Redefining Business Services

May 30, 2025

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 and Financial Year Ended March 31, 2025.

This is further to our letter dated May 26, 2025, whereby the company submitted the link to the Audio Recording of the Earnings Call for the Quarter and Financial Year Ended March 31, 2025.

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 26, 2025, 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: 2025.05.30 22:30:40 +05'30'

Sandhya Saravanan
Company Secretary and Compliance Officer
A66942

“Updater Services Limited

Q4 FY '25 Earnings Conference Call”

May 26, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th May 2025 will prevail

MANAGEMENT:

1. MR. RAGHUNANDANA TANGIRALA – CHAIRMAN AND MANAGING DIRECTOR – UPDATER SERVICES LIMITED
2. MS. RADHA RAMANUJAN – CHIEF FINANCIAL OFFICER – UPDATER SERVICES LIMITED
3. MR. SNEHASHISH BHATTACHARJEE – CHIEF EXECUTIVE OFFICER – UPDATER SERVICES LIMITED – BSS SEGMENT
4. MR. AMITABH JAIPURIA – NON-EXECUTIVE DIRECTOR – UPDATER SERVICES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Updater Services Limited Q4 FY '25 Earnings Conference Call. 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 date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raghunandana Tangirala, Chairman and Managing Director, Updater Services Limited. Thank you, and over to you, Mr. Tangirala.

Raghunandana Tangirala: Thank you. Good morning, and a very warm welcome to everyone present on this call. I have with me Radha Ramanujan, our Chief Financial Officer; Mr. Amitabh Jaipuria, our Non-Executive Director; Snehashish Bhattacharjee, CEO of our BSS segment; and SGA, our Investor Relations Advisors.

I hope all of you have received our investor deck by now. And for those who have not, you can view them on the stock exchange and the company website. We have delivered consistent quarter-on-quarter revenue growth since our listing with revenues reaching about INR7,256 million in Q4 'FY25. Along with this, we have been steadily improving in margins, both in EBITDA and PAT level.

In Q4 '25, we achieved our highest PAT margin since listing at 4.7%. This is in line with our previous commentary of increasing our margins driven by contract optimization and operating leverage playing out.

On the contract front, we have received high-quality contracts in both BSS and IFM segment. Some marquee names we added during the year, includes Amazon, Air India Express, Samsonite, Tablespace, Tata Electric and Canon, Vodafone, Sify, among many other names. At UDS, our people remain at the heart of everything we do.

During FY '25, once again we were recognized as a Great Place to Work and obtained the SBTi certification and Sedex membership apart from retaining licenses and memberships of various accrediting agencies.

We take pride in maintaining one of the lowest attrition rates in the industry and have scaled our workforce to over 70,000 employees. We are deeply invested in creating a positive and purpose-driven work environment, aligned with our core values of happy people, clear purpose, better every day, do good and balance all. These have been our core values.

Now I would like like to share a brief on the IFM segment. In FY '25, revenues from our IFM segment reached INR18,182 million, reflecting a 10% year-on-year growth. Notably in FY Q4

'25, this segment delivered a strong 14% year-on-year growth, signaling a clear return to our targeted mid-double-digit growth trajectory.

With the contract rationalization exercise now largely complete, we are focused on high-quality, technically intensive contracts that offer better margins and long-term value. As we move forward, our efforts will be directed towards improving profitability through operating leverage and greater internal synergies.

The recent merger of our subsidiary companies like Stanworth and Tangy is an important step towards streamlining our operation and creating more integrated, efficient IFM operations. Our strategy for the IFM business remains focused on generating strong return on capital employed while enhancing efficiency to improve operating margins.

The business is highly scalable and requires minimal capital investment, making it a key driver for long-term value. During the year, the, industrial sector continued to be the largest contributor to the IFM revenues, which is about 40%, followed by BFSI and real estate sector.

What sets UDS apart in the IFM space is our ability to manage complex client operations, for example, managing client plan for critical operations such as production and production support. This capability positions us as a differentiated and a leading player in the IFM segment where few other operators are at our scale or depth.

In FY '25, the IFM segment contributed 66% of our total revenue and 56% of our total EBITDA. The segment recorded a 10% year-on-year growth in revenue, which stood at about INR18,182 million, while EBITDA grew 32% to INR1,139 million. EBITDA margins improved to 6.3% from 5.2% last year, an increase of 110 basis points. This improvement is largely driven by increased mix of high-quality contracts and better operational efficiency.

Now way forward for the IFM segment. Our aspiration is to grow the IFM segment revenue at 3x of ; Nominal GDP growth rate, a few factors contributing to this growth would be the rapid expansion of India's IT and ITES structure, coupled with the rise of co-working cases. The GCCs are increasing investments in India, requiring advanced facilities management solutions to meet global standards and adapt to hybrid workforce model.

Initiatives like Make in India and the growth of automated factories are boosting the need for specialized IFM services. Improving e-commerce logistics sectors are also driving growth in warehousing, requiring efficient facilities management, safety and operational optimization.

And lastly, a shift towards outsourcing of IFM, which helps companies and asset owners to focus on their core business. In industry terms, as per Mordor Intelligence, the outsourced IFM market is expected to grow at a CAGR of 11% and reach INR67,000 crores by 2029 from its current INR41,000-odd crores.

We look to capitalize on this growth opportunity and outspace the industry level growth. Our key focus would be to take on contracts which are ROCE and margin accretive in nature. Before handing over to Snehashish for our BSS update, I would like to share a small update on 2 of the BSS companies, Global Flight Handling and Avon.

For Global, I am happy to share that we have met our guidance in terms of breaking even during FY '25. We have witnessed full-fledged operations in many of our airports and strong volume growth driven by increased traveling season and the Kumbh Mela.

We are currently operational in 23 airports as on date, and we have also started doing business with Air India Express and are currently operational in 6 airports for the same. We have e also forayed into training for the airport staff under the name Global School of Aviation.

Normally, the staff for ground handling has to be trained by airports themselves, leading to increased training costs. We have integrated this into our business. In Chennai, we have completed 2 batches so far, and we are launching our airport security training center called ASTI Aviation Security Training Institute.

We are currently in the final stages of approval of this ASTI, which is the Airport Security Training Institute for Chennai and expected to contribute to the revenues and profitability of Global going forward.

Once the penetration of outsourced training picks up, we expect a high-growth market going forward. Avon, our Logistics Solutions business took a significant step forward by expanding into transport and distribution logistics and integrated service solutions. These new offerings include concierge services, integrated courier staffing and office shifting solutions, adding more value to our portfolio.

During the year, Avon also crossed INR100 crores in revenue, delivering a strong 50% growth over the previous year. On the profitability front, the business saw an improvement in gross margin, supported by a more favorable contract mix. A key strategic focus has been the shift towards higher-margin services such as Partial Truckload Logistics, moving away from the traditional Full Truckload Logistics. PTL offers better profitability aligned with our objective of building a more value-added services offering.

Our vision for Avon is to become a premium yet cost-effective logistics partner and a holistic solution provider, offering flexible and tailored services that address the end-to-end needs of our customers.

Now I would like to hand the call over to Snehashish, our CEO for the BSS segment to give you a brief on the other BSS segment.

Snehashish Bhattacharjee: Thank you, Raghu, and good morning, everyone. Our BSS segment saw strong revenue growth of 17% in FY '25 and stood at INR9,536 million. Moving on to an update on each BSS segment separately. Let me start with our sales enablement business, starting with Denave.

FY '25 was a challenging year for the industry with global clients rationalizing investments in international operations, technology-driven changes disrupting the industry and also our field marketing in the sales mix compared to demand generation services going up. To mitigate the technology risk, Denave also invested in technology and the sales mix and the investment impacted our gross margins.

We remain focused on mitigating these risks by targeting high-value contracts. In FY '25, we added 63 new clients with 11 of them showing potential to become long-term steady revenue accounts.

In Q4 FY '25, we signed a significant agreement with one of the world's largest software companies to provide them with Intellibank, our proprietary AI-driven sales intelligence platform-based service. This reflects the strategic direction Denave is now heading in with a strong focus on AI-enabled technology-led solutions.

During the year, we also onboarded marquee clients such as Vodafone for demand generation, Dyson for our direct sales and marketing services and Sify Corporation for our digital marketing solutions, among others.

In terms of recognitions, Denave was certified as a Great Place to Work for the fifth year, we also won the Bronze Award at the 2024 CC-APAC Regional Awards 2024 in Singapore for excellence in project delivery, and we achieved a 24% reduction in carbon emissions over the past 2 years, which has been certified by DQS.

Looking ahead, our vision for Denave is to evolve into an AI-enabled technology-driven sales intelligence and enablement partner. We see opportunities scaling there. We believe this transformation is well underway. What sets Denave apart is its long-standing client relationships with over 85% of revenue coming from clients who have been with us for over 7 years, both in India and across the global markets.

Now moving on to Athena. During FY '25, Athena saw some changes in client engagements. While we continue to work with our key clients, one of our clients chose to move a few processes in-house, one client merged with another entity and another has been scaling down operations in India. Despite these developments, we have managed our costs effectively and maintained a stable margin throughout the year.

We remain focused on diversifying our client base and have made good progress in that direction, most notably by onboarding a large corporate in the financial services industry to support the sale of their financial products. We see a pipeline of new client opportunities going forward.

Another positive development in Athena has been the gradual integration of AI into our operations. We are working closely with third-party AI vendors and clients to embed AI tools such as AI chatbots, voice bots, etc., that enhance employee productivity and streamline processes.

We believe this will be an important growth driver and margin enhancer in the future. Looking ahead, our vision for Athena is to scale it meaningfully and become the preferred outsourced sales arm for our clients.

Now moving on to our EBGC and the Audits & Assurance business of Matrix. First, I would like to give an update on our fast-growing audit Assurance business. The growth outlook for this segment remains highly promising, and we see a clear opportunity given that the space continues to be largely unorganized with very few organized players like Matrix.

In FY '25, we made strong progress by adding several marquee clients, including Haldiram, Glenmark Pharmaceuticals, Bajaj Auto and others. We are confident about the long-term potential of this business, especially as we shift from execution-based contracts to value-led engagements that help clients optimize inventory and improve ROI, Return on Investment.

Our focus going forward will be twofold: first, to build deep domain expertise across sectors like apparel, retail and FMCG, where inventory complexity is high and optimization is critical. And second, to improve margins in this business, a goal we are firmly on track to achieving.

Moving on to our employee background check, the EBGC business. We are currently seeing a broader slowdown in recruitment activity across key sectors such as IT, IT services and BFSI. Despite this, our focus at Matrix has been on areas within our control. One is primarily reducing lead times for background checks. Faster turnaround times help improve client satisfaction and also position us well to capture higher volumes as hiring activity recovers.

We're in the advanced stages of building a technology platform designed to make the background verification process faster, more reliable and highly efficient. This platform will streamline workflows, reduce lead times and enhance automation.

We aim to onboard most of our clients onto this platform by the end of this quarter, by the end of June. A key focus for us in this business is to deliver credible and timely verifications while also maintaining the highest standards of data security.

We are among the few certified players in this space when it comes to cybersecurity, which is increasingly important given the growing emphasis on data protection laws. As and when hiring momentum returns, we expect to see the EBGC business deliver better margins and improved operational performance.

During FY '25, the BSS segment contributed 34% to revenues and 44% to total EBITDA. EBITDA for the BSS segment grew by 23% on a year-on-year basis. EBITDA margins for the BSS segment stood at 9.3% as of FY '25 compared to 8.8% in FY '24.

With that, I would now request Raghu to share his thoughts on the way forward for the BSS segment. Raghu, over to you.

Raghunandana Tangirala: Yes. Thank you, Sneha. Okay. On the overall business support services, we aim to grow at 15% CAGR. That is what we had planned and what we are planning to achieve for this year. India stands to gain especially from the current economic scenario with impact of the GCC scheme, PLI schemes and employment generation incentives.

Our BSS subsidiaries stand to gain from the organic economic growth. Key drivers for this growth would be sales enablement, audit and assurance, employee background verification and mail room management.

We expect to achieve over 15% organic growth in the BSS segment for FY '26, which will further improve our margins. Our ability to successfully acquire and seamlessly integrate margin Accretive businesses is a key differentiator for us. All our profitable BSS businesses stem from acquisitions.We have effectively integrated them. With Snehashish taking over responsibilities of all the 3 BSS companies, namely Denave, Aena and Matrix, we are already seeing the synergies emerging. Furthermore, we are focusing on increased cross sales between our IFM and BSS segment, which will create significant growth opportunity and unlock additional synergies.

Finally, to summarize, UDS is entering FY '26 with strong momentum and a focused strategic direction. In the IFM segment, we have completed the rationalization of our contract portfolio, and we are now concentrating on streamlining operations, improving margins and capitalizing on growing demand for our technically intensive outsourced facilities management services, particularly in the industrial and the complex operational environment.

In the BSS segment, we are seeing the benefits of tighter leadership alignment, a shift towards the high-margin technology-led offerings and improved cross-selling opportunities across our platform.

Our strategy going forward is anchored on profitable growth, capital efficiency and a disciplined focus on return on capital employed. We remain confident in our ability to deliver sustained value for all stakeholders in the years to come.

With this, I'll hand over to our CFO, Radha Ramanujan for details on the Q4 and FY '25 Financials. Over to you, Radha.

Radha Ramanujan: Thanks, Raghu, and good morning, everyone. As I had shared in my earlier calls and briefly mentioned by Raghu earlier, we had approached the Regional Director and NCLT to merge some of the subsidiaries to simplify our structure.

Happy to share that we received one approval in December, which is the merger of ITSS, a wholly owned subsidiary with another wholly owned subsidiary, Wynwy Technologies. We also received approval on 8 May 25, for the merger of Tangy Supplies and Solutions and Stanworth Management Services Private Limited into UDS effective from 1st April '24.

This was a very fast move which came from NCLT. Within 4 months of applying we got the approval. As a result, the UDS stand-alone financials have been restated to reflect these 2 businesses starting 1st April 2024 and Wynwy Technologies reflect the merged entity of Wynwy and ITSS starting 1st April 2024.

These strategic decisions are aimed at streamlining our operations, cost rationalization, and we expect to see the benefits from these integrations in the coming years. With this update, I would like to start with the Q4 FY '25 first and then for the full year FY25.

The total revenue from operations grew by 14% year-on-year to INR7,256 million. The IFM segment revenue grew 14% year-on-year to INR4,896 million and BSS also grew at 14% year-on-year to INR2,361 million. Revenue split between IFM and BSS stood at 68% and 32%. EBITDA for Q4 FY '25 grew by 14% to INR523 million. The EBITDA margin stood at 7.2%. IFM segment EBITDA was 6.6%, while BSS stood at 8.4%.

Some of you keep asking about the same excluding finance income. The EBITDA, excluding finance income also grew by 20% year-on-year to INR493 million. This as a percentage is 6.8% versus 6.4% last year.

PAT witnessed a growth of 42% and stood at INR342 million. EPS grew by 33% year-on-year to INR5.12. On the FY '25 highlights, the total revenue from operations grew 12% year-on-year to INR27,717 million. IFM segment grew 10% to INR18,182 million and BSS segment grew 17% to INR9,535 million.

Revenue split for the whole year between IFM and BSS stood at 66% & 34% respectively. EBITDA for the year grew by 28% to INR2,022 million and EBITDA margin stood at 7.3% versus this year 6.4% in FY '24, an improvement of 90 basis points.

Excluding our finance income EBITDA grew by 28% year-on-year to INR1,863 million and EBITDA margin excluding finance income stood at 6.8% this year which was 5.9% during FY'24. IFM segment EBITDA stood at 6.3% while BSS stood at 9.6% and both the verticals IFM and BSS margin increased compared with same time last year.

Pat witnessed a growth of 80% which was INR1190 million. Our EPS grew by 73% INR19.87 million. And ROCE stood at 22.1%. UDS has been a net cash company, and net debt to equity stood at negative 0.2x as of 31st March 2025. Our headcount crossed 70,000 and IFM is 56,000 and in BSS segment is 13,500.

During the year, we added 77 logos in IFM segment and 35 logos in BSS segment. These are the marquee and big-ticket logos. We have logos of many small values but big companies that like we said earlier, we only call out consistent permanent revenue.

And with this, I open the floor for question and answer.

Moderator: Thank you very much. We'll now begin with the question and answer session. The first question is from the line of Pritesh Chheda from Lucky Investment Managers.

Pritesh Chheda: [inaudible 0:26:42].

Moderator: We'll now begin with the question and answer session. The first question is from the line of Nitin Padmanabhan from Investec India.

Nitin Padmanabhan: Congrats on the strong numbers. I wanted your thoughts on Athena and Denave. Athena, do you think the revenue headwinds are over with and on a run rate basis based on the Q4 run rate, we should start seeing growth from here on?

And on Denave, in terms of what ever we are seeing in terms of the underlying dynamics from customers, both on the AI side and whatever they are cutting, do you think that we should start seeing better growth going forward? Just if you could give some color on what's happening on the underlying business will be helpful.

Amitabh Jaipuria: Sneha, would you comment on that?

Snehashish Bhattacharjee: So, I'll start with the Denave question. So, on the Denave side, like we've talked about in the presentation also, there is a market disruption because of the AI onslaught that is happening. And we are fairly well poised to take control of that. We are right now focusing on converting our high-margin revenues, which is essentially focused on demand generation to become AI-enabled services where there are 2 areas we're focusing on.

One, we talked about the Intellibank, which is a platform-based service, where we are providing account level intelligence to our customers to help them improve their conversion. That is one area where our overall demand generation business will start focusing on enabling AI-led platforms to drive higher contribution in terms of conversions.

And the second part that we are focusing on is the outreach part once we build the intelligence, leverage AI-enabled marketing platforms to automate the outreach, again, focusing on higher conversions. We believe, and we have already signaled at this point of time that this is going to again get us back on to the demand generation route where now the present lull is more about customers experimenting with what will work to provide better conversions, and that's what we're focusing on there.

The Athena part, yes, like we've called out, there are disruptions in the market in the BFSI segment. And again, primarily leading to the technology disruption that is happening. Customers are doing their own experiments because of which we've seen some movements. I've called them out in my presentation.

This year, as we move in, we are seeing some of the same customers relooking at the way they would want to work and re-engage. And we are also working on leveraging more marketing enablement that we do to drive a better pipeline and better conversions. We have some early signals. Right now, it will be too early to talk about it as per me. I hope that answers your question.

Amitabh Jaipuria: Nitin, just to add a little bit more directly on the Athena side, your question was, have we seen the bottom of that market? So right now, I think the majority of the correction is done. But as Sneha mentioned, there is disruption in that market because of various agent type products, AI, etc. We are on top of it. There might be some more minor downsides. But by and large, we think it should be stable stroke growing from here on.

Nitin Padmanabhan: When you look at your top customers within these 2 businesses and let's say, Denave, for example, are you seeing a higher adoption of these technologies from them and thereby impacting revenue? And from that perspective, in the context of our call out of a 15% growth, is there something that would be at risk to that number, assuming the top customer does see a faster shift to using these technologies?

Amitabh Jaipuria: So, as Sneha mentioned, and he will add color to that. But as he mentioned, we ourselves are staying ahead of the technology curve by additional investments. And he mentioned that in his opening remarks as well. And we are also investing in AI. We are also investing in a platform-based service, as he mentioned.

So, while we cannot predict what will happen in the geopolitical space or what will happen in the technology space beyond a certain horizon, but we are making every attempt to stay on top of it and to actually benefit from it, not to actually have businesses drop. But Sneha can give more color.

Snehashish Bhattacharjee: Thank you, Amitabh. And yes, in line with what Amitabh just now stated, our intent is to be on top of it with the existing key clients. Today, if you see, we've not really lost any of our existing key clients, while there might be some changes in their engagements because of some of these disruptions.

We are trying to address that, like I said, by improving sales conversions through these AI investments that we are making. And as we get online to that, I don't see a lot of these customers wanting to go in because everyone is doing this only to improve conversion.

And if we are able to prove that and showcase that to them, I don't see that being a big concern. But like again, Amitabh said, it is early right now for us to make a statement on that because every organization is testing things out as we are.

Moderator: Next question is from the line of Apoorva Bandi from Whitestone Financial.

Apoorv Bandi: The first question is on the Intellibank. If you can throw some light on the product, what it does and if you can just share some examples. As you mentioned that it gives account level information and recommendation to the client. If you can elaborate more on that part?

Snehashish Bhattacharjee: Within the limits of confidentiality, I will share the details. Presently, what Intellibank is aimed at is to help see enterprise and mid-market focused sales engines are looking at improving their ability to convert more customers. And with AI coming in, what is really happening is that there are lots of information available, but in discrete sources.

What we are doing in Intellibank is we are consolidating multiple sources and putting an account plan for a specific account in one place, which enables the salesperson to understand what is the higher propensity of that customer to buy from within their brand.

Over a period of time, with our various experiments that we are doing with different customers, we've also started adding the brand's own sales play, the brand's own marketing collaterals and also linking that back to the brand's own targeting strategy, the outreach strategy to help improve the ability of the sales guy to have a more intelligent conversation and therefore, get better chance of converting that into a customer.

Number one, we are giving intent score because of which the sales guy can prioritize which account to talk to first. Number two, we are giving intelligence, which makes their conversation more relevant. And number three, we are giving them sales place, which decides how they should approach the customer and therefore, have a better chance of conversion. That's basically what we are doing.

It is still a platform which is used as a service, and we intend right now to keep it like that. There are some future-looking features that we are working on. Too early to talk about, but just to give you an indication, it is also going to help in enabling the partner ecosystem and thereby improve conversion leverage through the reselling partners of the brands. I hope that gives you your answer.

Apoorv Bandi: Yes. Sir, so how do we charge for this? It is a transaction-based or like subscription type model for this?

Snehashish Bhattacharjee: Presently, it is a pure service-based model. We are charging for the service rather than a subscription.

Apoorv Bandi: And sir, my second question is on the recently the news we have seen that the Celebi services, Turkey-based company lost the order for some airports, right? So, are we bidding for that? Or like do we see that as an opportunity for us?

Amitabh Jaipuria: Raghu, may I answer?

Raghunandana Tangirala: Yes, sure.

Amitabh Jaipuria: So yes, we did see that news, of course, and we are on top of it. We are evaluating how we can participate. But by and large, as we have mentioned in the past, we wish to remain a very asset-light kind of a business model. And therefore, our focus on the really large airports wasn't there.

And that basic philosophy remains. These larger airports where Celebi was an important player, these are the giant airports, especially Bombay, Delhi, etc, and where the capex requirements to participate in that opportunity would be much, much larger. So while we are keeping a very sharp eye on the opportunities that this may offer, but our core principle of remaining asset-light will remain.

And therefore, we do not see ourselves replacing Celebi in any manner. But there are other companies which will do that, perhaps. But we are alive to the opportunity. Right now, we don't have a play because we wish to remain asset-light.

Moderator: Next question is from the line of Akshat from RSPN Ventures.

Akshat: So my first question is on the clarification on IFM growth guidance. So the predictions for the GDP growth is around 6.5%. So are we targeting around 18% growth in IFM segment for FY '26?

Amitabh Jaipuria: So that's a rough guide. So I was just saying that that's a rough guidance in terms of approximately what we should be looking at. So our internal numbers are, of course, different from what we are telling you. But 15% is what we really think that we can definitely get, and it may be higher.

But these are not forward-looking statements or formal guidance as we understand it. This is basically a soft view of how we view the market right now. So, the 3x of the GDP is, you should look at that as a slightly rough guide. It's not a firm guide.

Radha Ramanujan: It's our aspiration.

Amitabh Jaipuria: But that's what we target, yes. Internally.

Akshat: Next one is just a bookkeeping question. We have seen a sharp increase in the other income this quarter. So any color on that? Is there any one-offs?

Radha Ramanujan: Yes, there is a sharp increase in other income in this quarter. One has come out of the revaluation of our existing investment with one company. We had a convertible debentures which got converted into CCPS at a slightly higher value. That has resulted in a INR4 crores increase in the other income for us during this quarter.

Akshat: But ma'am, excluding that also, it is coming around INR13 crores. So, is that a normal run rate? Or is there more such one-offs?

Radha Ramanujan: As it is in the last quarter, our cash generation was a little high. That has given in the interest income for us. Apart from this, the one major one other income is primarily coming out that this and fair valuation

Raghunandana Tangirala: Radha, it would be helpful if you can give the EBITDA and PAT without other income.

Radha Ramanujan: Yes, I had called out without finance income like compared to last quarter, this quarter, predominantly that INR4.7 crores, which we picked up, is very high. If you want, maybe I can split the other income into various elements, and then I can share it as well.

Raghunandana Tangirala: Yes. you had called out what is the percentage without other income, both EBITDA and PAT.

Radha Ramanujan: I had called out also the EBITDA, excluding other income...

Radha Ramanujan: Excluding other income, Q4 is 6.8% versus last year's Q4, which was 6.5%. And for the year, it is 6.8% versus last year, 5.9%, excluding the interest income.

Amitabh Jaipuria: And to your other question of other income going forward, there will be some income regarding interest, etc. But as we use our cash for other purposes, that will come down.

Moderator: Next question is from the line of Pranav Shrimal from PINC Wealth Advisory.

Pranav Shrimal: I just had a couple of questions. So, one would be in our segmental profit, we have reduced a huge number compared to the other players. Is there some one-off that happened?

Radha Ramanujan: Can you please repeat your question? Segmental...

Pranav Shrimal: In our segmental profit, we have reduced almost 40% of our segmental profit?

Amitabh Jaipuria: Reduced 40% of our segmental profit. Radha, I'm not following this question, actually.

Radha Ramanujan: In IFM segment there is a INR22 crores of increase which has come out of reinstating the loan which we wrote off 2 years back, but that gets eliminated in the consol. So, if you are looking only at IFM, there is a INR22 crores improvement. There is no reduction in the segmental report.

Pranav Shrimal: No, I mean there is an adjustment elimination I'm going through your Q4 results in the segmental reporting line item segment results, we have adjusted and eliminated around INR 25 crores, which is pretty high compared to the other years?

Radha Ramanujan: That's what I said, INR22.3 crores, out of which is primarily coming out of the loan which we had given to Wynwy. After the merger of ITSS and Wynwy, this company now is capable of repaying the loan. 2 years back, we've written off the loan, considering that loan will not be repaid if Wynwy as a stand-alone was continuing.

Now, with the merger and with the technology which can be adopted into various ITSS clients, and also the new technology coming into play, we strongly believe we don't need to write off that loan. In fact, INR8 crores of that loan has already been paid back from Wynwy, INR16.5 crores, which is now pending.

So what was written off has been added back. That is what you may see one exceptional add-back in this quarter, which, of course, on a consolidated basis gets eliminated. In IFM, it will look little abrupt.

Pranav Shrimal: And one last question. Sir mentioned that we are investing in ITSS. So, is there any capex that we have planned for this year also?

Radha Ramanujan: , ITSS is a profitable company. We will also be having a payback of the loan coming in this year also. Like I said, INR16 crores is outstanding. They do have a little bit of a cash in their bank. And we'll assess the situation by Q1, and then we will pull back whatever needs to be leaving for minor capex.

Amitabh Jaipuria: Yes. But there is no capex planned in ITSS specifically large enough to be called. So, to your specific question, is there capex planned in ITSS? The answer is no.

Pranav Shrimal: And on a consol level?

Amitabh Jaipuria: And at a consol level, there will be capex as some of the other airports need capacity augmentation, there will be minor capex increases there. Nothing out of the ordinary and nothing out of the ordinary in our other businesses either.

We are making some technology-related investments in Denave and in some of the other companies, which as per accounting rules, if there is an opportunity to capitalize them, we will. But apart from those, there will not be any extraordinary capex made by the company this year.

Pranav Shrimal: And one last question, sir. Have we finalized any recent acquisitions going forward?

Amitabh Jaipuria: So yes, we continuously evaluate opportunities and options for acquisitions. And since we are known as a discriminating acquirer in the industry, we do keep getting a lot of proposals. Right now, we are evaluating 2 options actively, but we don't have a timeline because we are very clear as to the kind of acquisitions we make as per our commitment to you and to the broader market, where we have said that we will be disciplined acquirers.

We will not acquire asset-heavy businesses. We will not acquire businesses that degrade our margin profile, and we will acquire more value-added businesses, which are margin accretive. So those principles remain with strong management teams and brand names was the other moat that we have. And so as per that, we keep evaluating options. We are evaluating options right now, concrete options, and we'll be able to communicate at the right time. So yes.

Pranav Shrimal: And this will be in the IFM segment or the BSS segment?

Amitabh Jaipuria: See it will be margin accretive. I mean, BSS and IFM are our classifications. These will be definitely, you can classify them as business support services for sure. And as I said, margin accretive, asset-light, service-oriented businesses.

Moderator: The next question is from the line of Ravi Naredi from Naredi Investments.

Ravi Naredi: Sir, what is our employee attrition rate first? You involve at least 50 services of different types and different times. So how you manage it higher level the services?

Amitabh Jaipuria: Our attrition rates are, as Raghu had mentioned right in the opening remarks, amongst the lowest in the industry. At the actual field level, the attrition will be somewhere in the region of about between 4% to 5% per month, which is much lower than what the industry attrition rates are. At the senior levels, our attrition rates are extremely low.

A part of that credit clearly goes to the fact that both UDS as well as Denave have clearly been validated as part of Great Places to Work. And you can see that in the fact that for Denave, it's the fifth year, UDS also has been getting this recognition in the past. So, the attrition at the senior level is not something that we worry about. At the lower level, it's part of what the industry is. But we are lower than what the industry is.

Ravi Naredi: And you are in different working, the 50 services you are providing. So, at the top level, how do you manage them?

Amitabh Jaipuria: We have very good people. But more seriously, there is continuous training that is provided, of course. And we have professionals who know these businesses. So that is really the answer because the competence of the senior management team, which knows these businesses inside out.

So, for example, in Snehashish, who heads up our 3 main BSS companies, I mean, it's probably the finest in this industry in the country. And similarly, when you look at Avon, when you look at Global, these businesses are managed by people who know these industries inside out. So that is really the core of how we do this.

And we had also mentioned in the past that one of our core ways of acquiring is that the promoters or the professionals who run those companies continue with the company. And that contributes to continuity, which means that it's value accretive.

Ravi Naredi: Nice reply. Sir, last one, any net profit margin expansion we are looking in next few years as well as gross level, what are you expecting?

Amitabh Jaipuria: So, at the net level and at the gross level, the numbers will be slightly similar because we don't have much of a tax arbitrage. What you will see is a slight reduction in the interest income because, as we put our cash to use, that income will come down. But apart from that, you will see margin expansion, as we have explained in the past, given our operational leverage, and that expansion will be between 0.2% to 0.3% year-on-year.

Apart from this, you may see margin expansion because of mix changes. Last year, you saw that both IFM and BSS grew at 14% and therefore, their relative share remained the same. And therefore, there was no mix impact in terms of our margins.

But given the fact that BSS margins are a good 2% to 3% higher than our IFM margins, as BSS grows and maybe through the acquisition route as well, that contribution to the total business, if that improves and goes up, right now, it's 34%, as you saw, that will go up to closer to 35%, 36%, 37%, maybe even 40% in some time.

That will contribute a little bit more to margin expansion at a consolidated level. So operational leverage, 0.2% to 0.3%. Mix effect will be - there might be some, but that depends on what acquisitions we make and on the relative growth rates between BSS and IFM.

Ravi Naredi: And the top line growth, what we are expecting in the next 2 to 3 years?

Amitabh Jaipuria: We have already said in the previous part of this call that our benchmark is roughly 3x of the GDP growth.

Moderator: Ladies and gentlemen, in the interest of time, we'll take that as the last question. I'll now hand the conference over to the management for closing comments.

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Raghunandana Tangirala: Okay. Great. Thank you, everyone, for joining us. I hope we have been able to answer all the queries. We look forward to such interactions in the future. And in case you require any further details, you may contact Devan of SGA, our Investor Relations Adviser. Thank you, everyone. Thanks for attending this call.

Snehashish Bhattacharjee: Thank you, everyone. Thank you for your support. Thank you.

Radha Ramanujan: Thank you all.

Amitabh Jaipuria: 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. Thank you.