Redefining Business Services

August 06, 2026

To:	To:
BSE Limited (BSE) **Corporate Relationship Department** **Phiroze Jeejeebhoy Towers,** **25th Floor, Dalal Street,** **Mumbai - 400001**	**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 Ended June 30, 2026.

This is further to our letter dated July 31, 2026, whereby the company submitted the link to the Audio Recording of the Earnings Call for the Quarter Ended June 30, 2026.

Pursuant to Regulation 30 (6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the transcripts of the said Earnings Call held on July 31, 2026, is enclosed as Annexure.

You are requested to kindly take the above on record.

Yours faithfully,

For Updater Services Limited

SANDHYA Digitally signed by SANDHYA Date: 2026.08.06 12:31:05 +05'30'

Sandhya Saravanan
Company Secretary and Compliance Officer
A66942

"Updater Services Limited
Q1 FY '27 Earnings Conference Call"
July 31, 2026

MANAGEMENT: **MR. RAGHUNANDANA TANGIRALA – PROMOTOR, MANAGING DIRECTOR AND CHAIRMAN – UPDATER SERVICES LIMITED**
MR. AMITABH JAIPURIA - SENIOR EXECUTIVE DIRECTOR – UPDATER SERVICES LIMITED
MRS. ELIZABETH JACOB – CHIEF EXECUTIVE OFFICER – ATHENA
MR. SUNIL MUNSHI – CHIEF EXECUTIVE OFFICER – DENAVE
MS. RAM PRAVEEN – CHIEF FINANCIAL OFFICER – UPDATER SERVICES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '27 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 touch-tone 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, all of you, and welcome to Updater Services Limited Q1 FY '27 Earnings Call. Joining me are Amitabh Jaipuria, our Senior Executive Director; Ram Praveen, our CFO; Elizabeth Jacob and Sunil Munshi, CEOs of Athena and Denave and our IR advisors from SGA. I hope you've had a chance to review our investor presentation and the results are also available on the exchanges and our website.

Before we get into the industry highlights and our performance for the quarter, I would like to share that the Board has approved an interim dividend of INR1. This reflects our company's commitment to disciplined capital allocation, growth-led investment and long-term value creation while maintaining a strong balance sheet.

Turning to the IFM industry. Q1 FY '27 saw a healthy momentum driven by growth, driven by strong commercial real estate activity, GCC expansion, rising enterprise outsourcing and continued industrial and manufacturing investment in India. India's office market stayed resilient with strong leasing from MNCs, tech firms and GCCs, seeking comprehensive workplace solutions across engineering, housekeeping, maintenance and energy management.

We also saw continued consolidation towards integrated technology enablement outsourcing. And large enterprises favor single strategic partners for their efficiency and governance, a trend being a trend benefiting organized players like us over the fragmented unorganized sector. Now let me get deep into our IFM division. During the quarter, our IFM business continued to benefit from these long-term industry tailwinds.

We added 6 new significant logos during Q1 FY '27. For Q1 FY '27, the IFM revenue from operations grew by 11%, accounting for INR525 crores. The growth was driven by new client additions across diversified industries, higher volume from large-scale contracts and continued focus on cost optimization. EBITDA for Q1 FY '27 stood at INR24 crores with a margin of about 4.5%. Our priorities within IFM for the quarter and for the year ahead remain unchanged.

We continue to deepen relationship with existing customers, improving client level profitability, optimizing manpower deployment through our technology-led interventions, deepening wallet share with existing marquee clients and continuing to shift our mix towards higher-margin specialized technical services.

Yes. Technology continues to play a central role in enhancing our operational excellence. We are increasingly leveraging digital workforce platforms, AI-enabled workforce management, predictive maintenance tools and automation to improve service quality, optimize manpower deployment and strengthen productivity across client locations. Looking ahead, we remain confident of delivering healthy growth in IFM, supported by strong industry tailwinds, increasing outsourcing penetration and expanded opportunities across industrial manufacturing, infrastructure and commercial real estate. Turning to Global Flight Handling.

The aviation ecosystem stayed supportive this quarter with healthy domestic traffic and airlines improving fleet utilization and connectivity, supporting steady momentum for our Airport Services business. Global is our flight handling and ground handling company. Global continued strengthening its footprint across operational airports while expanding into higher-value training and aviation support services, including security training and regulatory certification that complements our core ground handling operations.

We are proud to report Global's highest ever profitability, EBITDA of 9%, up from 5% last year, driven by higher-margin non-scheduled flights and strong seasonal traffic. All 23 airports are now operational and are generating revenue. Moving on to Avon, the core mailroom management and integrated support service business continued to demonstrate resilience during the quarter, supported by long-standing client relationships, consistent service delivery and improving operational excellence.

Before turning to performance, I would like to highlight that this legacy business is showing resilience and remains on a growth path even as the transport business has been completely shut off. Revenue from operations for the quarter grew 10% year-on-year, reflecting a steady demand across core service offerings.

During the quarter, Avon also continued to strengthen its portfolio by increasing the contributions of higher-margin value-added services, particularly in enterprise transport and logistics solutions. This strategic shift is expected to enhance the overall quality of revenues, improve profitability and deepen customer engagement. As we move through the rest of FY '27, we remain confident that this expanding mix of value-added services will support sustainable growth and margin improvement for the business. I would now like to hand over the call to Mr. Amitabh for an update on our BSS segment.

Amitabh Jaipuria: Thank you, Raghu, and good morning, everyone. I'll quickly deep dive into what has happened in the BSS segment, and then I will hand over to Mr. Sunil Munshi, who is our CEO for Denave and then to Elizabeth Jacob, who is the Founder and CEO of our other Sales Enablement business, which is Athena. Turning to Business Support Services for Q1 FY '27.

This is the first full quarter where we operated under our BSS simplified structure with Denave, Athena and Matrix all reporting directly into the senior leadership team. Over the last year, we have undertaken several structural initiatives to simplify our operating structure, strengthen leadership, improve governance and enhance profitability across all our businesses. I'm glad to say that these initiatives are beginning to show encouraging progress and early trends of consistent confidence as we look to the year. Across our BSS portfolio, the common strategic theme continues to be technology-led transformation as well as organizational simplification. We have added 4 new significant logos during the first quarter.

The BSS segment revenue from operations for Q1 FY '27 reached around INR253 crores and EBITDA for the division stood at INR19 crores with a margin of 7.5% as compared to 6.9% during the last similar quarter, Q1 of last year. This reflects improvement and shows good signs for the future. This is also because of a sustained cost optimization campaign that we have been running and which is a result of our simplified organization structure as well. Our sales enablement business under Denave reported a revenue of INR161 crores, registering an 18% year-on-year growth with an EBITDA of INR7 crores and an EBITDA margin of 4.3%.

During the quarter, the company's strategic initiatives began translating into results with Intellibank, which is our AI forward product, witnessing increased client acceptance and also improved performance. The revenue of our sales enablement business under Athena, which is our BFSI-focused B2B business, which we run for mainly for banks, insurance companies, etcetera, in FY '27 stood at INR28 crores with an EBITDA of INR5 crores.

And an EBITDA margin of 18%. During the quarter, we secured and commenced execution of our first agentic AI engagement with implementation beginning in May and continuing through June. I would like to highlight that we are seeing green shoots and seeing increased inquiries for both our traditional services as well as agentic AI. So the growth pipeline looks good.

Matrix delivered a stable operational performance during a challenging demand environment. Revenue for the quarter grew 2% and is stable quarter-on-quarter. However, EBITDA increased by around 76%, primarily due to cost-saving initiatives, better processes and tighter vendor cost discipline, especially in our EBGC business.

The EBGC business continued to perform broadly in line with expectations. This quarter witnessed improvement in revenue growth of 9% year-on-year. You will remember that in the previous quarters, this revenue growth has not been strong because of the IT hiring scenario, but we are seeing green shoots there.

And this was also supported by a pickup in hiring in some of our tech clients during the quarter. Within the Audit and Assurance business, revenue declined marginally by about 2% during the quarter. The primary reason was the postponement of several large client audits with projects originally scheduled for May getting deferred to June and July.

With that brief overview, I will hand the call over to Mr. Sunil Munshi, CEO of our Denave organization, to take you through the business highlights of Denave in detail, and then he will hand it over to Elizabeth Jacob for Athena. So Sunil, over to you.

Sunil Munshi: Thanks, Amitabh. Good afternoon, everyone. I'm pleased to provide you all an update on Denave's performance and the strategic progress that we made during the first quarter of FY '27. The global sales enablement industry does continue to undergo one of its most significant transformation recent year. While remaining disciplined in their discretionary spending, there is a clear shift towards investments that promise that improve sales productivity, customer engagement and obviously, measurable revenue outcomes.

Across industries, organization has been increasingly moving away from traditional linear sales models towards more of AI-assisted insight-driven revenue generation models.

So rather than simply expanding sales teams today, we see all the enterprises looking to make more salesperson significantly productive through automation, through intelligent analytics, through data-driven decision-making models, so on and so forth. And this structural transition aligns well with Denave's long-term strategy. Over the last few years, if we see, we've been consciously transforming Denave from a conventional demand gen organization to a technology enablement revenue execution partner, which combines our domain expertise with AI-powered platforms and, of course, intelligent sales workflow.

Now coming to this quarter, during this particular quarter, Denave, we delivered a strong performance with revenues growing 18% year-on-year. Growth is supported by our demand generation and field marketing services businesses, both of which continue to gain traction and as we also keep on new logos. On margins, we saw pressure during the quarter, driven by 2 factors. First, a change in business mix, a greater skew towards field marketing services, which operates at a low margin. Second, budget planning of one of our large customer also have been a factor.

During this quarter, we drove a focused cost rationalization initiative also in the organization to improve operational efficiencies and EBITDA, and we remain quite confident that this will translate into continued improvement in profitability going forward on a long-term basis also.

On the demand side, we continue to witness healthy client engagement, especially across our enterprise customer base. While technology spending, we still see spending remaining selective in certain global markets. Clients are increasingly prioritizing projects that demonstrate faster return on investment, improved pipeline conversion and higher sales productivity. And this is precisely where our AI-led enablement enabled services portfolio continues to differentiate itself in the market. One of the key pillars of our transformation remains, of course, the Intellibank our proprietary AI-led sales intelligence platform.

Over the past few quarters, we further enhanced Intellibank by expanding our intelligence capabilities, improving buyer intent identification, enriching decision-making maker mapping and of course, strengthening the analytics, predictive analytics that helps.

Finally the sales team to prioritize their high probability opportunity, thereby improving productivity and delivering higher outcomes to the clients. We also did continue to improve our CRM integrations, which means enabling our seamless synchronization across various client sales ecosystems and therefore, delivering richer pipeline visibility with actionable insights. And our automation capabilities are definitely also helping us reduce manual intervention, which is helping in turn to improve time to market, improve campaign execution speed and delivering and high-quality sales engagements for our clients.

While the external environment continue to evolve, the long-term demand drivers for AI-enabled sales transformation remains exceptionally strong in the market. And we at Denave remain committed to help our customers, therefore, accelerate revenue growth while continuing to build a stronger, more technology-led enabled Denave. Thank you. And I will now hand over to CEO and founder member of Athena, Elizabeth Jacob. Over to you, Elizabeth.

Elizabeth Jacob: Thank you, Sunil. Good afternoon, everyone, and thank you for joining us today. I'm pleased to provide an update on Athena's performance and the progress we made during the first quarter of financial year '27. The customer engagement industry continues to undergo a structural transformation. Across industries, enterprises are increasingly reimaging how they acquire, engage and retain customers in an environment where customer expectations continue to evolve rapidly.

Organizations today are no longer evaluating customer engagement purely based on service delivery costs. Instead, they are increasingly prioritizing customer experience, personalization, faster response times, higher conversion rates and measurable business outcomes. On the business development front, we secured 2 new client wins during this quarter.

Both contracts commenced in July and carry an initial tenure of 2 years, providing healthy revenue visibility going forward. We secured and commenced execution of our first agentic AI engagement with implementation beginning in May and continuing through June. We are also pleased to share that another agentic AI project has received customer approval and is expected to go live in August.

Beyond these wins, we are actively engaging with several existing customers to expand the adoption of our agentic AI solutions. While enterprise customers have shown strong interest, these engagements typically involve approval cycles of around 2 or 3 months. We remain confident that this is the pipeline will translate into meaningful business opportunities over the coming quarters.

While the BFSI sector continues to remain an important part of our business, we have steadily progressed in diversifying our customer portfolio across industries such as real estate, retail, consumer products and other emerging sectors. This diversification remains a strategic priority as it broadens our addressable market, reduces the concentration risk and enhances the overall quality and the resilience of our revenue base. Another important trend we continue to observe is the growing demand for omnichannel customer engagement.

Customers today expect seamless interactions across voice, e-mail, chat, messaging platforms and digital channels. Organizations are therefore looking for partners capable of delivering integrated customer engagement solutions, which are supported by analytics, automation and AI-driven decision-making.

Athena is well positioned to capitalize on this shift through our expanding digital capabilities and technology-led delivery model. Innovation continues to remain at the core of our strategy. As enterprises continue their digital transformation journeys, we believe these capabilities will become increasingly important differentiators. Looking ahead, we remain optimistic about the opportunities. We remain committed to continuously strengthening our capabilities, expanding into newer verticals and building Athena into one of the leading technology-enabled customer engagement platforms in the region.

Thank you. And I will now hand over the call to Amitabh to give an update on Matrix.

Moderator: Sorry to interrupt, we cannot hear. Did you hear me?

Amitabh Jaipuria: I am sorry. I'm so sorry. I was on mute. Yes. So thanks, Elizabeth. I'm happy to give a quick update on Matrix. As you know, our Matrix business has 2 subsegments. One is Audit and Assurance and the other is EBGC. During the quarter, if you compare it with the previous quarter, we have grown about 2%, but profitability has rebounded quite sharply. And right now, our margins have also improved quite sharply.

So from INR2.4 crores in the same quarter last year, we are now at INR4.2 crores and margins instead of 7.6%, now are at 13.1%. So therefore, we are seeing a revival in this business, primarily driven by EBGC. But let me start by giving a very quick piece on audit and insurance and we'll then come to EBGC. In Audit and Assurance, the quarter's main challenge were timing related, as mentioned earlier. And a few large audits scheduled for May have been deferred to June and July. This is not generally a demand issue, but largely a timing issue.

We continue to see a healthy pipeline from large multinational audits and in sectors like food and automobile. To support this, we have also built a dedicated sales team to strengthen customer acquisition and deepen client engagement.

Results are expected in H2 of '27, and you will start seeing those trends. In EBGC, as mentioned earlier, the business has picked up quite nicely, but we continue to see subdued hiring in banking and the BPO segments, along with mixed IT trends, which has impacted our overall volumes, but IT has come back to some extent.

And we have seen turnovers and a number of cases that are being referred to us on an upward trend. We have also been extremely cost focused. And like we explained about Denave, even here in this business, we have been very, very cost focused, simplification focused and organization focused in terms of making us more agile.

All of those have started showing clear results. EBGC is inherently tied to hiring cycles, as you know, and we are building a more agile technology-enabled model. AI integration is also now beginning to pay dividends. Over the medium term, we remain focused on improving profitability through revenue growth, of course, because it's a scale game as we have been talking about in EBGC and of course, a richer business mix, digitalization and disciplined cost management. So all in all, we are seeing good progress in Matrix, which had been a drag in our previous quarters, but beginning to look good.

I'll hand it over back to Raghu for his concluding remarks.

Raghunandana Tangirala: Thank you, Amitabh. Thank you, Sunil and Elizabeth, for the updates. In summary, Q1 FY '27 has been a quarter of steady execution at Updater Services. We delivered a 9% year-on-year revenue growth to INR764 crores with a healthy momentum across both IFM and BSS, while continuing to invest in technology, talent and structural simplification to strengthen the business for the long term. With strong industry tailwinds across our end markets, a diversified and resilient portfolio and a robust balance sheet, we remain confident in our ability to deliver sustainable profitable growth in the years ahead.

Before I conclude, I would like to reiterate our continued commitment to strong corporate governance. Over the past year, we have taken deliberate steps to simplify our organization, strengthen leadership accountability and improve transparency across our businesses as reflected in the consolidation of BSS portfolio under a unified leadership team this quarter.

Our disciplined capital allocation reflected in the Board's approval of an interim dividend to reward all our shareholders and our continued net cash position. Along with our compliance-first culture across all business segments remain central to how we operate and create long-term value for all our stakeholders. Now I'd like to hand over the call to Ram, our CFO, give you an overview on the financials. Over to you, Ram.

Ram Praveen: Thank you, Raghu, and good afternoon, everyone. I will take you through the financial highlights for the quarter FY '27. The revenue from operations for the quarter FY '27 grew by 9% year-over-year to INR764 crores as compared to INR700 crores in comparative period Q1 FY '26. The IFM segment grew by 11% year-year to INR525 crores and the BSS segment grew by 7% year-over-year to INR253 crores. The revenue split between these 2 segments stood in the same range of 67% to 33%, directionally similar to the same percentages compared to the earlier quarter.

Consolidated EBITDA for Q1 FY '27 stood at INR42 crores. EBITDA margin for the quarter is at 5.5%, that is INR42 crores. At segment level IFM segment EBITDA stood at 4.5%, that is approximately INR24 crores, while the BSS segment is at 7.5%, that is approximately INR19 crores. The consolidated PAT for the quarter is at INR30.3 crores for the Q1 FY '27. Coming back to return on capital employed is at 16.1% for the quarter.

UDS continues to remain a net cash company with a good balance sheet on a long-term basis. Net debt to equity stood at negative 0.24x as of June 2026, reflecting our strong cash position and generation during the quarter. On headcount, we have crossed 76,991 with 60,277[1]coming from IFM segment and 16,714[2] from the BSS segment. With that, I would like to open the floor for questions.

Raghunandana Tangirala: Thanks Ram. So back to the organizer of the call. We are open for questions.

Moderator: Thank you very much. The first question comes from the line of Love Gupta from Counter Cyclical Investments. Please go ahead.

Love Gupta: So firstly, I wanted to understand the margin improvements on the BSS side in Matrix particularly. Is this sustainable going forward? And on the IFM side, we've mentioned that you

[1] Stated as 20,000 during the Call, the actual figure is 60,277
[2] Stated as 16,700 during the Call, the actual figure is 16,714

had some moderation due to addition of employees. Is that now done and we can see some trend going forward?

~~Raghunandana Tangirala~~ Amitabh Jaipuria: So I'll take that. So in Matrix, the improvement See, if you look at the history of how this business has performed, and this will just give you some confidence. So if you look at EBGC Revenue Q1 last year, we were at INR11.4 crores, Q4 last year, we were at 11.7 crores and Q1 this year, we are at INR12.5 crores. So over the years, you can see that the volumes are picking up. Similarly, if you look at our gross margin percentage, in Q1 last year, we were at about 12%. Q4 last year, we were about 17%. And Q1 this year, we are at about 21%.[3]

So therefore, improvements in margin as well as improvements in the revenue number. In the past, Love, you will remember that we have been always saying that EBGC is a business of volumes. And as you get more volumes, the cost structure largely remains flattish and therefore what happens is this margins are improving quite nicely. We believe that this margin profile is sustainable. Also on back of a lot of cost optimization that we are doing at our back end.

So for this year, we do believe that these volumes and these margins are sustainable. As far as the overall IFM numbers are concerned, you are absolutely right. IFM margins are slightly depressed overall margins -- if you look at Q1 over Q1. We are at INR23.6 crores EBITDA versus INR23.1 crores. So there is a marginal improvement in EBITDA.

But on the PAT basis, of course, we are at INR20.7 crores versus 19.9 crores[4] in the same quarter last year. So margins have been stable, minor variations also because of some front-ending of costs and some front-ending of contracts, in some cases, what tends to happen. But these are normal business variations. At this margin level, we do believe that we will not decline any further.

Love Gupta: All right, sir. And the second question would be how -- what are our plans to utilize our cash? Like what are -- I believe it was above INR200 crores cash balance that we hold. So how do we intend to utilize that? And any acquisitions planned this year?

- Amitabh Jaipuria: Yes. So we do have a cash balance of upwards of INR300 crores. And the plans to utilize that, we have briefly mentioned that in the last call as well that they'll basically be 3 large buckets in which or 3 buckets in which this cash will get utilized. One remains inorganic, the second bucket will be brownfield growth, which means organic growth. So whether it is in accelerating our product development, technology transformation as well as building a sharper go-to-market team to actually develop some markets and business.

So that will be the brownfield piece where we'll be investing money. The third, of course, is to reward shareholders. We have made a small beginning with this Board meeting and with this result with this quarter. Where we have declared a dividend of INR1 per share, which will take away about INR7 crores of cash.

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[3] Stated as 20% during the Call, the actual figure is 21%
[4] Stated as 20.7% during the Call, the actual figure is 19.9 crores

So this is a small beginning, it's an interim dividend. But rewarding shareholders, while continuing to use and deploy cash mainly to drive growth, both internal and organic growth as well as inorganic growth. That remains the use of our cash. That is the cash allocation strategy.

Love Gupta: So on the third point of rewarding shareholders, are we planning considering any buyback of shares?

Amitabh Jaipuria Right now, there is no proposal to buy back shares on -- in front of the board, and there is not a discussion on it. But this is not to say that we will never do it. These are various mechanisms exist to reward shareholders. And at the appropriate time, all of these mechanisms and tools are being considered and will continue to be considered by the Board.

Moderator: The next question is from the line of Adinath Chauhan from J&J Investments.

Adinath Chauhan: Sir, I have a couple of questions. Firstly, how do you expect current revenue mix between IFM versus BSS, which is currently 67% and 33%, going to evolve over the next 2 to 3 years?

Amitabh Jaipuria: So our revenue mix at roughly 2/3, 1/3 has actually been quite steady over the past few years. Going forward, we expect this to continue, because both our businesses are, we believe, can grow low double-digit numbers, which is in the region of around 9%, 10%, 11%, 12%. So therefore, we do believe that this mix will probably continue.

Adinath Chauhan: Okay. Sir, second question is on for Athena, can agentic AI become a meaningful revenue contributor over the next 3 years. And what margin profile should your investors expect?

Amitabh Jaipuria: So we do believe that agentic AI will become an important part of how we deliver to our customers. However, at this particular point in time, we are not seeing any wholesale replacement of human agents, especially in the BFSI sector, and we don't see this happening in the near term. That said, Athena is right now at the forefront of experimenting with Agentic AI for various other segments.

For example, incoming service calls, for example, things like customer satisfaction surveys and other such areas where adoption will be faster. So I will invite Elizabeth to just add a quick to 3 lines to how she is seeing agentic AI evolve?

Elizabeth Jacob: Agentic AI today for BFSI clients is primarily used for outcalling customers to qualify leads before and getting consent to call. In the service area, what they do is what we're doing is replacing human agents for answering repetitive queries. So basically, both the exercise, there is utilization, one where the client is looking at adding -- getting qualified data using outbound for the BFSI sector and in-bound where repetitive queries can be answered on the phone.

Moderator: The next question is from the line of Diksha Motwani from Siddhant Partners.

Diksha Motwani: My question is there is a reduction in EBITDA of BSS. EBITDA margin from 11.5% in March to 7.5% in June. Any specific reason? And is this the normal EBITDA for BSS?

Amitabh Jaipuria: No. So what you're referring to, if you look at the margin reduction, yes, it is. The answer really lies in what happened with Avon. So in Avon in the last quarter, there was a restatement as you know. So what that has done is that, that has actually added to last year's number, the Q4 number, and that is why the comparison looks skewed.

If you take that impact out, then actual last year, Q4 '26 BSS segment delivered an EBITDA of INR19.1 crores. And this year, we have delivered INR18.9 crores. So the margin profile is largely similar, and the EBITDA numbers are also largely similar. So it's because of an exceptional unnatural item in last year Q4, which is where you're seeing the skew.

Diksha Motwani: Okay. Another question is there is increase in the other expenses. So any onetime expenses is there?

Amitabh Jaipuria: In other expense?

Diksha Motwani: Yes.

Ram Praveen: This is Ram here. This is largely due to some restructuring expenses as well as the provisions that have been taken for the transport segment in last year FY '26 versus this quarter FY '27.

Diksha Motwani: Okay. Any update on the acquisition?

Amitabh Jaipuria: Yes. So the conversation that we have been having, at this particular point in time, that deal is on hold because there are differences in terms of valuation. As you know, we are a conservative acquirer, and we do not believe in overpaying for any acquisition. And there is a disagreement in terms of what the final value should look like. So therefore, right now, we have put the deal on hold. It may revive if there is a positive movement. At the same time, we continue to look at other acquisitions and we do have a pipeline that we are looking at.

Moderator: The next question is from the line of Aryan Vijan from RV Investments.

Aryan Vijan: Sir, my question is on the GCC you have mentioned what do you think about the sector? And do you see the sector will go in the future?

Amitabh Jaipuria: Aryan, you're asking about the EBGC sector?

Aryan Vijan: GCC, Global Capacity Centres.

Amitabh Jaipuria: GCC. Sorry, sorry. Okay. Yes, I understand. So GCC, of course, are becoming quite a large consumer of office space in this country. In fact there are reports that they now account for almost half of total A and A+ great office leasing in this country. Our exposure to GCC is actually limited because as we have been explaining in the past, out of the 5 core segments of the IFM business, we are strong in industrials, in warehousing as well as in infrastructure.

In the commercial side, our exposure is low. And on the residential side, we don't operate. So that is the -- so therefore, while it's growing, we are now rejigging our entire business development effort and team to focus on growth and emerging segments. The GCC focus will be also a part of that. So right now, it's not impacting us too much, but we are looking at it. We have put in place a team which will start looking at growth opportunities, including GCC.

Aryan Vijan: And sir, can you provide this year's guidance?

Amitabh Jaipuria: Sorry?

Aryan Vijan: Guidance for this year.

Amitabh Jaipuria: We normally don't give formal guidance. So I think we will continue with that. What we have said, I mean, you can take our Q1 number as an indicator. And that is what you can sort of perhaps extrapolate, but we are not giving formal guidance.

Moderator: The next question is from the line of Yash Mishra from SKS Capital and Research.

Yash Mishra: Just one single question. So do you have any comments on the SIS acquisition? Acquiring the stake we have public marketing in UDS?

Amitabh Jaipuria: So I will open the comments and then Raghu can quickly add to that. So SIS has been acquiring our shares, that's public knowledge. And at this particular point in time, there is no conversation between us and them, which is spurring this acquisition. What they have been talking about, as we understand it, is that this is a treasury operation and that they see great value in the UDS shares, especially at these kinds of beaten down values that right now we have on the market. So they are using it, they are seeing it as an investment as what we understand.

We are not reading too much into it. There is no deal on the table. Also Mr. Tangirala, our Founder and our Chairperson continues -- he and his family continue to own 59.1% of the equity. And therefore, there is no conversation about any kind of sale or a deal or any kind of M&A action. Having said that, I will hand it over to Raghu to add.

Raghunandana Tangirala: Yes. Thanks, Amitabh. No, I've got nothing to add over what Amitabh said. What we understand is that, that is their treasury operation. That's all we know, and there is nothing else add anything to this. That's all we know about.

Moderator: The next question is from the line of Manoj Jethwa from KSA Shares and Securities.

Manoj Jethwa: Good afternoon, and thank you for the good set of numbers. So my question is on the use of agentic AI in Denave and Athena. And what would be the prospects for going ahead in our service offerings, sir. Can you share some thought process on it?

Amitabh Jaipuria: Yes. So we are seeing agentic AI in 2 different ways. We are seeing agentic tech AI as a great opportunity. For us to enter segments which earlier we were not playing in. For example, we were not playing into the inbound segment.

We were really not playing into the service segment or even the collection segments. Through agentic AI, it offers an opportunity for us to enter these segments without committing to large real estate and without committing to a large number of people, et cetera. So we see it as an opportunity as a business opportunity.

The second way in which we are looking at agentic AI is really in terms of cost optimization, better quality costs and faster closures and more productivity for our outbound calling operation that we have for our existing customers. Because what agentic AI does at the background, is that it enables you to monitor, for example. Sorry, was there some comment? Okay. Somebody's phone was probably not on mute.

Yes. So on the other side, we see agentic AI as an optimization tool as a productivity tool and which helps us to close faster in terms of our calls and to make our costs more productive because it gives more information, it gives conversational guides and it basically allows us to also target better in terms of which customers to call first and which customers to call later.

So those are the kinds of areas in which we are seeing agentic AI helping us. So at this particular point in time, we are not seeing it as a threat at all. We see it as an opportunity both on the cost side and on the revenue side.

Moderator: The next question is from the line of Abhinav Mandowara from Aequitas Investments.

Abhinav Mandowara: Yes. Just one question from my side. it is regarding reading a lot of articles in the last few months that there is a lot of labor shortage and labor hikes across multiple states. So has that impacted anywhere in our Q1 considering most of our contracts are passed through? And how do you see the labor shortage? And any outlook on that?

Amitabh Jaipuria: So clearly, Abhinav, you're absolutely right. And you have clearly been staying updated. So there is a labor shortage in many states. There are labor surplus states in this country, and there are labor short states in this country. So if you look at the southern and the western markets, also the NCR market, there is a clear shortage of labor. On the other hand, there is still some surplus labor available in Eastern India, Northeast India, in particular, as well as Bengal and to some extent, Jharkhand, Bihar, Odisha.

So we have recruitment teams in these states, which actually help us recruit there and redeploy in the labor shortage area -- in the labor shortage states. That said, labor shortages are real. And there are many areas, for example, if you look at Gujarat, if you look at some areas of Tamil Nadu, if you look at some areas of Maharashtra, finding labor is an issue. So -- but as you rightly pointed out, our model is a pass-through model.

Customers are also beginning to understand that they have to cater to this migrant set of labor and, therefore, improve costs and be able to also offer other facilities, whether it is food, whether it is transport or even in some cases, stay arrangements. So we are working with our customers to ensure that their requirements are met, but the shortage is real.

Moderator: The next question is from the line of Deeya Jain from the line of Sapphire Capital.

Deeya Jain: I just wanted to understand if there is any seasonality in the business, for example, the hiring cycle or the audit seasons. So can you please explain a bit?

Amitabh Jaipuria: So yes, there is some seasonality in some parts of our business. So -- and so there is seasonality, for example, in our catering business, right? So in Q1, catering usually is -- it does -- it's low because it's also gone through some amount of campus closures, vacations, et cetera, et cetera. So that business does have seasonality. There is also seasonality in some of our IFM businesses as well as in some of our BSS businesses because Q2, Q3 traditionally are the festive seasons and festive demand does peak.

So many of our customers are exposed to the consumption side of the economy. And there, we do see increased demand for people, increased demand for services, increased demand for campaigns to be run in our sales enablement businesses. So there is some seasonality. I mean, it's not massive, but it's certainly there.

Moderator: The next follow-up question is from the line of Diksha Motwani from Siddhant Partners.

Mehul: Mehul this side from Siddhant Partners. I wanted to understand on this tax expense. If we look at it from Q4 versus Q1, there is a significant shift. So if you can throw some light on that.

Ram Praveen: Yes, one moment. So if you see the stand-alone financial statement on the tax expense is lower compared to the last quarter. This is in continuation with the tax benefit that flows through for this service -- manpower intense service industry. So as our account of head count employees increases, and we are trying to retain them, the benefit flows through gradually into the system. That's the major driver for the improvement in the tax expense . Hope this helps.

Mehul: Okay. So that is only stand-alone. And how about consol? So consol, if you look at it down from, I think, INR88 crores net to INR28 crores -- million, sorry.

Ram Praveen: You are seeing quarter-over-quarter, right? So if you see last quarter quarter-on-quarter, that is an increase because out of our entire 9 group companies within our UDS group, couple of entities only will go through this manpower benefit that comes through tax. The other are all under the normal tax rate bucket. And again, the mix, for example, Matrix which is clear driver for current quarter profit which doesn't get any benefit in tax . So your mix has also played a role in the movement in the tax expense when you see the consolidated position quarter over quarter

Mehul: Understood. So Y-o-Y, if they look at it for the full year, there is no major change in the effective tax rate. It remains the same, right?

Ram Praveen: Yes, yes. correct. You are right. You are right.

Mehul: I just have follow-up on the previous which you mentioned and the revenue. So if you look at the expense, ideally, the expense would have been higher in Q4, right, vis-a-vis Q1. Is there some spillover of Avon in the current quarter as well?

Ram Praveen: No. No. There is no spillover for Avon. The transportation related Avon either revenue or expenses, everything has been squared in the last financial year. Whatever you see in the current quarter is only from the business of mail room service and other business support services.

Mehul: Understood. So sir, what would be the reason then for this expense thing? Because in our previous question, you mentioned there is an impact of Avon in Q4 vis-a-vis Q1. in Q4, I think it shows the other expense of 83. Is that in Q1?

Ram Praveen: Yes. Yes.

Mehul: The business more or less remains the same?

Ram Praveen: I'll briefly touch up on that. If you see Q4 versus Q1. In Q4, what we did is that we restated the revenue that got booked in the transportation business of Avon in Q1 of FY '26. so that on a full year basis, it has been nullified. So on a quarter-on-quarter basis, the reversal has to come in some quarter, which is your Q4.

That's why we took the call and finalized it. We restated the Avon individual balance sheet. But on a consolidated basis, we just reversed the Q1 revenue in the Q4 again. If you see the quarter-over-quarter performance in sequential quarters, Q4 versus Q1, you see this breach over there.

Otherwise, on a full year basis, the Avon transportation impact has been taken care of the last year. Whatever you see from current year onwards is only the existing business. There is the core business of mailroom services and business support service.

Mehul: So what could be the, I would say, Q4 number, excluding Avon reversal.

Amitabh Jaipuria: I had mentioned that if you look at the overall number in BSS.

Mehul: Not margin, I'm referring to the expense number, what Ram sir is saying is that there was some reversal on in Q4, resulting in a decline?

Ram Praveen: So it should be revenue INR9.8 crores. I can. Yes.

Mehul: Okay. INR9.8 crores. Understood.

Ram Praveen: The Avon postion.

Moderator: Ladies and gentlemen. Due to paucity of time, we take that as the last question. I would now like to hand the conference over to the management for the closing comments.

Amitabh Jaipuria: Raghu, closing comments.

Raghunandana Tangirala: Yes. Yes. Thank you all of you. Thank you for participating in this Q1 earnings call. We continue to see your involvement in the business and the questions you asked. So we would definitely hope to do better than every quarter, we look to better what performance we have done. So thank you, that's all from me.

Amitabh Jaipuria: Thank you. Thank you, everyone.

Elizabeth Jacob: Thank you, everyone.

Ram Praveen: Thank you.

Sunil Munshi: Thank you.

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