given in the announcement also to the stock exchanges there have been 69.32% with BLS International and the balance is with the promoter and non-promoter group they are holding their balance.
- Maulik Patel:** And what is the reason we have assigned that 30% to non-promoter and promoters because as I understand Company has enough cash and why is the different interest promoter have in holding Company and subsidiary Company because anyway promoter is holding like 75% overall approximately, so why do not have like straight up with the subsidiary and the main Company?
- Nikhil Gupta:** ok let me explain, my name is Nikhil Gupta. I am the Managing Director See this business of BLS-E Services consists of many businesses as Mr. Amit and Shikhar explained to you the digital services and these businesses has started something like 7 years to 8 years ago. So, in all of these 7 to 8 years the promoter growth has put in substantial amount of time, effort in some

cases they provided guarantees, given loans and all this has helped to grow the business to the situation we are in today where the annual profits of this E Services as a group would be in the region of 30 crore to 40 crores. So, the board of directors of the Company considered it appropriate that they be compensated for all the work that has been done over the years to bring it to the current status and this is one way of rewarding them and instead of paying this money by way of cash it has helped the Company by way of allotting equity to them. So, this is the entire background to what you see in the financials and the reason behind it.

Maulik Patel: Thank you Nikhil for your answer But as a minority shareholder it would be nice if we have provided the cash because think about that if this business will be bigger like if it is generating like 40 crore right now it will generate 400 crore maybe in three, four years or maybe seven years then we are diluted for like lifetime, so it would be nice if Company have the cash and we consider the cash as a payment?

Nikhil Gupta: Not to be argumentative but just to let you know that the money that we are earning in cash has really helped us in the past and we expect it to help in the future in terms of growth of the Company through organic as well as acquisitions. So, we want to conserve some of that money so that we do not end up taking up a large amount of debt in future. So, allow us time we will show better results in terms of acquisitions.

Maulik Patel: yes I agree , I am not arguing that the previous participant have asked why revenue have increased, but why EPS not have increased and I think that is the reason I feel because of diluted of the shareholders equity that is why we have increase in the revenue, but EPS may be not that effective because if you see our operating margin have increased year-on-year so EPS should increase too?

Nikhil Gupta: Yes it will you will see that.

Maulik Patel: In my whole portfolio I am holding 30% of the BLS International only and it is my first time in my lifetime, so I am very excited of the Company I am like on top of the notch and I am very happy, but just I did not like the one thing that we have diluted that is the thing I did not like.

Nikhil Gupta: We have taken your thoughts on board and we will communicate to the board also, but this is where we are and we believe that what we have done is going to only help the Company in more further commitment from the promoter family to grow the business much more as they have done in the past but thank you for your suggestion.

Maulik Patel: I hope you consider because I want to see not you are 1 million Company I want to see you are in the world anyways you are in like top three I want to see you in the top first?.

Nikhil Gupta: Really thank you for that and we will work hard towards achieving your dreams also.

Moderator: Thank you. Participants press * and 1 to ask the question. The next question is from the line of Joseph Mathew Individual Investor. Please go ahead.

Joseph Mathew: So, from where will our visa business is growing like do we detect any expansion from any particular area or region?

Shikhar Aggarwal : Definitely as you know the visa counselor service business this quarter we have achieved the highest EBITDA and revenue for the Company and till now the world has not fully opened up. So, we expect the revenues to go up from the existing contracts that we held. We have already been informed that China is going to open up we are ramping up our capacities probably Russia should open up also in the near future. Definitely we expect a good summer season in the first quarter next year and definitely revenue and EBITDA will grow up from the existing businesses that we held on to top of that as you know we have recently deployed our German contract in US, Mexico revenues have already started coming in and will start increasing over the course of the months from those contracts. On top of that the additional contracts that we have bit for and in which results are coming where the opportunities is quite huge as we have explained in the previous quarters of \$1.5 million to \$2 billion and slowly and slowly we are at different stages of qualification. So, as and when that will come definitely revenues and profitability will increase further for the Company.

Moderator: The next question is from the line of Avirup. Please go ahead.

Avirup Ghoshray: Hello, First of all congratulate you very much for your results I just had one question like if we look at the segment wise results like the profit and loss before taxes QoQ, so in September 30th result we had a profit of around 9.5 crores from the digital services which has fallen down to (-16) crores in this quarter, so any specific reason for that?

Amit Sudhakar Mainly as we have given this sweat equity impact of 24.6 crore has impacted the P&L noncash impact it is a one time. So, if you take that out we are quite a similar percentage of profit what we did in the previous quarter.

Avirup Ghoshray: Understand And just a further add on to that question so standing from that point of view what would you say is like the outlook of the digital services business which you have now separated out like how do you foresee it going let us say on a quarter-to-quarter, on a year-on-year basis?

Nikhil Gupta: This is one of the emerging businesses that we acquired a Company in the business corresponding space 6 months or so ago and it is already beginning to show improved results. So, this is investment in businesses which will overtime we expect will give the targeted EBITDA numbers like the visa business is doing. So, there is a slightly lower today compared to visa we hope that it will catch up.

- Avirup Ghoshray:** So, I take it away from this conversion that this was a onetime hit that has been booked and we will see further results of your investments in this sector in the coming quarters?
- Amit Sudhakar :** Absolutely.
- Moderator:** Thank you. participant to press the * and 1 to ask the question. The next question is from the line of Amresh Kumar from Geosphere Capital. Please go ahead.
- Amresh Kumar:** One question on BLS-E Services will this be the only vehicle through which we will be doing digital services and if yes will ZMPL be a part of it or is it currently the case?
- Nikhil Gupta:** It is currently a part of E Services ZMPL is a part of E Services now.
- Amresh Kumar:** So, BLS-E Services would be a single entity through which you will be doing this business?
- Amit Sudhakar:** That is right.
- Amresh Kumar:** And secondly sir any update on your Spanish contract renewal and other contracts for the competitors if you can give any update?
- Shikhar Aggarwal:** So, definitely as you know we recently started working for the Germany government. We deployed office for the Philippine government, we recently also won a contract for the Malaysia eVisa authority wherein we have started in India right now and then eventually we will be going into many more countries so that is the status as of right now and as and when the results throughout the contract that we are bidding for our announce will definitely you know the problem is that we cannot announce before the agreements are signed. So, then as and when we are signing then we will definitely be announcing, but we are on trajectory for growth and gaining market share in the coming years that will add to our existing revenue and profitability that we are already doing.
- Amresh Kumar:** And what about your Spanish contract renewal any update there?
- Shikhar Aggarwal:** As and when the results are announced or when we sign the agreements and we are allowed to announce we will be announcing.
- Moderator:** Thank you. ladies and gentleman to press * and 1 to ask the questions .The next question is from the line of Rikesh Parikh from Rockstud Capital. Please go ahead.
- Rikesh Parikh:** First of all we like to know we were looking to some acquisition in the visa processing space, so any update on that?

- Shikhar Aggarwal:** Correct , As you know this is a very niche market where there are only three global players BLS, TLS and VFS and then there are some small regional or small level players which are operating globally. So, we have been under due diligence for couple of companies in the visa outsourcing space. Till now nothing has we have done due diligence and we are negotiating. So, as and when we see a good value add for the Company or the multiple is attractive as we have done in the past if you see Zero Mass acquisition has given us a 42 crore of revenue this quarter and added good profit to our bottom line and it was at a healthy multiple that we bought the Company. So, we are looking at those healthy multiples and revenues and profitability only then we want to acquire the Company. So, definitely I think we are looking at it and as and when anything fructifies then we will be making announcements.
- Rikesh Parikh:** And any thought on means or any structure through which we plan to bring the surplus cash from here rather than what we require for acquisition point of view from Dubai subsidiaries to here, have we thought on that anything?
- Shikhar Aggarwal:** As and when the money is required we are getting it and also as you know this quarter we have declared the highest ever dividend the management has decided because of the highest EBITDA achieving the quarter we have declared the highest interim dividends and also the contracts that we are bidding for as and when they fructify we will need to deploy a good amount of cash even in operation of those contracts because these are all big contracts.
- Rikesh Parikh:** Just lastly on the digital services side right now we are roughly around 17% of the revenue coming from that so down the line where do we see in terms of percentage revenue will it be ramping up or we are looking at certain size between visa and the digital services space?
- Shikhar Aggarwal:** As of now our long-term strategy is that we maintain the ratio or the revenue mix between both visa and digital service business and that is what we foresee in the near future because we expect major growth coming in from both the segments. So, our total revenue of the Company will increase and profitability will increase, but the revenue mix should retain almost the similar.
- Rikesh Parikh:** And the last question if I can squeeze in what is the profitability in the case of digital revenue?
- Shikhar Aggarwal:** So, I think quarterly average we are doing a 10 crore of profit in the digital business currently 12% margins.
- Rikesh Parikh:** Thank you
- Moderator:** Thank you. The next follow up is from the line of Joseph Mathew Individual Investor. Please go ahead.
- Joseph Mathew:** So, how do you think is difficult for our competitors to entry into our business?

- Shikhar Aggarwal:** We already have competitors which are operating in the business and then if you are talking about new entrant entering to the business then definitely there are big barriers to the business. It also took us many years to get qualified for these tenders. They require experience of working with those many government for x number of year. So, it took us slowly we build our capabilities and that is the reason that now all the tenders that we are working on there are only handful of companies in the world including ours which are qualified.
- Joseph Mathew:** And is the business still seeking out any M&A opportunities like and if it has been which industry would it be like what standards would you evaluate for such opportunities?
- Shikhar Aggarwal:** You have seen the success of M&A that we have done in the recent past with Zero Mass, with Starfin we did a revenue of 42 crores in the quarter and generate a profit of 10 crores for digital service business. So, definitely we are looking at acquisition in both the visa, passport and digital service business and we are looking at not buying a Company at a heavy valuation. So, we are looking at tractor multipliers which can add also we can very fast recover our investments. So, I think this is what we are looking at.
- Josesph Mathew:** Earlier you mentioned Russia so the geopolitical tension that is going on in Asia region what do you think would be their effect or what is the visibility on Russia looking up?
- Shikhar Aggarwal:** See definitely as you know this is a global world that we are living and we are a global Company where we operate in 64 countries globally. So, whatever numbers we have achieved right now which is with negligible numbers coming from both Russia and China and so we have not even achieved 2019 numbers. So, whatever things open up things will only benefit us. So, right now we do not have any outlook on the Russia or any other space. As I have informed you before we have been told to ramp up our capacities in China already which we are doing because we are expecting the government is expecting the things to open up and numbers to come in. So, Russia also maybe in the near future things should become normalized.
- Moderator:** Thank you. Next question is from the line of Aman Vishwakarma from RoboCapital. Please go ahead.
- Aman Vishwakarma:** So, what I need to know was so you have won few couple of contract so what is the time period of these contract?
- Shikhar Aggarwal:** Sorry you are talking about ?
- Aman Vishwakarma:** Towards the time period of these contract how is that like, is it a one-year contract or five-year contract?
- Shikhar Aggarwal:** Normally it is 5 to 7 years.

- Aman Vishwakarma:** And as a follow up so what is the switching cost that a government would have to take on let us say if it does not want to continue with BLS and maybe just switch to VFS or something, so is it possible for you to quantify that sort of switching cost?
- Shikhar Aggarwal:** Government does not take any cost. So, all the cost are bared by us or the vendors.
- Moderator:** Thank you. The next question is from the line of Dhvani Shah from Investec Capital. Please go ahead.
- Dhvani Shah:** So, couple of questions first I will start with EBITDA volume just wanted to understand if there is any seasonality in Q3 and are there impact in gross margins in any way?
- Amit Sudhakar:** Yes there is a seasonality as you know people travel to Europe during the summer and people travel to India and Asian countries during the winter. So, there is a seasonality and normally the peak is mainly during the summer season. So, there is little bit of impact and obviously that has some impact on our profit margins, but what we have seen in this quarter per se the revenge travel what we were talking about has resulted in growth in the volumes during this quarter whereas normally this quarter is little subdued compared to Q2.
- Dhvani Shah:** Also wanted to understand now that we have lower our expenses or we have come down from 9.5% employee expense in Q2 to 8.5 on revenue and similarly with other expenses, are there any one off and can this be sustained going forward?
- Amit Sudhakar:** So, this is more because of the higher volumes and the revenues which have gone up. So, as this costs are I would say semi fixed and if we are able to continue with higher growth in Revenues, this percentage will continue to come down or it may stabilized somewhere around this level.
- Dhvani Shah:** So, there is no one off in the quarter right?
- Amit Sudhakar:** No, nothing one off during the quarter.
- Dhvani Shah:** On Karnataka and West Bengal within the digital services by when will they start contributing to the revenues and how much do you expect the contribution to be?
- Amit Sudhakar:** See the West Bengal has started last quarter only and Karnataka we have put the infrastructure in place and this quarter we will get the revenue from Karnataka.
- Dhvani Shah:** And if you can give any guidance and how much would that be?
- Amit Sudhakar:** Little early days because it all depends on the transaction which happens. Next quarter we will have a better understanding both.

- Moderator:** Thank you. Next question is from the line of Akshay Jain Individual Investor. Please go ahead.
- Akshay Jain:** My question is like with respect to last mile delivery and insurance like we are talking about it from past say three, four quarters like is there any revenue being generated by that like substantial revenue?
- Nikhil Gupta:** The good news is that we have started the insurance part of it in all of our businesses and it is beginning to show some results, but the large volumes will come in with over a period of time.
- Akshay Jain:** So, like the 90,000 check points which we have we are having all that services from all the 90,000 or like it is just a tip of....
- Nikhil Gupta:** We may not have the business from all the 90,000, but the business has started in all the 90,000. So, whoever is interested in insurance can come in and take insurance.
- Akshay Jain:** My other question is about our operating profit margin like would we expect it to be the same or to increase a bit or decrease something like that?
- Amit Sudhakar:** This quarter has been quite good as far as the volumes are concerned. If these volumes continue I am sure we will go on improving our EBITDA margins which have now touch from if you see last year we were somewhere around 12% to 13% now we are touching around 15% to 16%. So, what we have did during COVID of realigning our cost is showing results now as a percentage of EBITDA and we are sure if the volumes continue going up our cost may not go in the same proportion.
- Akshay Jain:** So, we can expect a bit of increase like revenue?
- Amit Sudhakar:** All depends on the volume of business we get.
- Akshay Jain:** My last question is like if you can just give a rough figure about the market share like we are top three so what is the market share we have with us with respect to the world?
- Shikhar Aggarwal:** Market share I think globally we would be having around 12% in the visa counselor service business that we are as I explained to you before that we are expecting and we are bidding for tenders wherein the market share held by competition is coming under tendering. So, if we gain a certain market share in those territory so then definitely a market share will go up on top of that the industry is also the outsourcing is also improving and increasing. So, definitely our market share will go up in the coming years.
- Moderator:** Thank you. The next question is from the line of Sudhir, Retired. Please go ahead.

- Sudhir:** I have two questions first is it is nice to hear that China is opening up, so let us say from the first quarter of next financial year what do you expect the China contribution in the entire visa service revenue?
- Shikhar Aggarwal:** See right now whatever numbers we have achieved in spite of China being semi closed and the Russia semi closed. So, it is very difficult to predict what numbers will come from there right now, but because that we have started ramping up our capacities in anticipation of increase in numbers whether it happens in first quarter, second quarter we cannot comment on.
- Sudhir:** Basically what has been the contribution of China in the pre COVID?
- Shikhar Aggarwal:** Pre-COVID the contribution was I think the number of China was 15% of the total global volumes because see conventionally if you see China and Russia were major source markets for tourists. So, definitely those numbers still are negligible.
- Sudhir:** My second question is it is glad to know that we have 1.5 to 2 billion worth of opportunities still to be tapped now when we are talking about that you also mentioned in your presentation and various interviews that the share outsourcing is currently around 45% and if you will see to be going up to 50%, so this 1.5 billion plus opportunity that we are seeing is it what you are talking about the balance 15%?
- Shikhar Aggarwal:** No, This is majorly from the existing market because this is the visibility that we have on tenders, but we have not talked about the opportunity or the tender size for the markets which are outsourcing for the first time so that if we get any of those that will be definitely adding to the market.
- Sudhir:** So, I mean I am still not able to get hold of this?
- Shikhar Aggarwal:** Let me explain you this opportunity is from the existing outsource market. Right now these contracts are being run by competition and since now we are qualified in this cycle so we are poised to gain a certain market share in these contracts. So, this is from the existing outsource market on top of this opportunity there is a not accounted for opportunity which is a non-outsource market, for example, we started working for the Philippine government, the Brazil government which outsource for the first time. So, these tenders sometimes take years to come that is why we have not mentioned this opportunity.
- Participant:** So, I understand so it is basically on account of increase in market share?
- Amit Sudhakar:** What Shikhar said that around 1.5 billion that there are the tenders which are coming in the market for retendering. So, they are the existing outsourcing business which are currently in the process of retendering.

- Moderator:** Thank you. The next question is from the line of Sachin Individual Investor. Please go ahead.
- Sachin:** So, I will ask the question sorry to put you in a spot, but my question is with regards to note 5 and the results and the allotment of 15% of sweat equity, can you just elaborate in terms of the thinking around going for sweat equity and not looking at ESOPs or commissions associated with that and also are we looking for BLS-E Services to be listed in the near future.
- Nikhil Gupta:** Actually maybe you were not present earlier, but we have responded to this question earlier, but just to summarize BLS-E Services has a bunch of businesses which are banking correspondent business it is a e-Governance as well as this digital services. So, this businesses were started about 7 to 8 years ago and during that period the promoters have spent enormous amount of not only time and effort, but also their knowledge and also their contacts and also their own funds they have deployed in the business and given guarantees against their personal assets. So, all this time they never got any compensation for providing all of these services. So, the board considered it appropriate to give some sweat equity to the promoters on account of the work done in the past and for the future obviously. The reason behind not issuing ESOPs or commissions one because it is a cash outflow to the Company which we wanted to conserve and the other thing is not tax efficient to do any of that. So, various reasons went into it and the board considered all of that before taking this call.
- Sachin:** Are we looking to list that entity that is the second part of my question?
- Nikhil Gupta:** That is something which is open right now no immediate plans.
- Sachin:** Another question is it possible for us to see monthly business update like few firms kind of do that at the end of the month we know how many visa applications out of which market have been processed or just to give a visibility in terms of how we approach towards the coming quarter I know we have had very good results, but just in terms of being comfortable through the quarter is that a possibility?
- Amit Sudhakar:** We can consider this, but since we are working on a global environment. So, globally we get the information in MIS. So, yes we can look at it at the moment thanks for your suggestion we will look at that.
- Moderator:** Thank you. Next question is from the line of Ankit Wadekar Individual Investor. Please go ahead.
- Ankit Wadekar:** So, sir I just want to know that in terms of financials so other income which is double as far as QoQ and YoY, so what could be the main reason for it?
- Amit Sudhakar:** See other income has gone up mainly due to higher interest Incomes, as you have seen the interest rates have gone up so has increased interest on FDs, secondly there has been a reversal

of excess provisioning against the debtors during COVID last year as per the accounting standard 37 and this Qtr it has been reversed because those collections have come in and the debtors have come down so we have reversed around 3.5 crores of excess provisioning in this quarter.

Ankit Wadekar: So, sir we have issue the bonus share right now and last time we have issue the bonus share so what would be the main reason for issuing a bonus share in a very short span of time?

Shikhar Aggarwal: I think the main reason for issuing bonus share was to increase liquidity in the market and to reward our shareholders so that was the main reason.

Ankit Wadekar: And sir currently about these our UK visa business what is the status of that in terms of renewals?

Shikhar Aggarwal: Under tendering process.

Ankit Wadekar: And sir how much we earn from this value-added services which we have in terms of revenue and the profit margins?

Shikhar Aggarwal: Profit margin is similar we are doing I think around more than 15% profit margins on an annual basis this is what we are doing the profit margin is same.

Ankit Wadekar: And sir one last question do we have any CAPEX plan in the future?

Shikhar Aggarwal: CAPEX plan average acquisitions plans we have and CAPEX what we are doing every year to refurbish our 10 to 15 crore we use to refurbish our offices globally and on top of that if additional contracts come that will require CAPEX.

Moderator: Thank you. The next question is from the line of Neha Mehta Individual Investor. Please go ahead.

Neha Mehta: I just had one question regarding CAPEX required for digital services so do we have any plans for CAPEX in digital services?

Nikhil Gupta: There is very limited CAPEX required for the digital services most of the CAPEX goes into acquisition finance and as well as the new contracts that we get.

Neha Mehta: Sir is there any acquisition in pipeline then?

Nikhil Gupta: There is always a list of things that we are looking at and some come up to maturity and then we announce it.



*BLS International
February 07, 2023*

Moderator: Thank you. As there are no further questions I now hand the conference over to Mr. Shikhar Aggarwal for closing comments.

Shikhar Aggarwal: Thank you everyone for your participation in our Q3 FY23 Earnings Call. In case of any further queries you may get in touch with Adfactors PR or feel free to get in touch with them. We look forward to interacting with you next quarter. Thank you.

Moderator: Thank you very much. On behalf of BLS International that concludes this conference. Thank you for joining us and you may now disconnect your lines.