

30.06.2021

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NSE Scrip Symbol: BLS	BSE Scrip Code: 540073	MSE Scrip Symbol: BLS

**Subject: Transcript of Earning Conference Call under Regulation 30 of SEBI (LODR) Regulations, 2015.**

**Dear Sir / Madam,**

In compliance with the provisions of Regulation 30 of SEBI (LODR) Regulations 2015, we take the opportunity to submit transcript of Earnings Conference Call held by BLS International Services Limited (“The Company”) on June 16, 2021 to discuss the results of the Company for the Fourth quarter and year ended on March 31, 2021.

The transcript of Earnings conference call is enclosed herewith.

You are requested to take the same on your records.

**For BLS International Services Limited**

Dharak  
Arvind  
Mehta

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by Dharak  
Arvind Mehta  
Date: 2021.06.30  
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**Dharak A. Mehta**  
**Company Secretary & Compliance Officer**  
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“BLS International Services Limited Q4 FY 2021  
Earnings Conference Call”

**June 16, 2021**



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

**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 FY 2021 Earnings Conference Call of BLS International. As a remainder, 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 '\*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Lokesh Pareek from Christensen Advisory. Thank you and over to you, sir.

**Lokesh Pareek:** Thank you, Margreth. Good Evening to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievement to differ significantly from what it expressed or implied by such forward-looking statements.

Please note that we have mailed the results and the presentation and the same are also available on the company's website. In case, if you have not received, you can write to us and we will be happy to send the same over to you.

To take us through the results and answer your questions today, we have the top management of BLS International represented by Mr. Nikhil Gupta, Managing Director, Mr. Shikhar Aggarwal, Joint Managing Director and Mr. Amit Sudhakar, Chief Financial Officer.

We will start the call with a brief overview of the quarter gone past and then conduct Q&A session. With that said, I will now hand over the call to Mr. Shikhar Aggarwal. Over to you, Sir.

**Shikhar Aggarwal:** Good afternoon, everyone. I welcome you all to our Earnings Conference Call of Q4 FY 2021. Hope you all are in good health and your family also.

Let me now give you an update on the global travel situation. Due to the outbreak last year, individuals all around the world socially distanced themselves. People, on the other hand, are now willing to travel after immunisation. According to an American Express poll, 69% of Indians are planning at least one large international travel. With all covid related safety precaution in place, we have resumed accepting visa applications for India in Canada, China, Russia, Singapore, Malaysia, UAE, Oman, Norway & Hong Kong; for Lebanon in India, Thailand & Nepal; for Brazil in China & Lebanon; for Thailand in India; for Vietnam in India; for Cyprus in Qatar; for Belarus in Singapore, Malaysia & Philippines; for Spain in 57 locations majorly including China, UK, UAE, Philippines, Singapore, Russia, Indonesia, Morocco & few more. We have also started operations for Estonia e-residency project in Brazil, Thailand, Singapore & South Africa; for UAE Attestation in Philippines.

Indian travelers are also not behind their global counterparts. In fact, just before the second wave hit the country, Indians were seen engaging in, and in some cases, overpaying for, revenge travel.

Furthermore, the recent advancement of India's immunisation effort has reawakened individuals' travel aspirations.

On financial performance of the company, despite challenging global scenario, we have managed to post healthy performance during the quarter and during FY21. Our Total Operating Revenue during the quarter stood at Rs.144.5 crores, EBITDA stood at Rs. 10.1 crores, up 42% Y-o-Y and PAT Rs. 23 crores, up 178%. The revenues during the quarter were mainly contributed by Consular and G to C services, especially Punjab. If we look at our citizen services expertise, Punjab contract has started functioning better than pre-Covid levels where we processed almost 1.5 mn applications during the quarter. The Passport and Consular services have also picked up momentum and is now close to pre-Covid levels. Our banking correspondent services being carried under subsidiary, StarFin continues to perform well.

On the profitability front, we have streamlined our expenses in line with business operations and share of valued added services has improved significantly in last 3-4 quarters. We've noticed a trend where travelers are willing to pay a premium to avoid having to interact physically. They prefer our premium/ priority services, such as the "premium lounge," in which only one candidate is entertained at a time. People are also choosing for mobile biometric services, in which the applicant submits the application from the convenience of their own home or office and courier service instead of coming over to collect the passport. All these services add to our profitability. So, we expect improvement of margins with resumption of Visa services and countries opening their borders.

On new business front in Q4FY21, we also bagged contract from Embassy of Brazil to operate 15 centres in China and Embassy of Portugal with 15 centres in Russia. We signed Citizen service contract with Uttar Pradesh government to operate ~10,000 centres. We have also signed contract with Thailand government to issue visas in India with two centres. Earlier during the FY21, we inked contract with Government of Egypt for Issuing of "Movement Certificate". We were also Accredited by Royal Canadian Mounted Police (RCMP), Government of Canada to provide biometric services. We also signed contract with Republic of Estonia for E-residency cards in Japan, Thailand, Singapore, Brazil and South Africa.

We have started operation on contract which we got previous year like processing of Belarus visas in Philippines, Malaysia & Singapore; processing of Morocco visas in India with two centres; processing of Vietnam Visa Application with 15 centres in India & 5 centres in Turkey; processing of Brazil visas in Lebanon and processing of Lebanon visas with 15 centres in India and centres across Thailand, Bangladesh, Nepal, Bhutan, Sri Lanka & Maldives.

Our balance sheet continues to remain strong with zero debt and Cash and Bank balance to the tune of Rs 277 crores.

As a prominent industry player, we at BLS we are committed to invest in most innovative and advanced technology from time to time. We are always on lookout for highly rewarding M & A opportunities in tech enabled services domain.

Thank you, this is all from my side. I now hand over the call to Amit for updates on financial performance. Over to you Amit.

**Amit Sudhakar:**

Good afternoon, everyone. Let me take you through the financial performance for the quarter and financial year 2020-21. We reported Operating revenues of Rs.145 cr. A marginal decline of 4.4% Y-o-Y mainly due to decline in revenues from Visa business. Our EBITDA for the quarter stood at Rs. 10 cr compared to EBITDA of 7 cr in corresponding quarter last year mainly due to realignment of cost in line with our revenues. Company generated Net Profit of INR 23 crores for Q4FY21 as compared to Rs. 8.3 crores in corresponding quarter last year and PAT margin stood at 15% in Q4FY21. During the quarter company received tax credit of Rs. 6.5 crores from UK government and there was a reversal of tax provisions of earlier quarters.

For full year FY2020-21, company generated a revenue of Rs. 478 crores compared to Revenues of Rs. 786 crores in previous financial year. The decline in revenues was mainly due to decline in visa processing services business. However, we managed to limit the decline in business with support from consular services, G to C services and Banking correspondence business of Starfin. During the year company generated other income of Rs. 18.6 cr that includes grants of about Rs. 8 crores from different client governments, interest income of around Rs. 6 crore and balance is on account of FX gain and miscellaneous income. Cash balance of company has increased by Rs. 38 crores to Rs. 277 crores and net worth of company has improved by Rs. 31 crores to Rs. 460 crores during FY 2020-21. We continue to remain a zero-debt company. The board has approved Final dividend of 25% for the current financial year and full year dividend of 50% for FY 2020-21.

That is all from my side. I would now request the moderator to open the call for Q&A. Thank you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepak Mehta, an individual investor. Please go ahead.

**Deepak Mehta:**

I hope everyone is doing well at the Company. Sir my question is around the new tie-up with Amazon. So, what kind of revenue we can expect from this partnership? And what will be the revenue stream, is at one-time revenue, once in a year or it is based on the consignment. So, if you can throw some colour on this.

**Shikhar Aggarwal:**

As we have started working with various governments in India and like that we won a contract with the UP Government where we opened 10,000 centers for providing different government services like birth certificate, death certificate, these are all exclusive centers where people will have to come to these centers. So, we always keep on finding additional sources of revenue and

ecommerce is definitely the future, so definitely we are talking, and we are working with some ecommerce companies like Amazon, in the future there are more companies in the pilot pipeline wherein we will be providing assisted ecommerce services through our centers to applicants who wish to come at center and avail these services. So, revenue, as and when the transactions start to happen from this, then we can give you a more understanding about that.

**Deepak Mehta:** Okay, sir. So, when this service is going to be live with Amazon? Is there any commencement date when we are going to start the services to Amazon?

**Shikhar Aggarwal:** There is no date actually, because of lockdown things have becomes slow, now we have resumed, we are slowly starting all our centers in UP. So, I think the commencement date we will be letting you know shortly.

**Deepak Mehta:** Okay. And what kind of service we will be providing, this will be storing their goods or what kind of services it will be?

**Shikhar Aggarwal:** These will be any products that people choose to buy from any of these ecommerce websites like mobile phones, etc.

**Deepak Mehta:** So, we will be acting as a local store. Right?

**Shikhar Aggarwal:** Correct.

**Deepak Mehta:** I thought we will be also doing some KYC for their credit card or Amazon Pay.

**Shikhar Aggarwal:** Not right now.

**Moderator:** Thank you. Next question is from the line of Harsh Patel from Alpha Alternative. Please go ahead. Hi,

**Harsh Patel:** I just wanted to know, what does it take to win a new contract in the visa processing business? Is it a lower pricing that you charge or your relationship with the government? And what is your share in the visa processing business? Thank you.

**Shikhar Aggarwal:** Thank you for the question, Harsh. S BLS International is one of the largest visa outsourcing consular service provider. We are now the preferred government to citizen service provider across the world. We are working with 46 client governments, we are in 66 countries, we have more than 12,000 centers and have 50,000 employees. Till date, we have processed more than 52 million applications. As you know, last year itself we have won seven new contracts with different governments, some remarkable contracts being Brazil Government in China, Portugal Government in Russia and Estonian Government. So, all these contracts take a long time to get qualified for, for 15 years as we have been mentioning, and now results have started to come in, last year we

won seven contracts, now this year also we expect to win few more contracts, tenders are going to come in in the next two or three years, we have changed our business development strategy, we have employed a lot of people. It depends on the country to country, some countries work on technical and financial mix, so there are certain marks that you get for technical and certain for prices. So, definitely, we have become a technically strong Company as we have grown as a Company and definitely we are paying more importance on the technicality of the proposal and getting good margins. So, it is a healthy competition between technical and financial.

**Harsh Patel:** So, what would be the majority of, I mean, the competition is very intense if I am not wrong, so if you want to win countries, for example, say Australia, so is it based on these two factors only or anything else? Or mainly, what would be the biggest factor?

**Shikhar Aggarwal:** Biggest factor would be the solution that you provide,, how responsive are you to the government requests. We provide a solution wherein our platform is latest, best in technology, it is latest in the system, we provide access to the government to understand, see what is actually happening in the center. It is a tech enabled system, so we are providing a technologically advanced software. So, I think with the changes in systems, this is what governments are looking for. And that is the reason that, as you know, we are working for Portugal Government in Russia at EUR 35, so we are actually charging good amount of charges from different governments. As we grow, our focus is to increase our charges.

**Harsh Patel:** Okay. And what will be our market share in the visa processing business?

**Shikhar Aggarwal:** Because of COVID the entire market has changed, and we don't know exactly how many numbers happen. Pre-COVID, the market we were getting around 10% to 12% of the applications across the world. Now, with the new contracts, we are hoping and with the new tourism in place, particularly for our clients, we are hoping that we might increase our market share with the existing contracts, 2% to 3% in the next one year. And definitely in the next few years, we are very bullish on getting new contracts that will definitely help increase in share.

**Harsh Patel:** Okay. Sir, what would be the top player market share would be in this space?

**Shikhar Aggarwal:** In last two-three years, the share of outsourcing in our market has increased., Two years back it was only 30% outsourced, now maybe a little bit it has increased. We do not know the exact number of the top player, but definitely top player will be having much more market share than us.

**Harsh Patel:** Any approximate number?

**Shikhar Aggarwal:** Maybe 30%, 40%.

- Harsh Patel:** Okay. My next question is on the Uttar Pradesh contract. So, is it similar to the Punjab contract? And the size of the contract, can you tell me the revenue guidance, if you can give?
- Shikhar Aggarwal:** So, the contract is similar to the Punjab Government contract in terms that we are providing similar kind of services, birth certificate, death certificate, all citizen services. The change is that in this contract the 10,000 centers that we have opened are not given to us by the government. In Punjab contract it was an asset-light model where everything was provided by the government, be it assets, be it operating cost. In this contract, nothing has been provided by the government.. So, as we spoke about the UP contract, I hope it clarifies our stand on that.
- Moderator:** Thank you. The next question is from the line of Deepak Mehta, an individual investor. Please go ahead.
- Deepak Mehta:** So, my question is around, so we provide service to our customers, so do we track any customer satisfaction level or NPS, if you can throw some light, how we are improving, providing good quality of services? As you have mentioned that we are doing agile stuff and all.
- Shikhar Aggarwal:** Thank you. I think this is definitely very important and very good question, thank you for that. Definitely we are being a customer service-oriented Company, we have two customers, government and the citizens. Definitely both of them are very important to us. Customers, as you know that we processed 52 million applications till date. So, we are dealing with a lot of customers on a daily basis, wherein running a global operations, maintaining track of customer satisfaction actually is very important. So, what we have done is we have set up a system in place where we have quality managers, we have data quality team at different levels, there is an escalation metrics, there are customer feedback mechanism, we are deploying software wherein people come to our centers after submitting their application, they are prompted to give a survey. So, all that is happening on a regular constant basis wherein reports are also submitted to the government. And we also do mystery audits and surprise audits, at the same time the same things are done by the governments also. So, I think these all things are very necessary for sustainability of the Company and providing good services in the long-term.
- Deepak Mehta:** Okay, sir. And my next question is about our service we provide is very generic and there is a lot of competition. So, what is our niche or USP, if you can define? And what is the focus of the management going forward that say long-term 3 to 5 years, how do you want to differentiate from our competitors?
- Shikhar Aggarwal:** First of all, the service that we provide is not generic. It took us 15 years to qualify for these tenders. Right now, in the world, only three to four companies are qualified to even bid for these centers, and we are one of the only Indian Company and we are the only Company which is also qualified from India for these centers. So, definitely service that we are performing is very specific, wherein we are dealing with customer data, we have to follow GDPR compliance laws, you have to show the data in particular places, you have to have software, data processing policies, the



technology that you use definitely has to have that strength to handle increased load or decreased loads, you have to give access to the government. At the same time, making sure your data is safe. So, I think these are some of the strengths that we have shown over the years to different governments that we are working with. When you give the biometrics, the error rate is according to the industry standard, is drastically lower. All these things lead to definitely a good amount of the Company by decision makers when they are awarding tenders. And in the future, we feel more and more government, as they see the progress of the Company are going to give us more tenders. As you must have seen in the last year, as we spoke we won the tenders and a couple of them were from the competition. Some of the companies are outsourcing for the first time and some of the countries give tender from the competition. So, this is the reason that we are winning.

**Deepak Mehta:** Okay, thank you. And going forward, as we expect the worst is behind us, so what kind of revenue growth we can see in this fiscal year or next two to three fiscal years, what will be your guidance? And we have good cash balance and operating cash flow, so is there any new services you want to expand or what will be the future plans with cash we would be generating from operations?

**Shikhar Aggarwal:** We are very excited for the Company. Last one year has been tough for the industry and for the Company also, still we managed to reduce and realign our expenses and increase our revenue in the existing contracts. So, I think that is a reason that last year itself we have managed to get good numbers. This year we are very excited with travel opening up, our offices across different parts of the world have started to open up. India is definitely a little slow right in terms of travel, but we foresee to achieve at least to target to achieve 2019 level of numbers this year with the increase in revenue from the existing contracts and realignment of our expenses. So, definitely I think this year, this is what we target to achieve.

**Deepak Mehta:** What kind of opportunity you are looking for with the cash in balance sheet and the cash flow we will be generating in future?

**Shikhar Aggarwal:** So, regarding the cash on the books, right, that is the question. So, Amit, can you take that?

**Amit Sudhakar:** Our cash has been growing over the years, and we are seriously looking at organic as well as inorganic growth options. Hopefully this year we will be able to announce, if we can close a couple of inorganic growth targets as well as expansion plan. As Shikhar talked about new contracts, we are looking at some big contracts where we will require some additional cash to scale up operations if those big contracts comes in. So, we are very much positive in the current year to come up with plan for utilization of the cash which is on the books.

**Deepak Mehta:** And the new context we will be building in we are winning from our competitors, so the margin we can expect the same what we had in FY 2019, right?

**Amit Sudhakar:** Yes, that's right.

- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh:** So, first question is that in the Q4 revenues, what was the percentage from the visa and consular services versus Punjab and UP contracts? And the starfin business we have, so if you can just share the split of the revenue across those three verticals?
- Amit Sudhakar:** See, the ratio has been in the range of 15% to 17% from other businesses and consular services still will be the biggest one.
- VP Rajesh:** Okay. And Shikhar, you were talking about that our offices are opening abroad, so assuming that 100% of the operations are back to normal, where are we on that scale? Are we at 50% or 70%, if you can just give some colour around that?
- Shikhar Aggarwal:** Rajesh, as you know there is a situation in India going on, offices in India have not resumed back to normal. there are also some countries that are still probably closed down. But if you talk about the major countries, be it Russia or Africa, government has permitted us to start opening some of the centers and wherever we have opened the centers we are seeing demand is far exceeding the capacity of the center. So, definitely people have started to come into the centers, they are asking for appointments. But currently government is also, according to the policies , giving limited number of slots and visas. So, whatever slot and availability is there, it is full. So, right now if you talk about percentage number, it's very difficult to give any exact percentage what have been we opened, but definitely, I would say, more than 50% in operational. Amit, would you say?
- Amit Sudhakar:** Yes, more than 50% has started.
- Shikhar Aggarwal:** Numbers have started to come in. This month itself things started to open up. So, I think, within the next three, four months, we feel as a Company with different governments also opening up their borders, with vaccination drives going on, with pent up demand and revenge travel that is expected, we expect numbers to definitely far outgrow.
- VP Rajesh:** Right. Okay, wonderful. And in your revenue guidance you talked about going back to financial year 2019, so what could be the margin there? Should it be higher than financial year 2019 margin or at the same margin?
- Shikhar Aggarwal:** I feel the margin will be definitely higher than 2019 level, there are two reasons for it. First is that we have definitely realigned our costs and some costs will be realigned for the long-term, obviously, we have to come back to the cost process what we have been doing, and definitely a lot of services that we got a chance to introduce in this lockdown and we have tested those services in our various different contracts, so those are also giving us a good margin. Some value-added services will definitely increase the margins and realign with our expenses. These are two things that will increase our margin. And also, service fee hike, some of the contract we have managed

to get a service fee hike with the government, we are in negotiation on the other contracts. So, I think that will also lead to increase in margins for us.

- VP Rajesh:** So, what would be the margin guidance for this year then?
- Shikhar Aggarwal:** it will be very difficult to give an exact number, but it depends on opening up exactly, but I don't know. It will be definitely higher than what we did in 2019.
- Amit Sudhakar:** Rajesh, we will get a much better picture by quarter two, when these places start, and the numbers start coming in. We have opened offices and now numbers are trickling in. Once numbers starts going up, we will have a better picture on how things are getting opened.
- VP Rajesh:** Understood. Can you elaborate the write back of about Rs. 6.5 crores,
- Amit Sudhakar:** Rajesh, basically if you see in our quarterly results this time, there is a credit of tax after PBT of about Rs. 7 crores, that basically major fund is Rs. 6.5 crores which has been funded by U.K. government as deferred tax, we had losses on which there was a deferred tax, which they have paid out as an incentive during COVID. So, whatever the losses we had, and there was a tax asset which we have created, we got that money in., therefore it is blow the line.
- VP Rajesh:** One more question. The other income was quite high year-over-year, Rs. 8.2 crores, so any one-time thing in there as well?
- Shikhar Aggarwal:** For the full year, Rs. 18.6 crores is the other income. In that, about Rs. 8 crores is grants from different countries we got during this COVID time. that were as a subsidy for salaries, for admin as well as for rentals, which we have added in the other income.
- Moderator:** Thank you. The next question is from the line of Harsh Patel from Alpha Alternatives. Please go ahead.
- Harsh Patel:** Can you repeat the Uttar Pradesh question that I asked you, I was asking about the model, is it similar to Punjab contract and investment you have done in the Uttar Pradesh contract, and the revenue guidance of course?
- Shikhar Aggarwal:** So, basically, Harsh, as I told you, in Punjab all the offices and all the CAPEX investment is done by the government and we have our trained people using our software, providing services. In UP the model is that everything is done by BLS. By BLS saying that we have not incurred any investment other than the software, we have tied up with people, village level entrepreneurs. So, we have 10,000 people across the state of UP who have opened offices on our behalf, they have invested in the computers and the machinery, and they are using our software, which is talking to the government system to provide these services. So, that is how the model in UP is working.

- Harsh Patel:** So, any revenue guidance that you can give? Punjab was like Rs. 6 crores every month that you used to make?
- Shikhar Aggarwal:** Correct. So, basically, see we only completed the rollout recently, because 10,000 is a big number of centers that you have to roll across the state. So, I think right now because of COVID, things slowed down, we had won the contract during that period. So, I do not have the exact numbers, because there was no tendered value mentioned in the contract. So, that is why probably in the next quarter when we have a more understanding of the numbers that we get we can give you. But one thing we can tell you is that we have done almost negligible investment in this contract in terms of other than the software and the OPEX cost that we are incurring in terms of the salary of the head office people.
- Harsh Patel:** Okay, got it. And can you give me the CAPEX guidance for FY 2022 and 2023?
- Shikhar Aggarwal:** Our normal CAPEX is in the range of Rs. 5 crores to Rs. 7 crores, unless until a new big project comes in then there is additional CAPEX. For running contracts, normal capex is the Rs. 7 crores or so. But this year, because of COVID operation have been resumed, definitely we have changed some offices, realigned some expenses. So, definitely there could be some capital on account of some additional offices or change in offices locations that we have portrayed. And CAPEX in terms of new contracts that we are in, for that there could be some CAPEX.
- Harsh Patel:** What would be the ballpark figure for FY 2022?
- Shikhar Aggarwal:** Again, we are working on that Rs. 7 crores to Rs. 10 crores as a normal CAPEX. But anything we do extra, or we get a new project, those will be as per the project requirement, so we don't know how much project size initial requirement will be.
- Harsh Patel:** And on the Spain contract, when does it expire and what will be the renewal process? What are you hearing from the Spanish government?
- Shikhar Aggarwal:** we have been in discussions with Spanish Government and, the contract is already in force till next year end. But all the governments are giving extension for the contract, same way we are in talks with all the governments. So, we are definitely hopeful on getting extension on these contracts also.
- Harsh Patel:** Because of COVID you will get your extension is what you are saying?
- Shikhar Aggarwal:** Definitely, all the governments are giving extensions,
- Harsh Patel:** I wanted to ask you on the tax guidance, because the tax rate is comparatively low to the other companies that I see. So, what would be the guidance on the taxation side for FY 2022?

- Shikhar Aggarwal:** We are working on around 15% of tax liability, but it depends on the mix of the profit in which country we are getting it from. Like India and overall, it has been around 15%.
- Harsh Patel:** And just one last question is, I just wanted to ask you about the cash balance that you have, you said Rs. 277 crores, right, so where is this cash you have invested, this is in mutual funds or in liquid funds if that you can tell me?
- Amit Sudhakar:** So, all these investment are in fixed deposits with banks only, we have not invested anywhere else, no bonds or nothing else, except fixed deposits with banks.
- Moderator:** Thank you. The next question is from the line of Nitin from Kiva Advisors. Please go ahead.
- Nitin:** Just a question in terms of the cash balance, does the cash lie in the Indian entity or in the international entity? Since you have such a large cash balance, is there any proposal to increase your dividend payout in the coming years? I just wanted your thoughts on that and what is the utilization of that cash?
- Amit Sudhakar:** we explained earlier that the cash balance, everything is in fixed deposit with the intent that we are aggressively looking at seriously into new acquisition. And we will utilize these fund for acquisition as and when we close some deals. Dividend policy has been there, which has been approved by the board. And as per that, we are working on a 15% dividend of the profit we generate each year. So, if you see in the current year, we have a profit of around Rs. 50 crores and Rs. 7.5cr is what we could do and that is what we have done in the current year. Accordingly, we have declared the dividend. We can go back to the board and work out on improvement on the dividend payouts that would be subject to the board approvals. But the intent is to look at aggressively new contracts, big contracts which, if required, we can utilize the funds for that, as well as for ultimate growth. So, th whole objective is that at the moment for utilizing these funds.
- Nitin:** Yes, just one more question. In terms of geography, which geography would be generating the most amount of revenue in terms of potential? Since obviously markets like South America and India are still grappling under COVID and maybe only the U.S. and some European markets will open up, so if you could just throw some light on that, that would be useful?
- Shikhar Aggarwal:** Correct. So, see, currently what we have been seeing is there has been increased revenue from countries in GCC from countries in CIS countries and North America region also. So, those are the countries right now where we are seeing increase in revenue. Asia has not started to come in, in that level.
- Nitin:** And just wanted to understand what are the entry barriers for this business, because you have one other unlisted quite a large competitor, what is normally your right to win in this space, is it that you bid lower, or you have certain experience? So, just wanted to understand how this works. And normally what is the tenor of each of your projects.

**Shikhar Aggarwal:** we are working for new government, for example, the Portuguese Government in Russia at EUR 35 which was with our competition at probably a lower rate. So, we are not here just to compete on price, we are focusing as we grow as a Company on quality of the tenders and our response on technology. So, that are the reasons that are leading to tenders being awarded to us. Definitely our service quality and the requirements of the government and the response to implementing those requirements. I think those are the factors that is leading. For a lot of years this industry was dominated by some players, now seeing as a rising Company, definitely governments have seen our delivery over the last six, seven years with different client governments and they are giving us work. We are now actually qualified for the tenders, bidding for them, actually giving results, winning the tenders. And next you will see BLS getting more and more market share.

**Moderator:** Thank you. The next question is from the line of Ankur Jain, an individual investor. Please go ahead.

**Ankur Jain:** So, coming to the same question on cash. What I am trying to understand here is, as you are saying you are keeping this cash for utilizing in future for some acquisition, do we have any timeline for this? Because a similar response we got in the previous calls also. So, I think when we have a huge cash, Rs. 250 crores cash is there, every year we are generating around Rs. 50 crores, then we should keep the cash only in time on manner, otherwise the cost of equity is so high we should return this to the shareholder. So, any view on that?

**Amit Sudhakar:** , yes, last time we talked about this, and unfortunately because of COVID a couple of the deals we were working on got delayed or they didn't materialize. But now things are looking much better. And hopefully in the next couple of quarters you will hear some positive news if things go through. We take your point, if we don't foresee in the next couple of quarters, we may go back to the board and take a call of higher disbursement, subject to board. At the end of the day the board needs to decide that.

**Moderator:** Thank you. The next question is from the line of Bharat Singh, an individual investor. Please go ahead.

**Bharat Singh:** So, I just wanted to ask in terms of inorganic space, which exactly area would we be looking at for utilizing cash?

**Shikhar Aggarwal:** we are definitely looking at tech enabled businesses. Right now, as we grow, our Company is providing services to different governments. So, we are looking at companies, maybe in the similar line of business across the world. And also, we are looking at different companies providing tech enabled services, collecting money from the citizen. So, model is the same where we want to work on. But we are looking at companies having technology.

**Moderator:** Thank you. The next question is from the line of Saurabh Baid, an individual investor. Please go ahead.

- Saurabh Baid:** I have a question about the management, there are two managing directors, one is Nikhil, and another one is you, you are the joint managing director. I wanted to understand the distribution of responsibilities, because mostly I have seen that you are representing all the meetings and the other conference that I saw in YouTube videos and everything. So, just wanted to have a background or some more details on that.
- Shikhar Aggarwal:** I am representing the Company because between us we decided that I will be the spokesperson, and he will do more of the work. It is not like that, but Nikhil is mostly taking care of the domestic business, he has his strength in aligning, and we have some big contracts with the Punjab Government currently also under UP contract. And we are now in the talks of adding different contracts. And with me, I have my whole team, my key operative officer, my key business development officers, those are the people who are actually running around, and they have their entire strength on the ground. So, it is not like we have only two people, probably we are the spokespersons of the Company, but our entire team is there on the ground actually delivering the work.
- Nikhil Gupta:** You want to know anything about Punjab, ask me.
- Saurabh Baid:** Yes, definitely. I also want to hear more from you, maybe in some other mediums or maybe in some other representation. I just wanted to see you talk. That's great. Thanks a lot. Thanks for the clarification.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh:** So, Nikhil, I will go ahead and ask you a question about Punjab. There is still a delay on getting our funds back, so any colour on the timeline and what the issues are?
- Nikhil Gupta:** Good thing you asked that question, because coincidentally I happen to be sitting in Chandigarh and the whole purpose is that I am meeting the top officials in the Government of Punjab. And I must say that the government is very keen on the settlement of our outstanding. And like it happens typically in governments, they want to reconcile everything to the last rupee before they pay out the money. They don't want to get into any audit and other queries. So, all those things are going on. But we have reached almost a finality. And I expect to have some good news for everybody in the next quarter.
- VP Rajesh:** Okay. So, the expectation is that we will have the money back with us.
- Nikhil Gupta:** That is very correct.
- VP Rajesh:** Okay. Thank you, much appreciated. And Amit, you were saying that some of the cash may be utilized for large contracts that you are getting. So, I didn't understand that part. Because I thought

our business will require of more OPEX and for OPEX you are anyway a profitable business. So, that is my understanding, so can you clarify please?

**Amit Sudhakar:** Rajesh, normally what happens in these contracts, once we get, we need to put the infrastructure in place, get people on board, and the transactions take sometimes three to six months to start getting that breakeven situation. So, you need that working capital, as you said. Plus, the initial investment in the infrastructure, you need office space, the IT infrastructure, getting people on board. And then the numbers start coming in, and they get into that momentum of the volume we are looking at. So, normally these contract takes six to nine months to breakeven. So, I am talking about money requirement during that period, it may be in the form of CAPEX, it may be in the form of working capital also.

**Shikhar Aggarwal:** Also, Rajesh, we are developing our own software as we speak. As I told you that we are more and more focusing in getting technology as the backbone of the Company, we have been deploying. And more and more as we grow as a Company, the biometric technology, for some of the technologies we had some partners, we are trying to own most of the technology that we have, some unique technologies for the government. So, I think, definitely, we are also looking at investments in that.

**VP Rajesh:** So, for software are you capitalizing that expenditure?

**Amit Sudhakar:** No, we capitalize and depreciate over the life of that software, which we have developed.

**VP Rajesh:** I see. So, what is the kind of CAPEX you are doing in this software development?

**Shikhar Aggarwal:** probably within this year and next year, I think we should be not doing a very aggressive right now to start with, but probably I am not too sure, because we are still creating the budget for that. I cannot give you an exact number. It should not be a very, very high figure right now that we are focusing on. But I think when we make a budget for it, we can give an exact figure once those get crystalized.

**VP Rajesh:** Okay. Because let me tell you where I am coming from. Because given your base business being so profitable, with negative working capital, you are a negative working capital business. So, even if you win large contract, or even if you win two, three large contracts, I am not sure that I can't understand why you will need money for working capital. Because your other contracts are generating so much of cash. So, that's why I was trying to understand why would you need cash for that? Anyhow, you can take it offline.

**Shikhar Aggarwal:** Sure.

**VP Rajesh:** And the second question or a suggestion is that you guys may want to think about doing a buyback. Because if let's say I just do a very simple math that you are Rs. 800 crores top line this year and



you make 10% margin, so Rs. 100 crores EBITDA and you are trading I think much cheaply, almost 10x. So, for the kind of business that you are, the valuation could be much higher. So, I would request you that if you don't have any acquisition idea, which I know you guys are looking at very carefully. But if it is not there in, let's say, a couple of quarters then perhaps you should think about a buyback. That's all I have. Thank you.

**Shikhar Aggarwal:** Thanks for your suggestion, and certainly we will take it up to the board for this.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Shikhar Aggarwal:** Thank you, everyone, for making this call today. We are satisfied with the performance of our Company during the year, considering the global pandemic situation. I have full confidence in our capabilities and our business model, and we see a very bright future for BLS International. During the year, we have streamlined our process. And as travel restrictions are being lifted, we expect significant improvement in the top-line and bottom-line. With this note, I thank you again for showing faith in BLS International in difficult times. Thank you.

**Moderator:** Thank you. On behalf of BLS International, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.