



“BLS International Q1 FY-22 Earnings Conference  
Call”

**July 28, 2021**



**MANAGEMENT: 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 the BLS International Q1 FY-22 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kanav Khanna from Christensen Advisory. Thank you and over to you sir.

**Kanav Khanna:** Thank you, Rayo. 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 is 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 them, you can write to us and we will be happy to send it over.

To take us through the results and answer your questions today, we have the top management of BLS International represented by 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. 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 Q1 FY-22. Hope all of you and your family are safe and in good health. Let me now give you an update on the global travel scenario. During the first and second wave, revenue from visa business were muted but aggressive vaccination drives from all major countries, the travel business has started showing traction, with opening of US, Europe, Russia, China, UK, Canada, etc. All these markets are opening up in a phased manner with specified COVID norms. People are willing to travel after fast paced immunization drives globally. According to an American Express poll, 56% of people are ready to pay for travel, 86% of the Indian respondents and 70% of the Canadian respondents want to plan a trip either with their friends, family or partner. Countries globally are incentivizing travelers with subsidies and travel stay, and other innovative schemes to revive travel. Also now vaccine travel is taking over as countries like Russia providing vaccines to the foreign tourists. In general, the mood for travel is upbeat and we hope the immunization program will speed up the travel momentum.

Effects of these developments are yet to flow in our revenues substantially. But we are seeing a good traction with potential visa requests coming in and our next quarter results should see a revenue addition from the visa vertical, other things remaining the same.

Our financial performance of the Company:

Despite a challenging global scenario we have managed to post healthy performance during the quarter. Our revenue during the quarter stood at 180 crores, up 2.5x YoY, EBITDA stood at 18.8 crores up 5x YoY, and PBT at Rs. 20.80 crores, up 4.5x YoY.

The revenues during the quarter were mainly contributed by the Consular, Citizen, and banking correspondent business, which have already started operating at pre-COVID level. The short fall of revenue from the visa business was compensated to the major extent by higher revenues from our other segments of the business.

On the profitability front:

We have realigned our expenses in line with business operations and share of additional services have improved significantly in the last few quarters. So we expect improvement of margins with the resumption of visa services and countries opening up their borders. Travelers are now trying to minimize physical interaction at the visa application centers by opting for convenient services such as mobile, biometric, premium lounges, prime time submission, courier, etc., which is definitely a moat to our business.

On the new business front:

In Q1 FY-22, in the state of Uttar Pradesh, we rolled out 10,000 citizen service centers which should provide 360 G2C services covering all state departments on behalf of Uttar Pradesh Government.

We were also awarded a contract for eMitra kiosks for Rajasthan for 5 districts, including Jaipur, Alwar, Ajmer, Jodhpur, and Nagaur in which we have already launched an online portal for the operators wherein a mix of G2C and B2C services are available.

On the domestic front:

We are utilizing our network in Tier-2 and Tier-3 regions by initiating assisted e-commerce services. We have partnered with noted e-commerce players to provide last mile delivery in semi-urban and rural areas of India wherein customer acquisition, delivery and realization is a challenge for these times.

Talking about our balance sheet:

It continues to remain strong with zero debt and cash and bank balance to the tune of 304 crores effective this quarter. We are constantly at the lookout for element acquisitions, opportunities adjacent to our line of business. In couple of cases, we have found the right candidates but the valuation did not justify the acquisitions.

We are wary of the fact that cash in books is increasing and we should be able to come to you with a specified plan of how we shall put that to use shortly.

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

**Amit Sudhakar:**

Good afternoon everyone. Let me take you through the financial performance for the first quarter of the Financial Year 21-22:

We reported a revenue of 178.5 crores, and healthy increase of 242% YoY and 23% QoQ, mainly due to increase in revenue from non-visa businesses. The revenue during Q1 FY-22 was contributed by Consular Citizen Service and Banking Correspondent businesses, which have started functioning at pre-COVID level. EBITDA for the quarter stood at 18.8 crores compared to EBITDA of 3.2 crores in corresponding quarter last year, and 10.1 crores for Q4 FY-21. Higher EBITDA was achieved mainly due to increase in revenue and cost optimization and this was in-spite of an increase in employee costs.

Even after a decline of around 4 crores in other income, the Company generated a PBT of 20.8 crores for Q1 FY-22 as compared to 15.6 crores in previous quarter. PBT margins stood at 11.4% in Q1 FY-22 versus 10.2% in Q4 FY-21. PAT stood at 20.3 crores in Q1 FY-22 against a loss of 80 lakhs in Q1 FY-21. PAT margin in Q1 FY-22 has declined QoQ. As you could remember that during Q4 FY-21 Company has received a tax credit of 6.5 crores from UK government and there was reversal of tax provision of earlier quarters.

As I conclude:

The key takeaway is that BLS has a unique business model and the performance in this quarter is clear indication of the fact that the business is not just dependent on the visa business and other services are increasingly contributing to higher revenues. We believe once the travel around the world starts, the incremental revenue from visa business will propel the financial performance in this fiscal.

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 Akhil Hazari from Robo Capital.

**Akhil Hazari:**

According to the Q4 FY-21 concall, the management had mentioned that we will be doing numbers or revenue figures close to 2019 and with numbers out for Q1 FY-22, it looks like you are on track to do such figures. I just want to know does that provide you with any visibility for revenue figures in 2023-2024. Any revenue projections of growth numbers that you could give us?

- Shikhar Aggarwal:** As we discussed last time, that the world across the globe, borders are opening up. We have seen encouraging results. Governments has started giving visas for certain categories. We have already seen the appointments for those categories are full. They are being cautious right now. So we have seen numbers coming up. I think in the next few quarters visa numbers should come more, there is a huge pent up demand. There is a revenge travel that is expected. Definitely first quarter gives us encouraging results wherein the visa numbers were not there that much. Going forward we expect the revenue to be in addition to this revenue whatever we have already achieved. Talking about 2023-2024 definitely we feel that the revenue figures would be at a different height of the existing organic business. And also with the new business that is expected to come into the Company.
- Akhil Hazari:** My second question is that during your latest management interview, you had mentioned, that BLS International is among the top 3 international companies in the passport and consular services. I just want to know which are the other two companies that you are competing against.
- Shikhar Aggarwal:** We are the only Indian Company in this business globally. There are two companies. One is a Company called VFS global and the other is TLS Contact.
- Akhil Hazari:** My last question regarding the Punjab Government and UP Government contracts, could you just tell me the tenure of these contracts and after the contract expires can you renew it with the government?
- Shikhar Aggarwal:** Correct. There are always clauses in the tender for extensions. Right now Punjab Government contract is for more than five years and UP Government contract is also for five years. Whenever the contract ends and there is a lot of clauses for extension. Renewal I don't know exactly how you can renew, but there is also extension and then there is a re-bid definitely.
- Moderator:** The next question is from the line of Mukesh Kiswani, an individual investor.
- Mukesh Kiswani:** I would like to know the revenue stream for the different verticals. If you can share that information.
- Shikhar Aggarwal:** We normally have one segment which is visa and allied services, but if you see overall we do visa and consular services. In the current quarter was about 160 crores, and the other, Punjab and correspondent business was around 18 crores also.
- Mukesh Kiswani:** A second question that I would like to know is when would the revenue from the other tie-ups that you have had with Amazon and Flipkart and other, the one recent one with, the pickup of a Government on the certificates, when will that income start showing in?
- Shikhar Aggarwal:** Correct. As you know we have tied up with a Singapore based Company for digital health certificates. As in when Singapore government allows travelers to come in and go out of the country that revenue starts coming in that respect. Regarding our tie up with different e-

commerce players that we have done, we are deploying our offices across India as we said. In UP we opened 10,000 offices. Slowly we have just started realizing some revenue out of those, we have started some services. As time progresses the revenue should start coming in from these new services.

**Mukesh Kiswani:** The last question on this. For the next financial year what is the portion that you expect from these two newer areas?

**Shikhar Aggarwal:** These new businesses are in a very nascent stage. If you see as a percentage, they have to double, 100% growth needs to be there in these. But if you are looking at the Governmental citizen and the existing banking correspondent business, there we are seeing traction of around 20% growth over the previous year.

**Moderator:** The next question is from the line of Rajiv Venkatesh, an individual investor.

**Rajiv Venkatesh:** I have a couple of questions. What is the realization that we are getting from UP and Punjab? I think in the last concall you were unable to quantify on that.

**Shikhar Aggarwal:** Basically the model is different in UP and Punjab. Punjab it is a government contract wherein Government is providing us the centers and we are providing the people and the technology to provide these services. For realization, we have not taken out for application realization, how much you are generating. In UP the model is different wherein only technology is provided by us rest we have tied up at 10,000 village level entrepreneurs, where we are giving them a share of the commission of the revenue that is generated. This is a model that we operate in different states in India.

**Rajiv Venkatesh:** In the last concall you said in Punjab you were getting 6 crores per month, if you can quantify what is the amount in Rajasthan and UP.

**Shikhar Aggarwal:** Punjab contract we are getting as you rightly said 6 crores revenue every month. In UP and Rajasthan, the contract is also per application based. As we have rolled out the services, it will take some time for the number of applications to become sizeable. We do not have an exact number. How much we will generate out of these as we introduce more G2C and B2C services our yield from each application is going up. I think we will get more visibility in the coming few quarters how much revenue we will generate. The good thing about these contracts is that there is no expenditure for our Company apart from the technology platform that we are deploying in these states. People are using that technology platform to provide new services and we will get commission on each transaction.

**Rajiv Venkatesh:** I have another question. This is with regard to the Singapore partnership to provide the digital health certificate. It only exclusive to Singapore or, since we worked with other countries also, can this be rolled out to other countries also? I am just looking from the revenue vertical. Can this be a separate revenue vertical for us?

- Shikhar Aggarwal:** That is definitely true. The thing is that this Company is recognized by the Singapore government right now so they are eligible. Whoever gets these health certificates are eligible to entry and exit out of Singapore. As and when we are looking for different countries and different players who have already been authorized by the Governments of the respective countries. Definitely there is a big revenue upside also in this division as and when travel opens up.
- Rajiv Venkatesh:** The final question is on Spain, did we renew our contract with the Spain Government? Or how is it a current situation now?
- Shikhar Aggarwal:** The contract is in existence until the end of next year and as all the contracts, either we are taking a service charge to increase our contracts extension due to COVID. We are also in the process of talking to the Government on the same lines.
- Moderator:** The next question is from the line of Vivek Goel, an individual investor.
- Vivek Goel:** As you explained in the opening remarks the visa services has not started. The QoQ growth that we see from 150 crores odd number to 180 crores visa fee, is this growth entirely driven by non-visa business?
- Shikhar Aggarwal:** Definitely. In Q1 the revenue from the visa business was not very much, it was negligible. As we go along from Q2, we will see an increase in revenue from the visa business happening.
- Amit Sudhakar:** The Q4 versus Q1 the growth has come from the consular services all across the world where we provide services like passport renewals, attestation and other services for the Embassies so that, has grown in this quarter, compared to Q4 of last FY.
- Vivek Goel:** Growth is driven by volume or driven by the value added services?
- Amit Sudhakar:** Both have been growing and that has given 23% growth in the quarter.
- Vivek Goel:** Can you give some guidance on what is the status of visa centers, when do you expect them to open, any idea?
- Shikhar Aggarwal:** Yes. We are seeing very encouraging results from countries all across the world, like Russia, countries in North Africa like Morocco, Algeria, in UK, in Gulf countries. There has been a lot of traction a lot of demand. Wherein Government has allowed certain categories of visas to be accepted at our centers. The demand already is more than the supply. The appointments are already full for the next few weeks in those categories. Governments are actually putting a capacity constraint right now. As and when they open up different categories we are expecting a demand to come in, demand because people are really wanting to travel. They have been in lockdown for the last one and half, two years, now they want to get out of their homes, they want to travel. Also a lot of countries are incentivizing travels, like providing subsidies and their hotel

expenditure or different schemes they are giving. We definitely feel in the next few quarters travel should pick up.

**Vivek Goel:** Pre-COVID quarterly revenue run rate was close to 200 crores and without visa business which was the biggest division of our services, we have reached to 180 crores. Can we safely assume that once visa business is close to pre-COVID level you can easily add 70-80 crore more from here?

**Amit Sudhakar:** You have to look at it from the angle that consular service business has grown over the period. The difference has reduced, but yes, about 40-50 crores per quarter visa business is affected. Technically we could have done more than 220 crores if visa business would have been at pre-COVID level at that stage.

**Vivek Goel:** The same addition will be there?

**Amit Sudhakar:** As and when Governments allow travel these numbers, we will be able to touch these numbers. We are very confident with pent-up demand which we anticipate these numbers should go much higher once the travel opens up.

**Moderator:** The next question is from the line of Ankur Jain, an individual investor.

**Ankur Jain:** I am trying to understand what competitive advantage we have in last mile delivery arrangement, what we entered into with Flipkart, and why we have entered into that space. I mean that space is quite different from the space we are in as of now.

**Shikhar Aggarwal:** Correct. Basically the reason is that we already have set up centers across different states, where we have one work for example, UP, Punjab, Rajasthan. In UP we have opened 10,000 centers wherein people are already coming up to us for the Government services, it is outsourced to us, around 350 Government services, in UP. People are already coming to us for these services now. These centers are in Tier-2 and Tier-3 cities across different states of India. There is a problem of last mile delivery that is happening for these big e-commerce giants wherein we already have the reach. We just have to, this is all going to be incremental revenue that will flow in. We are providing assisted e-commerce wherein people come into these centers, they are already coming to these centers, and there is always a big footfall for these Government services, so they can also come to these centers for these additional services like e-commerce services, we are offering.

**Ankur Jain:** What is the arrangement? Flipkart would deliver the product at your store and then the customers will pick up the product and you make some commission that is what the arrangement is?

**Shikhar Aggarwal:** We will be assisting the people to do the shopping online through our systems and delivery will be happening as per the agreement with the customer, at our centers or their houses. And we would get commission from this e-commerce Company.



- Ankur Jain:** Customer would be ordering through your app or they will order from Flipkart and like in Amazon also, many times there is an option to pick up from some store.
- Shikhar Aggarwal:** They will be ordering the product through our system.
- Ankur Jain:** Okay. How much revenue we are forecasting for next couple of this particular segment?
- Amit Sudhakar:** Since this is a new segment not only for us but even for the e-commerce players, this is something new that we have started. Right now we know there is a big demand in rural areas for all these things items example, phones or different shopping materials. We don't know exact numbers but we definitely know the potential is huge in this sector. Going forward as and when we get some numbers and we will have more visibility, this will only add to our bottom line since we do not have to incur any additional expenditure for this.
- Ankur Jain:** Just one follow-up question on the cash balance. Now we have Rs. 300 crore + cash. What is the plan? Last quarter also you told that you are looking for some kind of acquisition, whether now we have almost concluded anything or the management has decided to give some kind of buyback or dividends.
- Amit Sudhakar:** We have been aggressively following up and working on acquisition targets, unfortunately because of COVID things have slowed down a little bit. But the intent is to, in Shikhar's speech he has talked about some acquisitions in this financial year something should get closed. The whole intent is to use that cash for acquisition and for new tenders which are going to be much larger size. If we win, we will require some funds for that. At the moment, the dividend policy has been there, as per that we are taking this call, and hopefully post COVID situation we can take a call on how to utilize the balance funds. But first is to look at acquisition which we are seriously looking at, at the moment.
- Moderator:** The next question is from the line of V.P. Rajesh from Banyan Capital.
- V.P. Rajesh:** My question is on the cash. How much of it is in Dubai versus the Indian entity?
- Amit Sudhakar:** Currently we have 250 crores in Dubai and the balance about 48 crores something is in India.
- V.P. Rajesh:** Any update on the money we are expecting, we are yet to receive from the Punjab Government, any update on that?
- Shikhar Aggarwal:** Yes definitely as we have told during the last few quarters there was at one point 300 odd crores outstanding, and we have received more than 75% of it, now 67 crores is outstanding from the Government. We are performing very well, the money is expected shortly. Our management team including the MD is right now on the ground. We are expecting the money to come in shortly to our books.

- V.P. Rajesh:** Can we expect that it will be in the bank by September 30<sup>th</sup>?
- Shikhar Aggarwal:** We cannot give any date, but as we told you that out of 300 crores we have already recovered 223 crores, 67 crore is pending. That money, we are on the ground right now working towards it. We expect the money to come in definitely within this financial year.
- V.P. Rajesh:** And then on the business side what is your sense Shikhar of the activity level, meaning normal is 100%, where would you grade current activity levels at?
- Shikhar Aggarwal:** If I understand your question, which part of our business we are concentrating on?
- V.P. Rajesh:** The visa processing business, like normal is 100% and are we at 50% or more, somewhere in that range, that is what I am interested in.
- Shikhar Aggarwal:** Visa would be around 10% of the entire revenue right now, since visa numbers are now coming in, we are doing that revenue. But important point right now to note is that in the next two years itself, there is an opportunity of US\$1.50-2.00 billion in the visa business globally. Developed Governments in the European space, and in North America, Canadian and UK Governments they are coming out with global tenders for visa outsourcing in the next 2 years. Also there are a lot of European Governments. There is a big-big opportunity for us as a Company right now to grab certain percentage of these tenders. We already have experience of working with all these Governments in different phases of the Company, so now they know us and we stand a good chance to grab certain market share of these contracts.
- V.P. Rajesh:** My last question is in this quarter what percentage of revenue came from the counselor services? And value added services related to that?
- Shikhar Aggarwal:** Probably from the counselor service would be 65%-70% of the total revenue. Rest could be, 10% from the visa business and 20% from G2C and 16% from the other businesses. I think 65%.
- V.P. Rajesh:** Visa and counselor together is about 85% in this quarter right?
- Shikhar Aggarwal:** That is right.
- Moderator:** The next question is from the line of Prashanth, an individual investor.
- Prashanth:** The question is we have 300 crore of funds for which the management is actively scouting for a bolt-on on acquisition. Is there a timeline in which it has to be done, or is it open ended, we keep continuously valuating for that?
- Shikhar Aggarwal:** No, it is not open ended. Last 2 years COVID hit, and we had the opportunity for some acquisitions but physically we were not able to travel to verify. For us also this is 15 years of hard work that we have generated this cash so we do not want to deploy our resources just like

that. Because of COVID scenario there are companies in the visa outsourcing houses/service space that are out for grabs at attractive valuations. We are looking at them. Also companies in banking correspondence and citizen service space also are there. There is not an open-ended timeline, but we want a judicious utilization of our funds. That is what we are looking for.

**Prashanth:** In other words is it safe to assume that acquisition is highly probable in the current fiscal year? Else the management will explore options of better deploying of these funds?

**Shikhar Aggarwal:** Correct, our intent is to utilize our funds within the financial year.

**Prashanth:** The next is just a request. Since we have multiple lines of business and these are quite different from each other, like visa and consular service are different from banking correspondent to the last mile, is it possible going forward to give a segment wise or vertical wise number so that investors can have a better view and understanding of the business.

**Shikhar Aggarwal:** I just want to also specify that even though we have different lines of business, the model at the core remains the same, wherein we are collecting upfront money from the citizens. Be it the visa counselor business or the citizen service business or the banking correspondent business, the model of the Company is to collect upfront money from the citizens or the customers for providing these services. This is the same model across board. And Amit you can answer the question on the segments.

**Amit Sudhakar:** Currently all these businesses are combined together as far as the management is concerned and they look at the consolidated numbers as on today. But yes this suggestion we have been exploring, and if that works out then we may create an MIS according to this.

**Moderator:** The next question is from the line of Mukesh Kiswani, an Individual Investor.

**Mukesh Kiswani:** Just a few small points for us to know exactly how the things will move forward. On this health certificate what would be a typical charge you would be getting on issuing each certificate?

**Shikhar Aggarwal:** The charges are different according to the countries of operations for example, for Singapore you are working, for different country nationals typically the charges are around US\$10.00 that we would be collecting.

**Mukesh Kiswani:** What would be the number of travelers where you will be using this facility? Based on Singapore loads that are there?

**Shikhar Aggarwal:** This is also new product. The entire global target market is a customer for this kind of products. Right now we have introduced this, let us see how many numbers start coming in but definitely we are expecting some healthy numbers to come in from this product.

**Mukesh Kiswani:** Would this be restricted to a short time or is it a long term thing?

- Shikhar Aggarwal:** We do not know currently the policies of the Government as they are changing because of COVID scenario, but least for the next couple of years I feel that these kind of things should exist. Which will anyways be only an incremental revenue for us, and our base revenue are from those products which we are already generating.
- Mukesh Kiswani:** Now coming back to visa and consular service, since you have mentioned the visas were not really up to the mark, can you tell from an operational point of view, do the consular and visa services work from the same centers typically?
- Shikhar Aggarwal:** Correct, they work out of the same centers.
- Mukesh Kiswani:** Would it be logical to say that if the visas start coming in as before pandemic the margins and efficiencies of these operations would increase?
- Shikhar Aggarwal:** Definitely that is very safe to assume. As and when we get more number of applications we are utilizing the same existing centers for margins and profitability should increase for the Company.
- Amit Sudhakar:** Our breakeven has come down with this COVID, when we have re-looked at our cost we have got it down to a level where I feel once the numbers start coming in, our margins will improve in the coming quarters.
- Mukesh Kiswani:** During the last con-call you had mentioned the contract with the Portugal Government where you were charging 35 Euros odd. Is there any big contract that...
- Moderator:** We seem to have lost the line.
- Shikhar Aggarwal:** In fact we are looking at big opportunity around \$1.5-2.0 billion with multiple Governments in next two years. We are working on that and hopeful of grabbing some market share of that.
- Moderator:** The next question is from the line of V.P. Rajesh from Banyan Capital.
- V.P. Rajesh:** My next question was regarding the number of transactions we processed in the last quarter, in the visa and consular services can you share the numbers?
- Amit Sudhakar:** Currently I don't have the numbers, I can share it, we can put it on the exchange.
- V.P. Rajesh:** I think what will be helpful if you could put the transactions processed in Q1, Q4 and last year Q1 so that one can get a sense of how the number of transactions is going on etc. Amit you were talking about how the breakeven has come down, I am sure you don't want to disclose the breakeven number, but can you at least give us a percentage by which it has come down?
- Amit Sudhakar:** Pre-COVID the whole infrastructure was there when we were doing high volumes. During COVID what we did, we revisited our costs especially on the employee cost and rentals and we

have practically reduced all those by moving to a smaller place as well as we negotiated the rentals. My gut feeling is that once you see the numbers coming back our fixed cost will remain same as in our current results, where we are taking care of the fixed costs at the moment. Any further sales which comes in will straightaway hit our bottom line because our fixed cost has now been taken into account. But if you want to just look at what we have got it down to, it was about 5% we have reduced on our fixed costs, from what we were earlier having, approximately 5%-6%.

- V. P. Rajesh:** Variable cost how much has that come down?
- Amit Sudhakar:** Variable cost has been on the same line that has not come down much, those go very much with revenues. If you see the results also it will be moving around 70% of the cost which is normally around that range. (+/-1%) or (+/-2%).
- V.P. Rajesh:** My next question was on the Starfin side the sense we get by talking to some other folk, that is a little bit of commoditized piece unless until one gets towards certain scale. I am just curious what are your thoughts on that business. Are you looking to add more through acquisitions or you think that can generate, is that currently a profitable business, and what can be the profitability in that business?
- Shikhar Aggarwal:** Definitely we are very bullish on this business. We acquired a Company called Starfin a couple of years back in which we are generating 20% return on our investment, 25% CAGR growth is happening. As we speak we have won some contracts with some new bank, and also increasing with the State Bank of India wherein some new codes have been allotted to us. We definitely feel that this is a business which is going to grow and we are going to generate healthy and continual margins in this business. It is also a business where a certain area is allotted to you within a district or a state wherein people have to come to your center to process those applications. It is also a semi-exclusive kind of a model wherein going forward we are quite confident that we will grow as a Company by adding more banks, increasing our reach with the existing banks and we will become one of the top few players in India in this business also.
- V.P. Rajesh:** What were the revenues from that business in this quarter?
- Shikhar Aggarwal:** We are right now not separating the revenues for citizen services and banks corresponding. Business of 15%-18% of the revenue of the total is coming from these businesses. As we move forward definitely revenue from citizen services as well as banking correspondent services should increase.
- V.P. Rajesh:** Is the margin in the bank correspondence business higher than the visa and consular services right now? How would you characterize it?
- Amit Sudhakar:** The margins in these businesses are in the range of 15%.

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Another distinction between what you are talking about businesses in banking versus this, this being exclusive with SBI, the competition is very limited because they don't give us CSP allocation where they have some others. Technically there is very little, semi-exclusive contract so margins are being protected, that is why. Compared to the other banking correspondent business versus ours, that is the major difference.

**V.P. Rajesh:** Just going back to the consular services what would be the average age of your current contracts, with different Governments across different geographies, what would be that age of the contract life which is remaining in these contracts?

**Shikhar Aggarwal:** Some contracts are running for 10 years, some we are running for 7 years, some more than that. We have different contracts that expire at different periods. Because of COVID we are in extension of a lot of these contracts. As we spoke there is a big opportunity of \$1.5 billion that is going to come in the next few years. This is where we are standing right now.

**V.P. Rajesh:** I hear you and I would encourage you to have those numbers for the simple reason for investors it gives them a lot of confidence that this revenue has very long tail, meaning it is an annual recurring revenue. Let's say 5-6 years, or whether it is 3 years or 4 years, to that extent you can start disclosing the weighted average number of years. I think it will be very helpful because your business model is very strong but I think if we get these kind of additional data points it will just corroborate that hypothesis.

**Shikhar Aggarwal:** Noted your point.

**Moderator:** The next question is from the line of Rajiv Jain, an individual investor.

**Rajiv Jain:** My question is as you have tied up with e-commerce retailers, are these services restricted to 3 states only, Punjab, Rajasthan and UP? Do you have any plans to expand this to other states also?

**Shikhar Aggarwal:** First of all these services are not only restricted to 3 states, we are also planning to introduce these B2C services which includes e-commerce services in our different states wherein we are working for different banks also. Definitely this will be expanding and at the same time we are talking to different states also to introduce similar G2G services in different states. As and when we start those Government services we will also take these services along.

**Rajiv Jain:** And the second part is as you have tied up with ICSE, you have one ICCR Indian Council for Cultural Relations. What are the prospects in terms of revenue from this segment?

**Shikhar Aggarwal:** Definitely this is something new which has been done for the first time outsourcing in this field also by the ICCR. We feel that as and when travel opens up there is big conferences happening hosted by the Government of India and a lot of travelers who come in, and we are mandated to provide assistance, and good networking opportunities with dignitaries who are mostly leaders

of state, and different delegations. We will be assisting them with their needs within India. Definitely the opportunity is there and this is the first time the outsourcing is done. So as and when travelers start coming into India we will see some revenue also to be contributed from this part of the business for the Company.

**Rajiv Jain:** The revenue is on basis of commission or a fixed amount of fees per annual basis, what is it in revenue terms?

**Shikhar Aggarwal:** There is a service charge that we will collect per person basis the same model that we have with BLS. This is the same model wherein all our businesses work. The revenue is nowhere fixed, we will get money on per person basis.

**Moderator:** The next question is from the line of Harsh Patel from Alpha Alternatives.

**Harsh Patel:** I had two questions. Firstly you said you had 10,000 centers in Uttar Pradesh. I wanted to understand what is the due diligence that you have done because you have 10,000 centers and 10,000 entrepreneurs who are running the centers. In terms of liquidity, what happens if they decide to quit? Your reputation goes on a toss. What is the thinking behind that and how will you manage that?

**Shikhar Aggarwal:** First of all we have advance payment from these entrepreneurs so we work on a wallet basis. Our wallet is first recharged of BLS. They will put in the money first in our wallet and then as and when the services are provided the wallet is utilized. We always have extra money from them in our wallet. It is a model where first they deposit the money and then that money is used. This is not a very different jobs, these are various Government services that they provide on our behalf in these centers, which are outsourced by the Government of UP. These are technical services wherein people do not have a lot of freeway to change things. For example, if you come and apply for a birth certificate they will input the date of the applicant and judgment is done by the Government, whether to give the certificate or to approve the certificate. We only have the power to input the data. That is also what we do in this kind of contracts.

**Harsh Patel:** My second question is what charges us the cash balance that you have when you are transferring it to Indian entity.

**Amit Sudhakar:** All entities are independent. We get money for the services which BLS International provides on arms' length basis, and dividend which is declared by foreign entities, which we receive because we are 100% shareholder of these companies. That is how the money is being received in India.

**Harsh Patel:** What is the amount of money that is going to flow you were saying some 223 crores we received?

**Shikhar Aggarwal:** Around 50 crores is lying in India and 250 crores is in overseas.

- Harsh Patel:** That is going to flow in Indian entity by the year end?
- Shikhar Aggarwal:** We will see what structure are possible for our acquisition.
- Amit Sudhakar:** Transactions are at arms' length so they have to come on the basis on the services which we are providing to these companies.
- Harsh Patel:** But any acquisition that you have to do that would be done from the holding Company right?
- Shikhar Aggarwal:** It can be done by the holding Company, or if it is an international acquisition it can be done by the subsidiary also. Structure can be worked out.
- Moderator:** We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.
- Shikhar Aggarwal:** Thank you everyone for making this call today. We are satisfied with the performance of our Company during the quarter considering the global pandemic situation. With our ability to adapt to every situation, well diversified revenue model and the opening up of borders in a phased manner, we are confident of showing good momentum in the coming quarters. Thank you, this is all from my side. Stay safe.
- Moderator:** On behalf of BLS International, that concludes this conference. Thank you for joining us, ladies and gentlemen you may now disconnect your lines.