

November 08, 2021

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

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

Dear Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, We enclose herewith the relevant credit rating rationale letter dated November 03, 2021 received by the Company from CRISIL. Rating action is as under:

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

The Rating Rationale of CRISIL dated 03.11.2021 for revision in credit rating is enclosed.

You are requested to take the same on your records.

For **BLS International Services Limited**

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

Encl: as above

# Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)



## Rating Rationale

November 03, 2021 | Mumbai

### BLS International Services Limited

*Long-term rating upgraded to 'CRISIL A-/Stable'; short-term rating reaffirmed*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.200 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL A-/Stable (Upgraded from 'CRISIL BBB+/Stable')</b>
<b>Short Term Rating</b>	<b>CRISIL A2+ (Reaffirmed)</b>

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed rationale

CRISIL Ratings has upgraded its long-term rating on the bank facilities of BLS International Services Limited (BLS; part of the BLS International group) to '**CRISIL A-/Stable**' from '**CRISIL BBB+/Stable**' and reaffirmed the short-term rating at '**CRISIL A2+**'.

The upgrade in rating is driven by the gradual improvement in the business risk profile on account of diversification into new business segments and addition of clients in these segments. Business of the group, which earlier only consisted of visa processing, is now diversified into consular services, E-Governance services (entered in fiscal 2017) and banking correspondent services (fiscal 2019, resultantly the contribution from visa and consular business has dropped to 85%).

The upgrade in the rating also factors in the revival in visa business from the second quarter of fiscal 2022 post a significant decline in fiscal 2021. Since visa and consular services business contributes 80-85% to total revenue, topline for fiscal 2021 declined 38% to Rs 489 crore from Rs 793 crore in fiscal 2020 due to the severe impact of the Covid-19 induced disruptions globally on the travel and tourism industry. However, the group has shown sufficient track record of revival in business and has reported operating income of Rs 369 crore in the first half of fiscal 2022, improved by 101% from Rs 183 crore in the corresponding period of the previous fiscal. Similarly, an earnings before interest, tax, depreciation and amortization (EBITDA) of Rs 46.4 crore was reported in the first half of fiscal 2022 (growth of 184% compared to Rs 16.3 crore in the corresponding period of the previous fiscal). The group is expected achieve revenue of upwards of Rs 750 crore along with operating margin of 13-14% for fiscal 2022.

Credit profile continues to be supported by healthy financial risk profile reflected by nil gearing and superior debt protection metrics owing to strong network and zero debt as on March 31, 2021. Since all business segments have negative working capital cycle, cash generated in each of them add to the cash balance of the group. Unencumbered cash and bank balance stood at Rs 310 crore as on September 30, 2021.

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

#### Analytical approach

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

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

#### Key rating drivers & detailed description

##### Strengths:

- Established market position:**

Set up in 2005, the BIS group is present in over 62 countries and provides services through 2,325 offices worldwide. Within a decade, it has attained a comfortable position in the visa services outsourcing market. Though it has grown considerably in a short span, sustainability of market position in the long term is a key rating sensitivity factor.

- Diversified business profile:**

The group offers services in visa processing, E Governance and banking correspondence. Apart from diversification into new business segments, addition of new clients in these segments has further strengthened the market position of the group. BLS group now covers over 46 missions compared to only 7 a few years back. In E Governance services, the group has three clients presently, compared to only one client 2 years ago and in the banking correspondent segment, Bank of Baroda has been added alongside the existing client - State Bank of India.

- **Comfortable financial risk profile**

Financial risk profile is marked by nil gearing and strong network of Rs 447 crore as on March 31, 2021. Debt protection metrics remained robust owing to low reliance on external debt, which led to interest coverage of 31.8 times in fiscal 2021.

**Weakness:**

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

The contracts with diplomatic missions are generally tender-based with a three-year tenure, and have certain pre-requisites such as experience in visa outsourcing, robust credit history, adequate information technology, operational expertise, and strong background check function. This makes revenue susceptible to the risk of non-renewal of contract at the end of the term or inability to bag new contracts. Any changes in regulation or conditions of contract mid-way will thus remain a key rating sensitivity factor.

**Liquidity: Strong**

Liquidity is strong with healthy unencumbered cash balance of Rs 310 crore as on September 30, 2021. The group is expected to generate moderate cash accrual of Rs 85-90 crore over the medium term against nil debt obligation. Further, fund-based bank limits remain unutilised and the small limits are kept only for backup. Current ratio was also strong at 11.87 times as on March 31, 2021.

**Outlook: Stable**

CRISIL Ratings believes that strong financial risk profile along with established market position will continue to support the overall credit risk profile of the group.

**Rating sensitivity factors**

**Upward factors**

- Revenue increases to more than Rs 900 crore while operating margin of upwards of 14% is maintained
- Prudent working capital management with maintenance of strong financial risk profile
- Continued diversification of client base across business segments

**Downward factors**

- Large debt-funded capital expenditure or acquisition adversely impacting the financial risk profile of the company, especially liquidity
- Net cash accrual falls below Rs 50 crore on a consistent basis

**About the company**

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

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

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

**Key financial indicators**

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

**Any other information:** Not applicable

**Note on complexity levels of the rated instrument:**

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

**Annexure - Details of instrument(s)**

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook
NA	Secured Overdraft Facility	NA	NA	NA	8	NA	CRISIL A-/Stable

NA	Bank Guarantee	NA	NA	NA	192	NA	CRISIL A2+
----	----------------	----	----	----	-----	----	------------

**Annexure – List of entities consolidated**

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

**Annexure - Rating History for last 3 Years**

Instrument	Current			2021 (History)		2020		2019		2018		Start of 2018
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	8.0	CRISIL A-/Stable		--	24-11-20	CRISIL BBB+/Stable		--		--	--
			--		--	04-11-20	CRISIL BBB+/Stable / CRISIL A2+		--		--	--
Non-Fund Based Facilities	ST	192.0	CRISIL A2+		--	24-11-20	CRISIL A2+	19-12-19	CRISIL A2	29-03-18	CRISIL A2	CRISIL A2
			--		--	04-11-20	CRISIL A2+	12-04-19	CRISIL A2		--	--

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	20	CRISIL A2+
Bank Guarantee	75	CRISIL A2+
Bank Guarantee	85	CRISIL A2+
Bank Guarantee	12	CRISIL A2+
Secured Overdraft Facility	8	CRISIL A-/Stable

**Criteria Details**

Links to related criteria
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">Rating Criteria for Software Industry</a>
<a href="#">CRISILs Criteria for rating short term debt</a>
<a href="#">CRISILs Criteria for Consolidation</a>

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Pankaj Rawat</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:pankaj.rawat@crisil.com">pankaj.rawat@crisil.com</a></p> <p><b>Naireen Ahmed</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1818 B: +91 22 3342 3000 <a href="mailto:naireen.ahmed@crisil.com">naireen.ahmed@crisil.com</a></p>	<p>Nitin Kansal Director <b>CRISIL Ratings Limited</b> D:+91 124 672 2154 <a href="mailto:nitin.kansal@crisil.com">nitin.kansal@crisil.com</a></p> <p>Akshita Jain Associate Director <b>CRISIL Ratings Limited</b> D:+91 124 672 2189 <a href="mailto:Akshita.Jain@crisil.com">Akshita.Jain@crisil.com</a></p> <p>Mahima Jain Management Trainee <b>CRISIL Ratings Limited</b> B:+91 124 672 2000 <a href="mailto:Mahima.Jain@crisil.com">Mahima.Jain@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>



**Note for Media:**

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

**About CRISIL Ratings Limited (A subsidiary of CRISIL Limited)**

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ("CRISIL Ratings") is a wholly-owned subsidiary of CRISIL Limited ("CRISIL"). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit [www.crisilratings.com](http://www.crisilratings.com)

**About CRISIL Limited**

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide

For more information, visit [www.crisil.com](http://www.crisil.com)

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

**CRISIL PRIVACY NOTICE**

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com](http://www.crisil.com).

**DISCLAIMER**

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale (each a "Report") that is provided by CRISIL Ratings Limited (hereinafter referred to as "CRISIL Ratings"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. Rating by CRISIL Ratings contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way. CRISIL Ratings or its associates may have other commercial transactions with the company/entity.

Neither CRISIL Ratings nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Ratings Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Ratings Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL RATINGS' PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL Rating's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, [www.crisil.com](http://www.crisil.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public web site, [www.crisil.com](http://www.crisil.com). For latest rating information on any instrument of any company rated by CRISIL Ratings you may contact CRISIL RATING DESK at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com), or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings Limited is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011 to comply with

the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: [www.crisil.com/ratings/credit-rating-scale.html](http://www.crisil.com/ratings/credit-rating-scale.html)