

May 16, 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, 4 th 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 May 12, 2023**

In continuation to our intimation dated May, 04 2023, please find enclosed a transcript of the Earnings Call held on May, 12 2023 to discuss the operational and financial performance for Q4 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

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

Encl: as above



“BLS International Services Limited
Q4 FY23 Earnings ConferenceCall”

May 12, 2023



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

MODERATOR: **MR. RAHUL TRIVEDI – ADFACTORS PR**

Moderator:

Ladies and Gentlemen, good day, and welcome to the Q4 and FY '23 Earnings Conference Call of BLS International Services Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant's 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shikhar Aggarwal, Joint Managing Director of BLS International Services Limited. Thank you, and over to you, sir.

Shikhar Aggarwal:

Good morning, everyone. I welcome you all to our Earnings Conference Call to discuss the business and financial performance for Q4 and FY '23. I have on call with me today Mr. Nikhil Gupta, Managing Director; and Mr. Amit Sudhakar, Chief Financial Officer of the company.

Our performance in the fourth quarter has been in line with expectations, continuing the growth trajectory of the previous quarters. Continued recovery in travel and tourism across the globe is boosting volumes and revenues in our Visa business, which is growing month-on-month. An early pickup of travel has been boosting visa volumes as several people are traveling before the onset of summer. With higher volume, we are benefiting from economies of scale, leading to improvement in margins. Moreover, our value-added services are also contributing to our profit margin.

We also increased our stake in Zero Mass Private Limited through a share transfer agreement in March 2023. Post this acquisition, BLS E-Services now holds aggregate of around 91% of the paid-up equity share capital of ZMPL. We have won several new contracts during the period. We have signed an agreement with Polish Embassy in Manila to provide visa outsourcing services. Under this agreement, we will be processing 20,000 applications annually and opening offices in Manila and Cebu. We are thrilled to have signed the contract with the Polish government because it marks the beginning of our relationship with them, and we are optimistic for taking part in their upcoming tenders worldwide.

Moreover, we signed an MoU to accept electronic visa on arrival for seamless travel to Thailand. Our significant development will enhance the traveling experience for Thai tourists. A projected 75,000 or more applications are anticipated for the forthcoming season, which is likely to drive continuous increasing travel to Thailand. We will start the EVOA's applications from 17 countries worldwide for Thailand. Also, we have signed a

contract with a Thai Embassy in South African and neighbouring countries for visa outsourcing services.

On the digital front, we are able to offer banking correspondent e-governance services through a common touch point. We are investing in infrastructure and manpower to expand our digital services segment. Moving to the growth potential, we are looking to restructure the business to make the digital service segment a self-funded, growth-oriented and independent business.

To sum up, I would like to say that we are optimistic about both our Visa and Digital Service business and aim to grow both independently. This is all from my side. I now hand it over to Mr. Amit Sudhakar for updates on financial performance. Thank you.

Amit Sudhakar:

Good afternoon, everyone. I'm pleased to present the financial performance for the fourth quarter ended March 31, 2023. In Q4 FY '23, we achieved a revenue of INR 449 crores, reflecting an impressive 76% Y-o-Y increase and 2.45% quarter-to-quarter growth. This growth was mainly -- primarily driven by the robust recovery of visa volumes bolstered by the Digital Service business. We have witnessed a surge in travel with early onset of summer, which boosted our Visa business. I'm pleased to inform you that we are currently experiencing positive momentum across all our businesses and hold a strong sense of optimism for sustained growth in the coming quarters.

During the quarter, our EBITDA stood at INR 67 crores compared to INR35 crores in the corresponding quarter of last year and INR 66 crores in Q3 FY '23. The EBITDA margin for the quarter stood at 14.83%, an increase of 103 basis points compared to corresponding quarter last year. We are able to offset the impact of higher employee costs by implementing cost optimization and managing higher volumes, thereby benefiting the EBITDA margin for the quarter. In Q4, FY '23, the profit after tax stood at INR77 crores as compared to INR 35 crores in previous corresponding quarter and INR 46 crores in Q3 FY '23.

Moving on to the financial year ending March 2023, our revenue grew by 78% Y-o-Y to INR 1,516 crores. Our EBITDA stood at INR221 crores, growing 107% Y-o-Y while our EBITDA margin improved by 200 basis points to 14.58%. Our PAT for the period was INR204 crores as compared to INR111 crores in the previous financial year, representing an increase of 84% Y-o-Y. Lastly, the Board has recommended a dividend of INR0.25 per share on the expanded equity capital for the current year FY '22, '23 subject to shareholders' approval.

In conclusion, we are committed to maintaining this positive trajectory and creating a substantial value for our shareholders. Thank you for your attention, and I'm now ready to address any questions you may have.

- Moderator:** We have the first question from the line of Ravi Naredi from Naredi Investment.
- Ravi Naredi:** Sir, in March quarter, Digital Services gave good profit almost 40%, while visa services, 15%. So that trend continue in future too?
- Amit Sudhakar:** See, one is the growth which you are looking at is mainly on account of the new acquisition we did in digital services during the financial year. So the base was quite small, therefore the percentage-wise it looks much better at the moment. But if you look at overall scenario, the digital business of was 10% last year, it has now become around 20% of our overall revenue. So that is the increase over the year, but if you look at from a medium-term perspective, we see a growth in both the businesses going forward.
- Ravi Naredi:** Okay. Secondly, you mentioned MoU with Thailand for 17 countries worldwide. And now you tell again, Thai embassy contract different of South Africa contract. Why you gave 2 separate announcements?
- Shikhar Aggarwal:** Correct, this is Shikhar this side. So basically, we have been outsourced the physical visa from the Thai embassy in South Africa and neighbouring country. So that is the physical visa that we'll be processing. People who go to the embassy, they will have to come to us. And then parallelly, we have signed another MoU with Thailand government, wherein we will be processing the electronic visa on arrival which is a digital for many countries worldwide for people visiting Thailand from different countries.
- Ravi Naredi:** Right. Yes, sir. Sir, any more acquisition are in pipeline at present? Or how many visa services applications we made usually? And what is our success rate in these visa application services execution. These are my questions.
- Shikhar Aggarwal:** Yes. So we did around 78 million applications as of 31st March, 2023. And last year, we processed around 16 million applications. There are -- if I got your question correctly, there are multiple acquisition opportunities. Nikhil, would you like to put some light on that?
- Nikhil Gupta:** Yes. Actually, we are continuously looking at acquisition opportunities, and we have created a pipeline of such opportunities. And we are at different stages of discussion. So it's not possible to give any further information until they are concluded.
- Ravi Naredi:** Right, right. And we are just reaching to 1 billion market cap in advance, I'm wishing you all the best.
- Nikhil Gupta:** Thank you very much, sir.
- Moderator:** We have the next question from the line of Omkar Kamtekar from Bonanza Portfolio.
- Omkar Kamtekar:** So sorry for the disturbance. So first question is, are we looking to expand any regional

offices in India? So we currently have Punjab, Uttar Pradesh, Rajasthan projects ongoing. So are there any plans to expand the regional footprint?

Nikhil Gupta: No. I would say that we are constantly looking at opportunities and bidding for projects, which are outside in these 4 areas. So there is no focus only on some areas in India. As you know, we have a presence in banking across all states in India. So we are present already and we want to expand.

Omkar Kamtekar: Okay. And just to understand the acquisitions that are in pipeline, so these are -- which segment facing. So are they basically business facing or are the overall visa consular also. Any idea on that?

Nikhil Gupta: We are working on the entire pipeline, which includes visas and includes the digital services, both.

Omkar Kamtekar: It's both. So it's not specifically targeting any segment like digital services or visa.

Nikhil Gupta: Wherever there's a good opportunity.

Moderator: The next question is from the line of Ankita from Shree Capital Services.

Ankita: Hi Sir, Good Morning and Congrats on a good set of results. So I have a basic question. I just want to understand your business model in the sense. Like, let's say, when you're acquiring a visa processing for a new country. How is this whole process? Because there are many competitors, right? So how is this whole process you're acquiring the deal like? Is it your bidding process? Could you please throw some light here?

Shikhar Aggarwal: Yes. So Ankita, we have now -- our company has been there for the last 12 years. So we have been continuing bidding for contracts. So I can tell you that this industry is quite segmented with only 3 players qualified globally for all the tenders, so we've been the only Indian company. If there is a tender, any government tender, if you qualify, you have to bid for it and the model is that you don't collect money from the government. And you collect up-front money, which is a tendered value that you demand. So that is how the model works, and we'll take care of all our expenses, everything from the revenue that we generate from that service charge plus value-added services.

Ankita: Okay, sir Thank You. And my second question is like, are we gaining market share? Because I think our biggest competitors in India is VFS. So how are we like are we ahead? Could you just throw some light on that, too?

Shikhar Aggarwal: So definitely, every year-on-year, month-on-month, we are increasing our market share. If you see, in the last 2 years, we have won quite a few contracts with Germany, Philippine and different governments. So definitely, our market share is increasing year-on-year.

- Moderator:** We have the next question from the line of Rahil Shah, an individual investor.
- Rahil Shah:** Good Morning. Yes. I just want to ask are you providing any revenue or margin outlook for FY '24? How do you feel about the business growing more?
- Amit Sudhakar:** Sorry, I couldn't hear you.
- Shikhar Aggarwal:** Amit, he is asking about revenue and margin outlook. You go ahead, Amit, on that question.
- Amit Sudhakar:** Rahil, you have seen this year and in the last 2 years, our growth trajectory has been in the range of 50% to 70% growth. Yes, it was based on a COVID situation. But this growth has now stabilized around these levels, depending on as and when we get a new contract, it will go to a different level. But the current momentum is steady, and we think this will continue. Margin will obviously improve as the volumes will start picking up further.
- So like Shikhar has talked about earlier that a few geographies are still to open like China and others, obviously, we will improve the revenue as well as the EBITDA going forward.
- Rahil Shah:** Did you say 50% to 70%, and that is 5-0, 7-0 percent growth you've seen?
- Amit Sudhakar:** See, last year, we have done about 70% to 80% growth. Going forward, it will taper down to around 20% to 25% of the existing business. But with the opening of new geographies like China and others, may grow by another 10% to 15%. So that is the range which we expect.
- Moderator:** We have the next question from the line of Nitin Padmanabhan from Investec. Please go ahead.
- Nitin Padmanabhan:** Yes. This quarter, the revenues were a little tepid relatively. So the China and the Russia side of things, were supposed to begin to at least contribute to revenue. Has it not come through this quarter? Or it's just a timing difference and is expected to sort of come on a going-forward basis?
- Shikhar Aggarwal:** See, basically, normally last quarter for us is normally subdued in terms of travel season, but still, we did a growth from the quarter 3 because March, we saw some early summer actually beginning. From China, we saw only probably 10 - 20% probably 30%, 35% of the pre-COVID numbers coming in from 0. So definitely some numbers have started to come in, but fully China is not opened up. So I think in the coming quarters, we will see more revenue coming in from those geographies.
- Nitin Padmanabhan:** So the flow from Moscow for Spain, so that is opened up or that is yet to sort of open?
- Shikhar Aggarwal:** Sorry, the flow from?

- Nitin Padmanabhan:** Moscow for the Spain -- Spanish contract.
- Shikhar Aggarwal:** No. that is -- still, the numbers are still very low because of the different issues that are happening globally. So definitely, those numbers are expected to grow.
- Nitin Padmanabhan:** Okay. Okay. Any sense by when you think this will open up or you think it's still difficult to sort of predict when it actually comes through.
- Shikhar Aggarwal:** I think it's a political issue, more of a political issue between Europe and certain geographies. So I think demand is there, but I think as soon as flights, direct flights start from Moscow to different European countries and more travel is allowed, definitely, people are willing to travel. So I think we are ready with the capacity as soon as the government starts sending more people or allowing more people. So definitely, numbers will increase. But we don't have any specific time line, but we expect within a year's time, definitely things from Russia to get back to normal. And China has already started to become -- the number has started to grow month-on-month.
- Nitin Padmanabhan:** Sure. Fair enough. And on the Digital Services business, I think we added West Bengal during the quarter.
- Amit Sudhakar:** Karnataka was added during the quarter.
- Shikhar Aggarwal:** West Bengal also was added.
- Nitin Padmanabhan:** Right, right. So when we look at both of them, the 5% sequential growth that we're seeing, would it mean that the Zero Mass side of the, or the banking correspondent side of the business was relatively flat during the quarter?
- Shikhar Aggarwal:** Yes. Nikhil, can you take this call -- question?
- Nikhil Gupta:** Yes. The March quarter has been -- there is growth, but not the kind of growth that we would have expected. We think that this coming quarter could look much better for the banking correspondents.
- Nitin Padmanabhan:** Okay. And what's driving that confidence at this point in time? At least from a business perspective some type.
- Nikhil Gupta:** Two things have happened. One is that we've got more allocation of new areas and new consumer -- the customer service points. We've also got a few more banks which we are working with, and that will help us to increase on the volumes. In addition, we find that the economy also is showing some signs of improvement where the numbers pickup is in the banking side.
- Nitin Padmanabhan:** Okay. Sure. Fair enough. And if possible, what was the accretion from West Bengal and

Karnataka this quarter, if it's possible?

Nikhil Gupta:

Minimal. Amit, very little.

Amit Sudhakar:

I don't have at the moment with me, but I will come back to you with that number.

Moderator:

The next question is from the line of Pramod R., an individual investor.

Pramod R.:

Shikhar, could you please throw some light on the upcoming tenders as well as what is the expected CAGR growth for coming quarters?

Shikhar Aggarwal:

Hi, See, as you know, in the last 1, 1.5 years, we have won quite a few contracts with the likes of German government, Philippine government, Poland government, Estonia government, so which are -- we are in the process of deployment, deployed a few. And now in the next few quarters, definitely there's an opportunity of more than \$1 billion that we have talked about. And we're in the process of bidding in the different stages of different tenders. So definitely, when those come in there will be additional growth, as Amit had mentioned in the previous question. But if you talk about from the existing revenue, definitely, whatever we have achieved in the last quarters, we expect to maintain that. And further if different geographies like China, Russia open up, there will further grow from existing contracts.

On top of, if you add the new contracts, exactly, we don't know how much market share we will win. But if we win, then there will be a further increase in growth trajectory.

Moderator:

The next question is from the line of Bapodara Mayur, an individual investor.

Bapodara Mayur:

So congratulations to the management on good set of numbers. So my question was regarding an earlier con calls, we stated that we want to bid for that last mile delivery services in e-commerce businesses. So I want to understand the thinking process behind those businesses, is this related business? Isn't it more crowded space?

Nikhil Gupta:

Shikhar, I'll answer that?

Shikhar Aggarwal:

Yes, please go ahead. Please.

Nikhil Gupta:

Yes. This is a business for -- it's an extension of the banking business that we are doing. And the public sector banks alliance have had quoted an inquiry and a tender for bidding for the last mile delivery of cash. We see that as an opportunity and the extension of our existing business. And as a result of it, we have bid for it. It's not yet finalized the contract. We hope it will get done in this quarter.

Bapodara Mayur:

Okay. No. So I think I misunderstood that. Is it for last mile delivery for cash? Or is it for e-commerce things like Flipkart and Amazon.

- Nikhil Gupta:** No, no, this particular tender you're referring to was for cash.
- Bapodara Mayur:** Okay? And is there any other things like last-mile delivery for e-commerce products?
- Nikhil Gupta:** We are doing some retail work also, which includes the last mile delivery. We started that about 6 months ago, and that's still in its nascent stage, but it's progressing well.
- Bapodara Mayur:** Okay. So how are the margins in those lines of businesses? Is it same with our current business line?
- Nikhil Gupta:** No. In this kind of -- you will understand that in trading and e-commerce, the margins are not in the same level, but there is no cash deployment, and we still get a reasonable return on this business.
- Bapodara Mayur:** Okay. Great. And my other question was regarding the increase in depreciation and amortization expenses related to earlier quarters. In quarter 3, it was around INR3.5 crores, and it has jumped to INR8 crores, almost. So are there any policy changes in our depreciation and amortization expense booking?
- Amit Sudhakar:** No, there is no change in the depreciation and amortization policy, but they were IT investments which we have done, on that depreciation has started now because the IT software got installed and was operational. We have started using it. And there was an impairment in one of the assets, which is a yearly exercise to review the fair value of all the assets. In that, there was an impairment on 1 asset, and that has impacted by about INR1.2 crores in this quarter.
- Bapodara Mayur:** Okay. So going forward, it will be around these numbers only or it will reduce by the onetime item?
- Amit Sudhakar:** This INR1.2 crores will not come again, but the normal depreciation will be there.
- Moderator:** The next question is from the line of Sumit Chandwani from Earth Equity.
- Sumit Chandwani:** So a couple of questions. One, can you please explain this exceptional item, which is there in the last quarter, it was an expense. And this time, it appears to be an income. Both are related to, I think, these shares that were issued to the promoters in one of the subsidiaries. So can you please explain these accounting entries?
- Nikhil Gupta:** Yes. Let me do that, Sumit. Actually, what happened was that after due consideration and acting upon the feedback received from various stakeholders, the Board unanimously decided to reduce the amount of sweat equity of BLS E-Services given to the promoters. So based on whatever feedback we got from all of you and the other stakeholders, the sweat equity, which was earlier allotted to the promoters was reduced substantially after approval

of the Board, and that's what you see in the accounting entry.

Sumit Chandwani: So this is a onetime so the net effect is INR2.60 crores for the year, and this is it for this year, or this will appear every year?

Nikhil Gupta: No, no, no. This is one time.

Sumit Chandwani: This is one time. Okay. Got it. All right. So second question is on your segmental results. If you go to the segmental results, now the Digital Services showed a loss of INR16 crores in the last quarter on about INR75 crores turnover. And this time, it is showing a profit of INR31 crores. Can you please explain the reason?

Amit Sudhakar: Sumit, this is because of this sweat equity impact only. Because this sweat equity was given in BLS E-Services, which is a part of the Digital Service company. That has impacted the profit in the last quarter that is Q3 FY23, actually.

Sumit Chandwani: Last quarter.

Amit Sudhakar: Yes. That's right. So the impact of that has been there.

Moderator: We have the next question from the line of Rajiv Venkatesh, an individual investor.

Rajiv Venkatesh: I hope you guys are doing great. So I have a couple of questions here. One is on the renewal contracts, especially in the European region. We haven't heard anything from Spain or any other regions on the renewal contracts. Can you throw some light on that?

Shikhar Aggarwal: Yes. So as and when the contracts are renewed and we are legally informed by the government, we will be informing the exchanges and the market.

Rajiv Venkatesh: But it was supposed to come for renewal this year or last year, if I'm right.

Shikhar Aggarwal: Correct. Correct. Correct. So as and when everything is formalized, we'll be talking about it.

Rajiv Venkatesh: Okay. And the second question is on EBITDA margins. We are close to 15% margins this year. So if I look pre-COVID in 2018, we clocked somewhere close to 20% margins. Is there a possibility to reach the 20% margins considering that China and Russia may come online probably this year or by first quarter of next year? What are your thoughts on this?

Shikhar Aggarwal: Amit, would you like to take that?

Amit Sudhakar: Yes. Rajiv, first that, when you're talking about FY '18, that was mainly because of the Punjab contract, which was an annuity-based contract. And we have done a major investment of more than INR125 crores, and the impact of that was in the depreciation. So

if you see the depreciation in that year was much higher and the net profit was more or less same at that time. But as that contract has changed now, Ideally, if you look at financial from '19 onwards and without the Punjab contact business. We have grown from 13% to now 15% EBITDA margins. And as and when this business further grows and the revenues continue growing upside, this will go up by at least another 100 to 200 basis points, depending on how the volumes comes up.

Moderator: We have the next follow-up question from the line of Ravi Naredi from Naredi Investment.

Ravi Naredi: So one my relative apply for Spain visa from Delhi, but they are not getting any interview there -- there is a long queue while if they apply for -- from Kolkata, they are getting in 3 days only. So why this rush and why not we arrange smoothly in Delhi? This is my question, sir.

Shikhar Aggarwal: Ravi, thank you for the question. I don't think we will be able to comment on individual cases. We work under the guidelines of the government.

Ravi Naredi: Yes, I understand.

Shikhar Aggarwal: Yes. Thank you.

Moderator: The next follow-up question is from the line of Omkar Kamtekar from Bonanza Portfolio.

Omkar Kamtekar: So in the last 2 years, we have incurred significant amount of investment in the assets. So we have done good amount of property plant and equipment in tangible investment. So any idea how much more are we looking to spend in expanding the infrastructure? Any idea on that?

Amit Sudhakar: I think we have done basic infrastructure investment on the assumption of the current volume of operations. Any further new contracts, which requires further investment, we are ready to do that. But on regular basis, which we have been saying every year, we have a normal operating capex requirements of around INR 15 crores to INR 20 crores. But any new contracts or big tenders which we win, may require an incremental capex.,

Moderator: The next question is from the line of Harsh Sharma, an individual investor.

Harsh Sharma: So I wanted to ask what is our strategy to identify the governments that are not currently outsourcing visa consular services?

Shikhar Aggarwal: See, our strategy is very simple. We look for the countries where the volume is there, and governments are currently facing a problem in processing. And government's policy changes in the government level. What are they looking at and what is -- where the future growth markets will come from.

- Harsh Sharma:** Understood that, sir. And one more question. Sir, what are the barriers for new players to enter this industry and our market shares?
- Shikhar Aggarwal:** Correct. So barriers are too many. There is qualification criteria in which you need to show your experience, a different time government, the SLAs, the data protection. Different, different barriers are there in terms of history and the industry and how many governments presence, global presence. So that is why only a handful of companies are qualified to bid for these tenders.
- Harsh Sharma:** And sir, last question, like do we have any capex plans?
- Shikhar Aggarwal:** I think on a normal basis, Amit, every year, we have a regular capex, which is a small amount. But in case there is any big tenders that we win, definitely, there will be some capex that has to be run in deployment of these offices globally.
- Harsh Sharma:** And is that -- like prior to my previous question, are there any barriers only for the digital services business?
- Shikhar Aggarwal:** No, there are barriers in both visa outsourcing business. For the digital service business, Nikhil, would you like to take that?
- Nikhil Gupta:** Yes. Actually, experience is clearly one of the important barriers, and what you've achieved in the past and what your experience is, is critical to getting, winning any new business.
- Moderator:** We have the next question from the line of John Matthew, an individual investor.
- John Matthew:** I believe we might have discussed this, but I'm going to ask anyway because -- Okay. So going ahead with the question. Are we seeing any specific growth from a particular region when it comes to growth in our visa business?
- Shikhar Aggarwal:** Yes. Definitely, I think a particular region is that definitely, we had an increase in revenue per application wherein -- in the last couple of years, the consumer demand pattern has changed. People are opting for more value-added services, more at home services. So that is definitely one of the reasons. We've got certain increases in service charges during COVID and there has been a different increase in consumer volume. In the last 2 years, we've also won a few contracts that we've deployed, so there has been additional revenue and profit generation from those contracts. So those are the couple of reasons from the Visa business while there is an uptick in revenue and profitability.
- John Matthew:** You having said that, how do you think is this growth rate sustainable?
- Shikhar Aggarwal:** I think we already discussed about the growth rate that whatever numbers we have achieved when there is a further opening up of geographies, there can be a further growth from the

existing contracts. On top of that if we win newer contracts that could be an addition on the existing base that we have achieved. So there will definitely, we wish to maintain the growth trajectory that we have done in the last few quarters.

John Matthew: Two, three more questions I have. Since China has opened its borders, what kind of revenue in terms of volumes can we expect?

Shikhar Aggarwal: So, see China has recently opened up their borders, but governments also need to take time to ramp up the capacity and demand starts coming in, in certain time. So definitely, we will see as the number goes because from 2019, definitely we are doing high numbers. So if we achieve those numbers back, we will be doing overall of our application volume around 10% comes from China, 10%, 15%. So if that comes back, definitely there will be increase in overall percentage for BLS.

John Matthew: Okay. Talking about our cash position, especially since this quarter has been highly cash generative, what is our plan regarding utilization of cash like how do you plan to use the cash?

Shikhar Aggarwal: We are looking at inorganic growth opportunities in terms of mergers and acquisitions. And definitely, the contracts that we're bidding for, there will be a deployment of cash that is necessary in terms of opening of offices globally. And also on top of that, we are rewarding our shareholders with different dividends all the time. So I think this is how we are utilizing our cash.

John Matthew: Okay. And last question, sir, what is our current working capital cycle?

Amit Sudhakar: Ours is a negative working capital cycle. So we don't need money for the working capital. Further, It will depends upon any new contracts.

Moderator: We have the next follow-up question from the line of Bapodara Mayur, an individual Investor.

Bapodara Mayur: So actually, I wanted to expand on the previous question regarding profit before tax of Digital Services. So you alluded that it was due to that subsidiary, sweat equity changes that last quarter, it was minus INR16 crores, and this time it is INR31 crores. So excluding all business related, unrelated to business changes, what is the amount that will sustain?

Nikhil Gupta: Amit, will you respond?

Amit Sudhakar: Yes, I can do that. So see, basically...

Bapodara Mayur: As I wanted to ask what is the sustainable rate?

Amit Sudhakar: EBITDA margin basis.

- Bapodara Mayur:** EBITDA margin.
- Amit Sudhakar:** So currently, we are working at a 12% to 13% EBITDA margin business, and we see this can be sustained up to 14% to 15% once the volumes kick in, in this business.
- Bapodara Mayur:** Okay. And the next question is, we are targeting that unless we win new contracts in visa and consular services, our growth rate will be around 20%, 25%. And similarly, what will be our growth rate in Digital Services segment going forward?
- Nikhil Gupta:** We are targeting growth rates and since it's related to new business, the growth rates could be even higher than that.
- Bapodara Mayur:** Okay. And actually, I wanted to understand a bit regarding the current market size, global market size of Visa and Consular Services business and our markets share in that as per FY '23 data.
- Shikhar Aggarwal:** So as per the Visa Consular business, I think our market share would be around, it's very difficult to know the exact numbers since there is no particular report, but do you think our market share would be in the range of 12% to 15%.
- Bapodara Mayur:** And what is the global market size?
- Shikhar Aggarwal:** I think we would like to probably see this number exactly before commenting on that.
- Moderator:** The next question is from the line of Aniket Redkar an Individual Investor.
- Aniket Redkar:** Good Afternoon sir, I have a couple of questions. So I just want to know the capacity of U.K. Visa business renewals that we have.
- Shikhar Aggarwal:** I don't understand the question.
- Aniket Redkar:** I just wanted to know the status of the U.K. Visa business renewals that we have.
- Shikhar Aggarwal:** We are not currently working. But we have bid for the contract and currently there is no result. So as soon as result is announced, we will definitely let the market know.
- Aniket Redkar:** Okay. Okay. And sir, what is the reason behind the issue of the sweat equity in our subsidiary of BLS E-Services?
- Nikhil Gupta:** We didn't get the question. What was the question, again, sorry?
- Aniket Redkar:** So what is the reason and rationale behind this issue of sweat equity in our subsidiary called BLS E-Services to the promoter?

- Nikhil Gupta:** We've already explained that, that it was earlier issued. And based on the feedback that we received from all the stakeholders, the Board has unanimously decided to reduce the amount substantially. That's only a INR2.5 crores amount remaining, and the reason why we have done it is because the promoters have bought the business to this stage, and they did not get any compensation for it. So we decided to issue sweat equity, which was non cash.
- Moderator:** We have the next question from the line of Neha Jain, an individual investor. Ladies and gentlemen, as the current participant was on hold and as that was the last question for today, I would now like to hand the conference over to Mr. Shikhar Aggarwal for closing comments. Over to you, sir.
- Shikhar Aggarwal:** Thank you, everyone. These outstanding financial results serve as a testament to our dedication, resilience and strategic initiatives. We are committed to maintaining this projected positive trajectory and creating sustained value for our shareholders. Thank you all for your attention, and I am now ready -- and thank you for participating in this call.
- Moderator:** Thank you, sir. On behalf of BLS International Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.