

April 25, 2023

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

Subject: **Intimation for upgradation in credit rating by CRISIL**

Ref.: **Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {'Listing Regulations'}**

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, We enclosing herewith the CRISIL credit rating rationale letter dated April 24, 2023 received by the Company from CRISIL. CRISIL has upgraded rating on the bank facilities of BLS International Services Limited as under:

Total Bank Loan Facilities Rated	Rs. 300 Crore
Long Term Rating	CRISIL A/Stable (Upgraded from 'CRISIL A-/Stable')
Short Term Rating	CRISIL A1+ (upgraded from 'CRISIL A2+')

The aforementioned letters are also available on their website. We request you to treat this intimation as compliance with the disclosure requirements under the Regulations 30 read with Schedule III of the of the SEBI (LODR) Regulations, 2015.

You are requested to take the same on your records.

For BLS International Services Limited

.....
Dharak A. Mehta
Company Secretary and Compliance Officer
ICSI membership no. ACS40502

Encl: as above

Rating Rationale

April 24, 2023 | Mumbai

BLS International Services Limited

Ratings upgraded to 'CRISIL A/Stable/CRISIL A1'

Rating Action

Total Bank Loan Facilities Rated	Rs.300 Crore
Long Term Rating	CRISIL A/Stable (Upgraded from 'CRISIL A-/Stable')
Short Term Rating	CRISIL A1 (Upgraded from 'CRISIL A2+')

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has upgraded its rating on the bank facilities of BLS International Services Limited (BLS; a part of the BLS International group) to '**CRISIL A/Stable/CRISIL A1**' from '**CRISIL A-/Stable/CRISIL A2+**'.

The upgrade factors in company's established market position in the visa services business leading to healthy traction in revenue amidst revival in tourism industry post covid-19 outbreak. After witnessing decline in revenue during fy21, due to travel restriction amid covid, revenue witnessed an on-year growth of 75% during fy22 and is further expected to improve by another 50-60% during fy23. Further, with acquisition of Zero Mass during Q1-fy23, share of digital business is expected to improve to 17% in fy23 (11% during fy22), hence further aiding the revenue profile. Revenue is estimated at around Rs 1080 crore during April-Dec in fy23, as against around Rs 860 crore during fy22. The business risk profile has been further aided by healthy operating efficiencies backed by steady increase in operating profitability to an estimated 14-14.5% during fy23, improved from pre-pandemic levels and around 12.7% during fy22, prudent working capital management and hence healthy return on capital employed ~ around 28-30% estimated during fy23. CRISIL Ratings believe that the business risk profile of the group will further improve over the medium term, backed by steady growth in tourism and improved penetration in digital business through on-boarding of new customers.

The ratings also factor in the company's robust financial risk profile, aided by its efficient working capital management and nil reliance on external debt. Absence of sizeable debt funded capex and expected accretion to reserve shall continue to aid the financial risk profile over the medium term as well. Liquidity stood comfortable too, backed by healthy net cash accruals vis a vis maturing debt, cushion in bank lines and sizeable unencumbered cash reserves.

The ratings continue to reflect the established market position of the BLS International group in the visa outsourcing services sector, and group's robust financial risk profile. These strengths are partially offset by group's moderate scale of operations and its susceptibility to changes in regulations by the concerned ministries of various countries.

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: Post commencing the Visa services business in 2005 in select territories, the group has over the years expanded into various countries for its visa vertical. As of fy23, the group has presence in over 66 countries and has around 45-50 government clients, aside over 30000 application centers worldwide. Resultantly, group is one of the largest players globally in Visa, Passport, Consular and citizen services. The market position of the group had further strengthened with acquisition of Zero mass during Q1-fy23, which has provided further diversification in the digital business, including business correspondent services etc. Resultantly, revenue profile stood stable over the years and with expected industry revival post easing of covid-19 travel restriction, it witnessed an on-year growth of 75% during fy22 and is further expected to improve by another 50-60% during fy23. CRISIL Ratings believe that the business risk profile of the group will continue to remain benefitted from group's established market position and shall further improve over the medium term, backed by steady growth in tourism and improved penetration in digital business through on-boarding of new customers.

Robust financial risk profile: The financial risk profile has remained robust over the years and shall continue to strengthen over the medium term as well backed by expected accretion to reserve, group's strong network providing financial flexibility and nil dependence on external debt amid prudent working capital management; network is estimated at around 660-670* crore as of Mar 31, 2023 (Rs 542* crore as Mar 31, 2022). Further, the debt protection indicators remain strong too backed by

steady increase in operating profitability and nil reliance on external debt. Going forward, with no debt funded capital expenditure or acquisition plan, along with no stretch envisaged in the working capital cycle, CRIISL believes the group's financial flexibility will further improve.

**as per CRISIL adjusted numbers*

Weaknesses:

Moderate scale of operations and susceptible to changes in regulations by the concerned ministries of various countries:

The contracts with diplomatic missions are generally tender based 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 leading to impact on revenue profile. Though group's established market position and subsequent growth in business reported over the years partly mitigates the afore stated risk, sustained growth in revenue over the medium term will continue to remain a key monitorable. Additionally, any weakening in the business performance due to reduced demand for existing business and/or any unfavorable business acquisition might impact the overall business risk profile of the group and hence will remain a key monitorable.

Liquidity: Strong

Bank limit utilisation has remained nil over the past few years to till date due to prudent working capital management. Cash accruals are expected to be over Rs. 130-150 crores per annum over the medium term, which will aid the incremental working capital and capex/business acquisition requirement of the group, as there are no term debt repayments. Further, sizeable cash reserves (of Rs. 470crore as of Dec-22) and strong networth provides additional flexibility to the group to face the downturn in the business performance, if warranted. Current ratio is estimated to remain healthy too at around 89 times as of March 31, 2023.

Outlook: Stable

The BLS International group will continue to benefit from its established market position and diversified business segment.

Rating Sensitivity factors

Upward factors

- Sustained increase in revenue, driven by onboarding of new customers and timely contract renewal from existing customers, with steady operating profitability at 15-16% leading to more than expected net cash accruals
- Efficient working capital management leading to low to nil reliance on external debt and hence sustenance of robust financial risk profile and liquidity

Downward factors

- Large, debt-funded capex or acquisition adversely impacting the financial risk profile and liquidity
- Cash accrual declining below Rs. 80-90 crore on account of decline in operating income and/or operating profitability or any unfavorable/unrelated business acquisition.

About the Group

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).

BLS International group has reported operating income of Rs 1067.5 crore in the 9M-fy23, with earnings before interest, tax, depreciation and amortization (EBITDA) of Rs crore 154.6 (14.5%).

Key Financial Indicators

As on / for the period ended March 31		2022	2021
Operating income	Rs crore	849.9	478.4
Reported profit after tax	Rs crore	111.2	50.33
PAT margins	%	13.1	10.52
Adjusted Debt/Adjusted Net worth	Times	0.01	0
Interest coverage	Times	64.92	31.81

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 and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. 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 levels	Rating assigned with outlook
NA	Secured overdraft facility	NA	NA	NA	11	NA	CRISIL A/Stable
NA	Bank guarantee	NA	NA	NA	192	NA	CRISIL A1
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	97	NA	CRISIL A/Stable

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
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) Limited	Full	Foreign Subsidiary of BLS International FZE
Consular Outsourcing BLS Services Inc., USA	Full	Foreign Subsidiary of BLS International FZE
BLS International Vize Hizmetleri Ltd. Sti., Turkey	Full	Foreign Subsidiary of BLS International FZE
BLS International Services Ltd., Hong Kong	Full	Foreign Subsidiary of BLS International FZE
BLS Worldwide (Pty) Limited, South Africa	Full	Foreign Subsidiary of BLS International FZE
BLS International Services SRL, Italy	Full	Foreign Subsidiary of BLS International FZE
BLS Liaison Services Limited, Kenya	Full	Foreign Subsidiary of BLS International FZE
Zero Mass Private Limited	Full	Indian Subsidiary of BLS E-Services Private Limited
BLS E-Services Private Limited	Full	Indian Subsidiary of Holding Company
BLS E-Solutions Private Limited	Full	Indian Subsidiary of Holding Company
BLS IT Services Private Limited	Full	Indian Subsidiary of Holding Company
Starfin India Private Limited	Full	Indian Subsidiary of BLS E-Services Private Limited
BLS Kendras Private Limited	Full	Indian Subsidiary of BLS E-Services Private Limited
Reired BLS International Services Limited	Full	Indian Subsidiary of Holding Company

Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	108.0	CRISIL A/Stable		--	16-06-22	CRISIL A-/Stable	03-11-21	CRISIL A-/Stable	24-11-20	CRISIL BBB+/Stable	--
			--	--	05-04-22	CRISIL A-/Stable	--	04-11-20	CRISIL BBB+/Stable / CRISIL A2+	--		
Non-Fund Based Facilities	ST	192.0	CRISIL A1		--	16-06-22	CRISIL A2+	03-11-21	CRISIL A2+	24-11-20	CRISIL A2+	CRISIL A2
			--	--	05-04-22	CRISIL A2+	--	04-11-20	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 A1
Bank Guarantee	75	IndusInd Bank Limited	CRISIL A1
Bank Guarantee	85	Standard Chartered Bank Limited	CRISIL A1
Bank Guarantee	12	HDFC Bank Limited	CRISIL A1
Proposed Long Term Bank Loan Facility	97	Not Applicable	CRISIL A/Stable
Secured Overdraft Facility	11	Standard Chartered Bank Limited	CRISIL A/Stable

This Annexure has been updated on 24-Apr-2023 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 manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Approach for Rating SRs
CRISILs Bank Loan Ratings
The Rating Process
Rating Criteria for Software Industry
CRISILs Criteria for rating short term debt
CRISILs Criteria for Consolidation

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