April 08, 2022

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

Subject: **Disclosure under regulation 30 of SEBI LODR - Credit Rating**

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, We enclosed herewith the relevant credit rating rationale letter dated April 05, 2022 received by the Company from CRISIL. Rating action is as under:

Total Bank Loan Facilities Rated	**Rs. 300 Crore** (Enhanced from Rs.200 Crore)
Long Term Rating	**CRISIL A-/Stable** (Reaffirmed)
Short Term Rating	**CRISIL A2+** (Reaffirmed)

.
You are requested to take the same on your records.

For **BLS International Services Limited**

Dharak Arvind Mehta
Digitally signed by Dharak Arvind Mehta
Date: 2022.04.08 16:38:57 +05'30'

………………………
Dharak A. Mehta
Company Secretary and Compliance Officer
ICSI Membership No.: ACS40502

Encl: as above

Rating Rationale

April 05, 2022 | Mumbai

BLS International Services Limited

Ratings reaffirmed at 'CRISIL A- / Stable / CRISIL A2+ '; rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.300 Crore (Enhanced from Rs.200 Crore)**
Long Term Rating	**CRISIL A-/Stable (Reaffirmed)**
Short Term Rating	**CRISIL A2+ (Reaffirmed)**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL A-/Stable/CRISIL A2+' ratings on the bank facilities of BLS International Services Ltd (BLS; a part of the BLS International group).

Business risk profile continues to be driven by the strong market position with presence in over 60 countries and presence in diversified revenue segment. Accordingly, an operating income growth is estimated in fiscal 2022 to over Rs 800 crore supported by supported by addition of new orders and customers after experiencing a sharp decline of around 40% during FY21 on account of pandemic induced challenges on business demand. Improving scale is expected to support growth in operating margins to around 13% in FY22 (*against 11.1% a year ago).*

Also, the rating factors the group's robust financial risk profile, supported by absence of debt in the capital structure. Overall, liquidity profile continues to remain supported by absence of debt obligations and healthy unencumbered cash and bank balances of over Rs 300 Cr as on 31st Dec, 2021.

The ratings continue to reflect the established market position of the BLS International group in the visa outsourcing services sector, diversified business risk profile, and robust financial risk profile. These strengths are partially offset by the tender-based business, susceptibility to changes in regulations by the concerned ministries of various countries.

CRISIL Ratings had upgraded its long-term rating on the bank facilities of BLS to 'CRISIL A-/Stable' from 'CRISIL BBB+/Stable' and reaffirmed the short-term rating at 'CRISIL A2+' on November 03, 2021.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of BLS, BLS International FZE (100% subsidiary of BLS), and their step-down subsidiaries. This is because all these entities collectively referred to as the BLS International group, are under a common management and have strong financial linkages in the form of equity share capital, revenue sharing, and loans and advances.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Established market position & Diversified business profile

Set up in 2005, the group operates in over 62 countries and provides services through 2,325 offices worldwide. Within a decade, it attained a comfortable position in the visa services outsourcing market. Though it has grown considerably in a short span, sustainability of market position in the long term is a key rating sensitivity factor. The group offers services in visa processing, e-governance and banking correspondence. Apart from diversification into new business segments, addition of new clients in these segments has further strengthened the market position of the group. The group now covers over 46 missions, compared to only seven a few years back. In e-governance services, the group has three clients presently, compared to only one client two years ago; in the banking correspondent segment, Bank of Baroda has been added alongside the existing client - State Bank of India.

Robust financial risk profile

The financial risk profile remains robust supported by strong networth of over Rs 500 Cr expected as on 31st Mar, 2022 and absence of debt in the capital structure resulting in expected nil gearing ratio. Debt protection metrics remained robust owing to low reliance on external debt, leading to expected interest coverage at over 60 times in fiscal 2022. In the absence of any debt funded capex plan, the financial risk profile is expected to remain robust over the medium term.

Weaknesses

Tender-based business and susceptibility to changes in regulations by the concerned ministries of various countries

The contracts with diplomatic missions are generally tender-based with a three-year tenure, and have certain pre-requisites such as experience in visa outsourcing, robust credit history, adequate information technology, operational expertise, and strong background check function. This makes revenue susceptible to the risk of non-renewal of contract at the end of the term or inability to bag new contracts as indicated by decline in revenue by around 40% during fiscal 2021 (Rs 493 crore). However, revenue should rise to around Rs 800 crore in fiscal 2022, supported by addition of new orders and customers. Going forward, sustained improvement in scale of operations will remain a key rating sensitivity factor.

Liquidity: Strong

In the absence of any repayment obligation over the medium term, the entire cash accrual – projected at Rs 75-80 crore per annum – will aid financial flexibility. The fund-based bank limit was unutilised and the small limit is kept only for backup. Current ratio is estimated at around 11 times as on March 31, 2022, with healthy unencumbered cash balance at over Rs 300 crore as on December 31, 2021.

Outlook Stable

The BLS International group will continue to benefit from its established market position.

Rating Sensitivity factors

Upward factors

- Revenue increases to more than Rs 900 crore with operating margin steady at over 14%
- Improvement in the working capital cycle
- Continued diversification of client base across business segments

Downward factors

- Large, debt-funded capex or acquisition adversely impacting the financial and liquidity profile
- Cash accrual declining below Rs 50 crore on account of decline in operating income or operating profitability

About the Company

Established in early 1983, BLS is a specialist provider for outsourcing visa, passport, and attestation services to Indian missions across the world. It serves the diplomatic missions by managing all administrative and non-judgmental tasks related to the entire life cycle of a visa application process.

The company was listed on the Bombay Stock Exchange, National Stock Exchange and Metropolitan Stock Exchange in 2016. BLS has operations in over 62 countries either through joint venture with a local player or through wholly-owned subsidiaries (BLS International FZE and others).

The BLS International group has reported operating income of Rs 369 crore in the first half of fiscal 2022, improved by 101% from Rs 183 crore in the corresponding period of the previous fiscal. For the same comparative period, earnings before interest, taxes, depreciation, and amortisation stood at Rs 46.4 crore against Rs 16.3 crore.

Key Financial Indicators

Particulars	Unit	2021	2020
Operating income	Rs crore	489	793
Profit after tax (PAT)	Rs crore	50	52
PAT margin	%	10.3%	6.6%
Adjusted debt/ adjusted networth	Times	0	0
Interest coverage	Times	31.81	25.70

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook

NA	Secured overdraft facility	NA	NA	NA	8.0	NA	CRISIL A-/Stable
NA	Bank guarantee	NA	NA	NA	192.0	NA	CRISIL A2+
NA	Proposed long-term bank loan facility	NA	NA	NA	100	NA	CRISIL A-/Stable

Annexure – List of entities consolidated

Names of entities consolidated	**Extent of consolidation**	**Rationale for consolidation**
BLS E-Services Pvt Ltd	Full	Indian subsidiary of holding company
BLS E-Solutions Pvt Ltd	Full	Indian subsidiary of holding company
BLS IT Services Pvt Ltd	Full	Indian subsidiary of holding company
BLS International FZE, UAE	Full	Foreign subsidiary of holding company
BLS International Services, UAE	Full	Foreign subsidiary of BLS International FZE
BLS International Services Norway AS	Full	Foreign subsidiary of BLS International FZE
BLS International Services Singapore PTE Ltd	Full	Foreign subsidiary of BLS International FZE
BLS International Services Canada INC	Full	Foreign subsidiary of BLS International FZE
BLS International Services Malaysia SDN BHD	Full	Foreign subsidiary of BLS International FZE
BLS International Services (UK) Ltd	Full	Foreign subsidiary of BLS International FZE
Consular Outsourcing BLS Services INC	Full	Foreign subsidiary of BLS International FZE
Starfin India Pvt Ltd	Full	Indian subsidiary of BLS E Services Pvt Ltd
BLS Kendras Pvt Ltd	Full	Indian subsidiary of holding company
Reired BLS International Services Pvt Ltd	Full	Indian subsidiary of holding company
BLS International Vize Hizmetleri Ltd. Sti., Turkey	Full	Foreign subsidiary of BLS International FZE

Annexure - Rating History for last 3 Years

	Current			2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	108.0	CRISIL A-/Stable		--	03-11-21	CRISIL A-/Stable	24-11-20	CRISIL BBB+/Stable		--	--
			--		--		--	04-11-20	CRISIL BBB+/Stable / CRISIL A2+		--	--
Non-Fund Based Facilities	ST	192.0	CRISIL A2+		--	03-11-21	CRISIL A2+	24-11-20	CRISIL A2+	19-12-19	CRISIL A2	CRISIL A2
			--		--		--	04-11-20	CRISIL A2+	12-04-19	CRISIL A2	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	**20**	**SBM Bank (India) Limited**	**CRISIL A2+**
Bank Guarantee	**75**	**IndusInd Bank Limited**	**CRISIL A2+**
Bank Guarantee	**85**	**Standard Chartered Bank Limited**	**CRISIL A2+**
Bank Guarantee	**12**	**HDFC Bank Limited**	**CRISIL A2+**
Proposed Long Term Bank Loan Facility	**100**	**Not Applicable**	**CRISIL A-/Stable**
Secured Overdraft Facility	**8**	**Standard Chartered Bank Limited**	**CRISIL A-/Stable**

This Annexure has been updated on 05-Apr-2022 in line with the lender-wise facility details as on 05-Apr-2022 received from the rated entity.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufaturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Software Industry
CRISILs Criteria for rating short term debt
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Pankaj Rawat Media Relations **CRISIL Limited** B: +91 22 3342 3000 pankaj.rawat@crisil.com **Hiral Jani Vasani** Media Relations **CRISIL Limited** B: +91 22 3342 3000 hiral.vasani@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Nitin Kansal Director **CRISIL Ratings Limited** D:+91 124 672 2154 nitin.kansal@crisil.com Nilesh Agarwal Associate Director **CRISIL Ratings Limited** D:+91 79 4024 4531 Nilesh.Agarwal1@crisil.com Vaibhav Gupta Rating Analyst **CRISIL Ratings Limited** D:+91 79 4024 4531 Vaibhav.Gupta@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

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