



Redefining Business
Services

June 04, 2026

To: BSE Limited (BSE) Corporate Relationship Department Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400001	To: National Stock Exchange of India Limited (NSE) Listing Department Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
BSE Scrip Code: 543996	NSE Code: UDS

Dear Sir/Madam,

Sub: Transcript of the Earnings Call for the Quarter and Financial Year Ended March 31, 2026.

This is further to our letter dated May 29, 2026, whereby the company submitted the link to the Audio Recording of the Earnings Call for the Quarter and Financial Year Ended March 31, 2026.

Pursuant to Regulation 30 (6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the transcript of the said Earnings Call held on May 29, 2026, is enclosed as Annexure.

You are requested to kindly take the above on record.

Yours faithfully,

For Updater Services Limited

Sandhya Saravanan
Company Secretary and Compliance Officer
A66942

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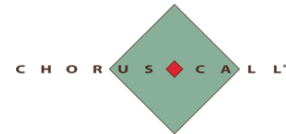


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Services

“Updater Services Limited Q4 & FY26 Earnings Conference Call”

May 29, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th May 2026 will prevail



**MANAGEMENT: MR. RAGHUNANDANA TANGIRALA – PROMOTER AND
MANAGING DIRECTOR – UPDATER SERVICES LIMITED
MR. AMITABH JAIPURIA – SENIOR EXECUTIVE
DIRECTOR – UPDATER SERVICES LIMITED
MR. RAM PRAVEEN – CHIEF FINANCIAL OFFICER –
UPDATER SERVICES LIMITED
MRS. ELIZABETH JACOB – FOUNDER AND CHIEF
EXECUTIVE OFFICER – ATHENA
MR. SUNIL MUNSHI – CHIEF EXECUTIVE OFFICER –
DENA VE**

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 and FY26 Earnings Conference Call for Updater Services Limited. 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.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and it may involve risks and uncertainties that are difficult to predict.

Should you need assistance during this 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. Raghunandana Tangirala, Promoter and MD of Updater Services Limited. Thank you, and over to you, sir.

Raghunandana Tangirala: Yes. Thank you. Good morning, everyone and a warm welcome to all the participants joining today's call. Joining me on the call today are Amitabh Jaipuria, our Senior Executive Director; Mr. Ram Praveen, our Chief Financial Officer and our Investor Relations Advisory from SGA. We're also joined by Elizabeth Jacob, Founder and CEO of Athena as well as Mr. Sunil Munshi, CEO of Denave.

I hope you have all had an opportunity to go through the investor deck and the financial results. The same are also available on the stock exchange platform and on the company's website. Before I begin, I have two important leadership announcements to share. I'm pleased to announce the elevation of Amitabh Jaipuria from Non-Executive Director to Senior Executive Director for a term of 3 years.

Mr. Jaipuria also has been on our Board and had a deep understanding of our business and its strategic direction. In his new executive role, he will also be hands on, on strengthening operational excellence, streamlining business processes and driving long-term strategic initiatives across the organization.

We're also delighted to have him step into the expanded mandate and look forward to the value he will bring in his capacity. We've also appointed Ram Praveen, our Group Financial Officer. Ram is a qualified chartered accountant over 23 years of experience spanning across agri solutions, manufacturing, IT assets and banking.

He brings deep expertise in the business partnering, cost management, governance and finance transformation. His career includes senior leadership roles at Coromandel International, Caterpillar India, Cognizant and IndusInd Bank. We are excited to welcome him on Board and are confident that his experience will be an important asset as we continue to scale up the organization.

We have also decided that to simplify our structure and to be able to give direct attention to some of our key BSS business, for now, we'll have CEOs of Denave, Athena and Matrix reporting directly to the MD and the senior leadership team. Now turning to the business. FY '26 was, without question, a challenging year for UDS as a group.

We dealt with a very uncertain external environment as well as certain internal challenges and challenges that demanded our attention. We have addressed them with seriousness they deserved. At the same time, I'm pleased to say that the underlying business continued to demonstrate resilience with the revenue growing around 7% year-on-year.

Upfront, I want to take a moment to specifically address the situation at Avon, which was discussed even in our Q3. Avon is one of our subsidiaries. Over the last two quarters, Avon took a total provision of approximately INR23 crores relating to receivables from its relatively new logistics and freight brokerage business. INR3 crores recognized in Q2, the balance in Q3 of '26. We want to be completely transparent with all of you.

We are taking all necessary steps, including legal action to recover these amounts. Being prudent and conservative, we have already fully provided for the entire INR23 crores. The core business of Avon remains intact and operationally stable and has grown at 9% over last year. We don't expect this to be a recurring issue.

Overall, FY '26 was an important year for us as we built our internal capabilities and capacity. In many ways, a year of reset, we deepened our client relationships, improved contract level profitability, continue to invest in technology-led operations and made meaningful strides in positioning UDS as a preferred integrated service partner across sectors.

Let me now take a few minutes to share our perspective on the broader IFM industry landscape because the structural tailwinds are compelling, and I want you to understand how they directly benefit UDS. The integrated facilities management business is at an important structural inflection point.

Historically, the industry has been dominated by unorganized providers, competing primarily on price, but this dynamic rally is now shifting rapidly and we believe irreversibly. The new labor codes, which came up into full effect in November 2025, consolidate 29 legacy labor laws into 4 comprehensive codes, covering wages, social security, occupational safety and industrial relations.

The new framework extends compliance obligations to contract and gig workers mandates digital record keeping and tighten social security provisioning. This majorly raises the compliance risk for enterprise clients that continue to engage unorganizational vendors. For UDS, a company that has operated with a compliance-first model from day one.

There is a clear structural competitive advantage. Alongside the regulatory shift, Grade A office spaces and industrial real estate continue to grow. We deeply see the Global capability centers is driving a disproportionate share of new leasing and is bringing in a new class of occupiers and that has zero tolerance to compliance lapses and overwhelmingly prefers integrated pan-India service partners from day 1.

Tier 2 cities now home to growing GCC clusters are often onboarding IFM providers from the greenfield sites bypassing in-house teams entirely. The growing industrial activity and investments are driving a good demand as well. These are trends that play directly to our strengths.

Beyond compliance, clients are also evolving into how they procure FM services, moving away from single service input-based contracts towards integrated outcome-linked engagements tied to uptime, energy efficiency and asset performance metrics. This shift structurally advantages players with technology platforms, strong execution structure and the ability to deliver measurable outcomes at scale.

Taken together, workforce formalization, new office and industrial space demand and the shift to outcome-based contracts are compounding tailwind for UDS and our long-standing compliance-first model and pan-India delivery capability positions us to capitalize on this transition.

Now diving deep into our IFM division. Our IFM business continued to witness healthy momentum during Q4 FY '26, supported by strong traction across manufacturing, commercial real estate, healthcare, retail, logistics and GCC-led demand. The industrial segment continued to be a key revenue driver for us and we are seeing encouraging diversification across verticals.

During the year, we added 30 new logos across industrial, technology, commercial sectors, while also witnessing increased wallet share from existing clients. We continue to see healthy traction for technically intensive and integrated facilities management contracts, where clients increasingly prefer organized partners with strong execution capabilities, strict compliance standards and pan-India delivery infrastructure.

Now coming to our segment mix. The year saw a meaningful increase in contribution from health care, which reflects our deliberate effort to diversify our industry exposure. It now contributes about 7.8% of our revenue. The total contribution from IFM segment is 67% for FY '26.

In terms of portfolio quality, the year saw us make conscious choices to balance larger contracts with smaller but higher-margin contracts. Our focus on improving contract level profitability is beginning to show results, and we are improving the bottom line by increasing service volumes and sharing overhead costs across large operating scale rather than through direct headcount reductions, which would compromise service quality.

EBITDA margins for the year stood about 5.2%. Looking ahead, Q1 of FY '27, we are encouraged by strong early momentum. A few large logos have been signed on and several other new current pending final approvals. This gives us visibility and confidence going into the new financial year.

Our strategic priorities for IFM in FY '27 remains focused on improving client level profitability across the portfolio, increasing operational efficiency through technology-led interventions, optimizing manpower deployment to improve margin quality, enhanced service integration across client accounts, expanding higher-margin specialized service offerings, including energy management, MEP services and technical AMC work.

Looking ahead, we remain confident of delivering healthy high single-digit growth in IFM, supported by strong industry tailwinds, increasing outsourcing penetration and expanded

opportunities across industrial manufacturing, infrastructure and commercial real estate. Let me now give a brief update on Global Flight Handling and Avon.

Global Flight Handling delivered a significantly improved operational performance during FY '26, supported by higher passenger traffic, expansion in airline partnership and improved airport level operating efficiencies. The business delivered an EBITDA of 6% versus 3% last year.

The business continued to expand its footprint across airports. We now have all 23 airports operational and generating revenue. We also witnessed a healthy traction in training-related initiatives under the Global School of Aviation. We're also seeing encouraging opportunities emerging in the aviation security training and related services, which we believe can become an important growth lever for our business going forward.

On Avon, I've already addressed the provisioning issue. The core mail room management and integrated support service business of Avon continues to remain stable with healthy client relationships and improving operational performance. Revenue for the year grew 9% year-on-year.

The business has also continued to focus on increasing share of high-margin value-added logistics solutions, including ETL services and workplace support services. We expect this diversification to contribute positively to Avon's revenue quality in FY '27. I'll now hand over the call to Mr. Amitabh for an update on our BSS segment.

Amitabh Jaipuria:

Thank you, Raghu, and good morning, everyone. Just to quickly dive into overall what's happened in the BSS segment, and then I will hand over to Sunil Munshi:, who's our CEO for Denave as well as then to Elizabeth Jacob:, who is the Founder and CEO of our other sales enablement business, which is Athena.

We have particularly invited them on the call today to give you a visibility into the depth of talent that actually manages these businesses and to hear from them directly because as Raghu mentioned, we have simplified our organization. And now Elizabeth, Sunil and the CEO of our Matrix business, Ravi reports directly to Raghu and the senior leadership team.

This year has been a year of pause and reset in the BSS business with each of our 3 companies, Denave, Athena as well as Matrix, seriously rejigging their operating structures, teams and processes to reposition us for growth and continued profitability this year and in the future. As mentioned, we are simplifying our organization and using technology to make our processes faster, more accurate as well as to reduce costs.

We expect that these actions are showing results this year with their full impact being seen in the next year onwards. The BSS segment revenue for FY '26 reached approximately INR965 crores, which is broadly flat year-on-year. While the top line was range bound due to specific headwinds in certain businesses and we will address that in more detail later in the call.

Adjusted EBITDA, adjusted for onetime on account of Avon for the division stood at INR85 crores with margins standing at approximately 9%. The revenue for Q4 stood at INR234 crores. But really what's exciting for us is the improvement in EBITDA margins, which stood at close

to 11%, reflecting the impact of our sustained cost optimization and portfolio quality improvement effort.

At an overall level, our sales enablement business under Denave grew 11% over last year with an EBITDA of INR26 crores with a margin of about 4.5%. During the quarter, revenue at Denave grew 15% and EBITDA grew almost 70% with margin improvement to 5.5% plus for Q4.

Our sales enablement business under Athena in FY '26, the revenue stood at INR113 crores for FY '26 with an EBITDA of INR23.6 crores and an EBITDA margin at 21%. While our EBGC business under Matrix underwent a challenging time and witnessed an 11% revenue decline in FY '26 over last year, and the Audit and Assurance business grew at 5.8% in FY26 over last year.

The EBITDA for the Matrix business stood at INR14.9 crores and EBITDA margin of 12% for FY '26. As mentioned by Raghu earlier, we now have our 3 CEOs of Denave, Athena and Matrix reporting directly to the MD. We therefore thought it would be a good idea to invite 2 of them on this call and for you to hear directly from them.

I will hand over the call to Mr. Sunil Munshi, CEO of Denave, to take you through all the business highlights of Denave, and then he will hand it over on to Elizabeth Jacob: for Athena. So Sunil, over to you.

Sunil Munshi:

Thanks, Amitabh. Good morning, everybody. During FY '26, the broader demand gen and sales enablement industry continued to witness a dynamic operating environment. Global enterprises were increasingly focused on outcome-based engagements, productivity enhancements and AI-led sales transformation, and that's precisely what and why Denave has also continued to work on and gradually strengthening its position.

This year has its share of challenges for us as well. Technology spending headwinds and macroeconomic uncertainty continued to create almost near-term turbulence, particularly in the first half. The tech segment, we faced pressure due to market disruptions and evolving AI landscape saw for us a meaningful recovery in Q4.

And importantly, to combat these disruptions, Denave didn't wait for the market to recover, we proactively shifted from purely human-led processes to incorporating AI-led driven methodologies, campaign intelligence tools, advanced sales intelligence workflows and the transition is now yielding results.

During the year, we almost onboarded 49 new logos and also added new business from our existing debt enterprise customers as well. And both put together grew 21% Y-o-Y. And what's particularly encouraging in these new businesses that's been added in FY '26 have been signed at higher margins and service mix for us is evolving favorably.

Our proprietary AI-led sales intelligence platform, Intellibank, continues to see encouraging client traction. The platform continues to evolve almost monthly, and we continue to invest in it. In fact, during the quarter, we further enhanced platform capabilities with deeper account

intelligence, improving the AI-driven insights and automated sales enablement workflows and enhancing our CRM integrations accordingly.

We also actively integrated agentic AI-led motions capabilities across several stages of our demand gen life cycle, which has helped us to improve productivity, reduce manual interventions and deliver better ROI-driven outcomes for our clients and customers. The strategy for FY27 evolves making the core demand gen business or the engine more robust through automation, implementing a digital workforce model.

We've done a round pilots with selected 4 customers in this last year, FY '26, which has already yielded better conversion percentages, and we hence plan to scale these efforts meaningfully throughout the next year. Global technology spending trends and geopolitical tensions, as we know, particularly in West Asia, continue to create near-term uncertainty for the overall industry.

That said, we believe Denave is well positioned to benefit from the long-term transition towards AI enablement and outcome-based sales engagement models, and we remain watchful of how the situation evolves. That's all from my end. I will now hand the call to Mrs. Elizabeth Jacob, CEO of Athena. Elizabeth, over to you, please.

Elizabeth Jacob:

Thank you, Sunil. Good morning, everyone. The company witnessed a meaningful impact on the revenue due to the full year effect of the loss of 2 major customers and the downsizing of operations by another customer during financial year '25 and earlier. This created a significant revenue headwind that was difficult to offset in the short term.

Importantly, no new customers were lost during financial year '26. Despite the challenging environment, we added 4 significant new logos during the year, one each in the real estate and the consumer durables segment and 2 in the BFSI segment. In addition, the pipeline across newer verticals is more active than it has been in some time, providing early visibility for future growth opportunities.

Revenue for FY '26 stood at INR113 crores as compared to INR136 crores in financial year '25 and EBITDA declined to INR23 crores from INR35 crores. The sharper decline in EBITDA relative to revenue reflects the operating leverage nature of the business where costs take time to realign following revenue contraction.

In response, Athena has proactively accelerated efforts to diversify its client base beyond BFSI into sectors such as health care, retail and real estate, thereby reducing concentration risks and broadening revenue streams. As a result, the BFSI concentration reduced from 86% in financial year '25 to 81% in financial year '26.

We believe that this diversification strategy is beginning to show encouraging early results. Technology transformation remains a key strategic focus area for the company following the successful completion of earlier Agentic AI voice bot proof-of-concept, we are now witnessing increased client interest in AI-enabled customer engagement and sales support solutions.

Our objective is to progressively integrate AI-led automation tools across client processes to improve efficiency, enhance customer experience and maintain cost competitiveness in an

operating environment that continues to evolve rapidly. We are also very excited to have recently won 2 contracts for Agentic AI solutions. So while we've had a very tough year, we are seeing early signs of turnaround and are cautiously hopeful of a recovery here on. I will now hand over the call back to Mr. Amitabh Jaipuria: to give an update on Matrix.

Amitabh Jaipuria:

Thanks, Elizabeth. So I won't take too much more time because then we'll hear from Ram on the financials. So basically, in Audit and Assurance, we did see some challenges during the year. One large customer has reduced their spending. But apart from that, the other logos did well.

We have also won 12 large clients across FMCG, retail, quick commerce and manufacturing, and also added within this 4 large Sensex-listed companies, which is a strong endorsement of the quality of the supply chain and retail audit capabilities. We remain excited about the growth trajectory of A&A and are internally reorganizing it around customer and industry verticals.

We are also in the process of building a dedicated sales and marketing team to accelerate growth. Within the EBGC business, which is our employee background verification business, as we have been guiding over the last for almost 5 or 6 quarters now that we are seeing continued softness in IT hiring, ITES hiring, and that continues.

Recruitment volumes have been particularly impacted in these segments. BFSI, which had taken up some of the slack earlier, also has turned a little soft. Focus is now on efficiency and profitable growth rather. And the idea is to automate as much of the internal processes as we can to speed up our turnaround time and to reduce costs.

The other piece is really in terms of the technology platform that is getting created for this. So to summarize broadly, despite near-term sector-specific challenges in certain businesses, the long-term outlook for the BSS segment remains positive. And our strategic focus continues to be on technology enablement.

AI-led transformation, efficiency and building scale. We have had a tough year, but we believe we have turned the corner and this year promises to be better. The Q1 trends are also encouraging. I will hand the call back to Raghu for concluding remarks before the financial update. Raghu, over to you.

Raghunandana Tangirala:

Yes. Thanks, Amitabh. To summarize, FY '26, it's been a year of strengthening our operational foundation, improving business quality and building long-term capabilities across both our IFM and BSS segments. We have navigated a set of challenges, some internal, some external with transparency and discipline as we enter FY '27 in a stronger organizational position.

Our strategic priorities remain firmly centered around profitable and sustainable growth, sustained margin improvement across businesses, strong cash flow generation and capital discipline, improvement in return on capital employed, technology-led operational excellence across verticals.

We continue to see strong structural opportunities across core sectors, driven by increasing outsourcing, workforce formalization, compliance requirement under the new labor code, GCC

expansion manufacturing sector growth and rising demand for integrated service delivery partners.

These are multiyear tailwinds, and we believe UDS is well positioned to capture a rightful share of this opportunity. We also remain disciplined in our capital allocation approach with a healthy balance sheet and a net cash position. We continue to evaluate value-accretive acquisition opportunities that complement our existing capabilities, improve margin quality and strengthening our long-term growth prospects.

Given our diversified client base, scalable operating platform, strong execution track record and increasing technology integration across businesses, we believe UDS is well positioned to deliver steady, profitable growth and create long-term value for all our stakeholders. I would now like to hand over the call to our CFO, Ram Praveen, to take you through the financial performance for Q4 and FY '26. Over to you, Ram.

Ram Praveen:

Thank you, Raghu, and good morning, everyone. I'm certainly pleased to be here in my first earnings call of UDS and looking forward to be engaging with you on a regular basis. I'll take you through the financial highlights of Q4 FY '26 and full year FY '26. Let us first talk about the Q4 FY '26 performance.

The total revenue from operations for Q4 grew by 3% year-over-year to INR750 crores in FY '26 as compared to INR726 crores in FY '25. The IFM segment grew 5% year-over-year to INR515 crores, while BSS slightly degrew by 1% year-over-year to INR235 crores. The revenue split between IFM and BSS stood in the same range of 69% to 31%, respectively. EBITDA for Q4 stood at INR49 crores.

While EBITDA margin standing at 6.6%. I want to do at a segment level, IFM segment EBITDA stood at 4.4%, while the BSS stood at 11.5%. The overall PAT is at INR27 crores for the Q4 FY '26. Switching over to FY '26 full year performance. For the full year, the total revenue from operations grew 7% year-over-year to INR2,960 crores.

The IFM segment grew 10% year-over-year to INR1,995 crores and the BSS segment grew 1% to INR966 crores. The revenue split for the year between these 2 segments, IFM and BSS stood in the ratio of two-third and one-third ratio. The adjusted EBITDA after taking this onetime loss due to Avon incident for the year stood at INR176 crores with the adjusted EBITDA margin standing at 5.9%.

At a segment level, IFM segment margin stood at 4.5%, while BSS stood at 8.8%. The overall PAT is at approximately INR83 crores for the full year. Adjusted return on capital employed is at 14.9%. As Mr. Raghu mentioned, on the balance sheet, UDS continues to remain a net cash company, which is good on a long-term basis.

Net debt to equity stood at negative 0.24 as of 31st March 2026, reflecting our strong cash generation and disciplined capital management. On headcount, we have crossed 25,586 with 59,000-odd coming from IFM segment and close to 16,000 in the BSS segment. During the year, as Ms. Elizabeth and Mr. Sunil mentioned, we have added good logos in the BSS segment as well as in the IFM segment.

Reflecting continued strong strength of our business development pipeline and trusted clients in our UDS platform on a continuous basis. While we spoke about the financial performance, I just want to highlight a few of the initiatives or I would say, imperatives being undertaken to improve the overall operational efficiency across the UDS Group.

One of the first one is on the governance. Strengthening governance across the group through tighter controls and standardized process is being taken up. On FP&A, as we progress through the latest technologies, we believe transforming FP&A through advanced analytics and deeper business insights is critical for any value-driven strategic decision-making.

Shared services is always in the cards and structuring the shared services across key departments of finance, procurement, payroll to drive process standardization, scalability and cost optimization across the entities. Last but not the least, technology and AI play a critical role across all industries and UDS is also witnessing the same as explained by Ms. Elizabeth and Mr. Sunil.

We continue to invest in AI-led technologies across all the group entities so that it helps us to grow to a scalable level. And also, I want to bring these few thoughts. bringing in senior leadership into UDS Group like me and Mr. Amitabh, demonstrates clearly the management's strong commitment to build a robust systems, controls and IT infrastructure. As a CFO, allocating good capital for AI-led investments will ensure sustainable growth and be relevant and competitive in the market. With that, I would like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Viraj Shah from Turtle Investments.

Viraj Shah: Sir, the question is the company currently has around INR450 crores of cash on books. How do you plan to capitalize this and utilize this towards acquisitions or what is the plan going forward?

Amitabh Jaipuria: So Raghu, may I?

Raghuandana Tangirala: Yes, please.

Amitabh Jaipuria: Yes. So Viraj, thanks for that question. Yes, as we have continuously maintained that we are a cash- generating company, and our net debt is 0. So we plan to utilize this cash. So all options are in front of the Board. Acquisitions, of course, remain the primary use of this cash.

At the same time, the Board will consider options to also reward loyal shareholders in the future and to invest for internal organic growth. So Ram mentioned about AI and technology. He also mentioned about talent. So technology and talent are really the 2 uses of this cash for internal organic growth.

There is acquisitions, which is inorganic growth. And then there is also in terms of rewarding shareholders. So between these 3 is really where this cash will be deployed. And what exact ratio, I can't tell you right now because that's really a Board decision. But you will see us move forward on all 3 as this year progresses. So that would be -- yes, that would be the answer.

Viraj Shah:

Sir, also on Athena, we have been seeing losses of certain clients. Are we witnessing any early signs of recovery in that business? And what kind of margins would be at a normal steady state? Any color from that side?

Amitabh Jaipuria:

Yes. So we have my colleague, Elizabeth, also on the call. And so as she explained, the major customer losses have completely stopped. So these losses were in FY '25 and earlier. And as she explained, the impact of some of those rolled through during this year as well. That is why you saw a decline in revenue.

As she mentioned, we have also got 4 new logos in areas which are non-BFSI as well. So our BFSI concentration has dropped from 86% to 81%, as she mentioned. Our margins have also stabilized in the region of about 19% to 20% and this is in terms of financial EBITDA. And we are seeing that holding.

The key piece for Athena now is, one, to diversify its customer base and grow, two, to reach scale with its agentic AI work. So as she mentioned, we have -- right now, we are in POC stages and encouraging results with 3 or 4 customers, and we will update you in our next earnings call in terms of how those are moving forward. But those are the 2 key pieces for Athena.

We remain very bullish about this business. And what we are also seeing is that the entire conversation about how bots will take over humans' jobs in this segment hasn't quite played out in this part of the business because we are in the outcalling sales and revenue-related businesses as we have repeatedly talked about in our previous calls.

So there, this has not happened, and we don't see it happening because there is a persuasion element that is involved. So -- but we are staying ahead of the curve, as she mentioned in her speech as well, by doing our own agentic AI deployments. So I think that should give you enough color on Athena.

Moderator:

The next question is from the line of Vivek Desai from Investec.

Vivek Desai:

So my question -- I had a few questions. The first one being that you gave an overview of the overall -- the performance of all the verticals. But BSS vertical had the sharpest decline in revenue this quarter among the last 7, 8 quarters, but margins stood strong. And you also pointed out that it was due to the optimization efforts?

So if you could throw some light on what was done in the BSS vertical in terms of operations to give some color on the revenue decline and the margin expansion, that would be great. And the quarterly performance of Athena and Denave, if you can give the numbers, if possible, on the margin and revenue. That was pertaining to BSS?

Second one was on the IFM vertical, wherein in Q2, we had mentioned that we are taking up some large deals. And because of that, we have some front-loading of expenses happening. So where are we on that? And how do we see that panning out in numbers going forward? And the last question was on the operating expenses, the other operating expenses, which have declined sharply in this quarter on a Y-o-Y basis. So if there is something to note over there, something particularly happening this quarter, that will be great?

Amitabh Jaipuria:

So let me start with the BSS piece, right? So you're right, our growth slowed down this year. But if you adjust for the Avon episode and the Athena decline, so the Athena revenue has declined by almost about INR25 crores over last year. So last year, we were at INR140 crores total income.

And this year, we are at INR116 crores, INR117 crores, right? So there is a INR25 crores decline there, and we've explained why that has happened. But Denave has actually grown 11% during the year, right? So Denave is the largest part of our business, as you know. So Denave has shown strong growth. Athena has declined.

We have explained the reasons. Avon Transport, the business itself has shut, right? This was the episode that the situation that we encountered and the hit that we have taken. So that division was INR40 crores last year. You take that out basically because that has contributed to that declined number. If you adjust for that, Avon Solutions, which is the non-transport part of the Avon business has also grown 11%, right?

And Global Flight Handling has grown 30% during the year, right? So if you account for Athena's decline and the shutting of Avon Transport, the other 3 core businesses, which is Global Flight Handling, up 30%, Denave up 11% and Avon Solutions also up 11%. Matrix, which is the other part, has been flat. And I gave some commentary earlier in terms of that one large customer in A&A and the continued softness in hiring.

So Matrix is flat, but Denave, strong growth, Avon Solutions, strong growth, Global, very strong growth. So that's the color on growth as far as BSS is concerned. And that is what gives us confidence to believe that in FY '27, current year, we will continue the momentum. Also because the Athena decline has also been arrested.

We are seeing signs in Q1, for example, right? On the IFM part, you talked about some contracts that we had where costs were more front-loaded. So you're absolutely right. So this year, in the UDS stand-alone numbers, you will see a decline in our PAT number. And that decline builds in some of that EPC and ECL-related provisions that we have taken on just to be extra prudent because we did see that coming.

And also, you have to remember that in last year's numbers, there was a INR9 crores non-business-related income because there was a revaluation of our stake in two companies of Aubotz and what we had to pay to Athena. So if you reduce that INR9 crores, then our last year's IFM number, especially in UDS, I'm talking about UDS particularly, was actually INR78 crores. And this year, there is a INR19 crores decline.

And out of that INR19 crores, basically, you will see about INR12 crores, INR13 crores because of the front-loading of costs and also because of ECL and the EPC provisions that we have taken. The balance numbers are basically because of a reduction in interest income in UDS standalone, you see that, and that is what rolls through to the group as well.

And there is also a INR4 crores hit that we have taken at UDS level and overall a INR5 crores number on the wage code liabilities that we have taken on board. So that is what has contributed

to that decline. But with this, the cleanup is largely done. And this year is a clean year in terms of how we have started. So that's really the color on that.

You asked a question on EBITDA margins as well as on overall PAT margins. So yes, I mean, we have had some challenges. But largely, if you look at Global, for example, huge turnaround in margins. We talked about it moving from 3% to 6%, right? And we have also looked at good movement in Fusion, which is our food catering business.

We are seeing that number go up from 6% to almost 8%. Margins in our Washroom Hygiene Concepts business, which is also part of IFM are very steady at about 37%, 38%. So overall, IFM has dropped, but that has dropped because of the reasons that I just talked about in UDS standalone.

As far as overall Denave is concerned, margins have stabilized. So we saw a sharp decline earlier over past years, and we gave commentary on that last year. But this year now, margins have largely stabilized. We can now see growth on those margins, which Raghu also referred to. Athena margins are very stable.

They are 20% plus, as I had spoken about earlier. Matrix margins are also now stable. So they are in the 11%, 12% EBITDA range, and they are very stable. So that is really the BSS margin profile that we have reported. So I hope that gives you a lot of color on these questions that you had from Investec.

Moderator: The next question is from the line of Priyam Shrivastava an Individual Investor.

Priyam Shrivastava: I wanted to ask on IFM business. Despite, sir, there has been revenue growth, but the earnings, it is earning low return on capital. So what are the steps company is taking to address this?

Amitabh Jaipuria: So thanks for that question. So you're right. Growth is good because actually, we are ahead of industry. So if you look at our overall growth in IFM, we are actually at a 10% over last year. And if you look at the total also, we are at 7%. If you look at what our peers in the industry have reported, we are actually well ahead of that. So that is correct.

The margins, the explanation was what I just spoke about for the Investec question, which was the decline in the stand-alone UDS number by about INR19 crores. And that explanation I've already talked about. So the go-forward action, onetime cleanup done, prudent provisioning done. So that will not roll through this year.

We can see that. The lower interest income, frankly, interest income is a capital allocation decision, right? So now we have Ram, who is also an expert at treasury management. We also have a mountain of cash that we are sitting on. So interest income will go up.

But the fact is that we don't want to be measured by interest income because interest income is a byproduct, right? Business income and what we do with that cash is really the important questions. But this year, the year under reporting FY '26, interest income did go down. So that was another reason why you see that falling through to our PAT line.

And the other, of course, as we talked about, was the onetime wage code impact of almost INR5 crores plus for the entire group and INR4 crores for UDS. That, again, is not going to repeat. So I think we are feeling good about where we are right now, even though this year's numbers, we especially overall, if you look at it, because of Avon and because of the wage code impact, there have been challenges.

Priyam Shrivastava: Okay. Got it. My next question was the company has INR240 crores in net cash and INR450 crores, including mutual funds and FD. Why is the company not pursuing a buyback even at like low valuations?

Amitabh Jaipuria: So I will just answer with shades of what I mentioned earlier when somebody asked about what will you do with this cash. So it's a similar thing. So we have uses for this cash in terms of organic growth, in terms of inorganic growth and in terms of rewarding shareholders. That's really the use for this cash.

Now what format rewarding the shareholders takes, that is a Board decision. I will not be able to give you a more detailed answer on that in terms of what the Board will consider. But there are primarily 2 routes. There is a share buyback route and there is a dividend route. It's up to the Board to decide what they want to do.

That said, let me also say that we are in an industry and we are in a space where we believe there are strong growth opportunities. And finally, at the end of the day, we don't see ourselves as not having growth opportunities and therefore, having to return very large amounts of cash. So while it's a Board decision, it will definitely figure in their conversations. But what exactly that will mean this year, I'm unable to say, but it will happen. I mean some form of reward will happen, whether it's dividend, whether it's share buyback, whatever that might be.

Moderator: The next question is from the line of Kushal Maheshwari from Verb.

Kushal Maheshwari: Am I audible?

Amitabh Jaipuria: Yes.

Kushal Maheshwari: I just had one question. So how much of FY '27 revenue is already visible through existing contracts?

Amitabh Jaipuria: So Kushal, that's a great question. Normally, what tends to happen is that when you start the year, you start with about 80%, 85% visibility and you build the balance 15% or thereabouts, right? And that is exactly what has happened this year as well, and we are clearly seeing that. So we have visibility of between 85% and 90%. The balance 10% or thereabouts, we'll have to find.

Moderator: The next question is from the line of Diksha from Siddhant Partners. Please go ahead.

Mehul: Yes. Hi, Mehul from Siddhant Partners. Just if you can help us on the guidance for the next year in terms of revenue and EBITDA, the breakup in terms of IFM and BSS, how are you looking at for FY '27?

Amitabh Jaipuria: So we are encouraged by what we see in the early signs in April and May. But at this point in time, I would avoid a formal guidance in terms of where we are going to go. The pipeline is healthy, and we do believe that we will grow ahead of industry.

Last year, if you look at it, industry has grown at under 6%. So all our peers, if you look at the growth numbers, somebody has reported 5.3%, somebody has reported 5.7%, somebody has reported a decline of 3%, right? And one competitor because of large overseas revenues has reported a growth. So we are actually ahead of the India pack.

We believe we will continue to be ahead of the India pack, and that's really all I can say. I don't want to give you formal guidance right now, Mehul. But at the end of our Q1 call, we will have much clearer visibility in terms of where we are headed. And with our Q1 earnings call, we hope to give you some kind of an indication of where we will end the year.

Mehul: Okay. That helps, sir. Next was on the acquisition. In the past few quarters, we have been referring to some acquisition wherein it was towards final stages of negotiation. So is it still on or the deal is off?

Amitabh Jaipuria: So it is still on. The conversations have taken longer than what we had envisaged. The DD is almost closed, but there are other negotiating items that are right now being done. At this point in time, we cannot guarantee that a deal will happen, but we remain cautiously hopeful.

Mehul: Understood. Understood. And sir, last one is in the initial -- I missed the initial portion of the call, wherein the breakup was given for BSS in terms of Denave, Athena and Matrix. If someone can just repeat that breakup in terms of revenue and EBITDA, that would help, sir?

Amitabh Jaipuria: For the full year?

Mehul: Yes, for the full year. So FY '26, some breakup was given, but I could not note it down. So the breakup between that, that will be helpful?

Amitabh Jaipuria: So Denave revenue was at INR590 crores. Athena revenue was at INR116.8 crores. Matrix revenue was at INR128.6 crores. Overall BSS was at INR968 crores. That was the revenue for this year. This year in the sense, FY '26.

Mehul: FY '26, correct. And in terms of EBITDA, sir?

Amitabh Jaipuria: So EBITDA, we basically have -- I can give you the numbers. So Denave EBITDA was at INR26 crores. Athena EBITDA was at INR24 crores. Matrix was at INR15 crores. Overall BSS was at INR68 crores.

Moderator: Ladies and gentlemen, that was the last question of the day. And I would now like to hand the conference over to the management for closing comments.

Amitabh Jaipuria: Raghu, over to you.



Raghunandana Tangirala: Yes. Thank you. Thank you all of you. We expect to give you better numbers in the next first quarter, but that's not something which we can commit now. So thank you for all the questions. Thank you for participating.

Moderator: Thank you. On behalf of Updater Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.