

**Transcript of the M/s. Updater Services Limited's**

**20TH Annual General Meeting of the Company held  
on November 29, 2023 at 12:00 Noon**

## AGM – November 2023

### Welcome Address – Sri Raghunandana Tangirala, Chairman and Managing Director

**Mr. Raghunandhana Tangirala:** Good morning to all of you. I extend a warm welcome to all of you for the 20th annual general meeting of this company, Updater Services Limited. I hope the shareholders are able to hear us and that the audio and the video are clear. My name is Raghunandhana Tangirala. I'm the Chairman and Managing Director of Updater Services Limited, and by virtue of the articles of the association of the company, I am the Chairman for this meeting. I have joined this AGM from our office in Chennai.

### Introduction:

Before we start the main proceedings of the meeting, I request the other Board members on this call to introduce themselves. Let's start with Sunil Chandiramani, Independent Director.

**Mr. Sunil Chandiramani:** This is Sunil Chandiramani, and I am the Independent Director. I've been on the board of UDS for several years. I am also the chairman of Audit Committee and Risk Management Committee for the UDS company.

**Mr. Raghunandhana Tangirala:** Then we have Amit Choudhary, Independent Director. I think Amit is not there for a moment. We'll start with Sangeeta Sumesh, the Independent Director.

**Sangeeta Shankaran Sumesh:** Good morning everyone. I'm Sangeeta Shankaran Sumesh. I'm participating from my home office in Chennai. I'm an Independent Director of UDS and also the Chairperson of the Stakeholders' Relationship Committee. I have received all the papers, and my audio-visual is good.

**Mr. Raghunandhana Tangirala:** Amitabh Jaipuria, Non-Executive Director.

**Mr. Amitabh Jaipuria:** Hello everyone. Welcome to our first AGM as a listed entity. My name is Amitabh Jaipuria. I am a non-independent, non-executive Director on the board. I have received all the papers, and my video and audio quality are good.

**Mr. Raghunandhana Tangirala:** Thank you. PC Balasubramanian, Wholetime Director.

**Mr. PC Balasubramanian:** Hello all. I'm PC Balasubramanian, Whole time director. Also, the Chairman of the CSR committee. I'm attending this meeting from our office in Chennai, and I received all the papers. The audio and video quality are fine.

**Mr. Raghunandhana Tangirala:** Balaji Swaminathan, CFO.

**Mr. Balaji Swaminathan:** Good morning all. Very warm welcome. I'm Balaji Swaminathan, CFO for Updater Services and I am attending this meeting from the Kotturpuram office in Chennai.

**Mr. Raghunandhana Tangirala:** B Ravishankar, Company Secretary.

**Mr. B Ravishankar:** Good morning. I'm Ravishankar, Company Secretary and Compliance Officer. I'm joining this meeting from the Kotturpuram office in Chennai.

**Mr. Aravind Krishnan:** Morning everyone. This is Aravind Krishnan representing SR Batliboi Associates, Auditors of the company. And I'm joining this from our office in Chennai.

**Mr. Raghunandhana Tangirala:** Thank you. Mr. Aravind of SRB and Company.

**Mr. Sudhakar:** Good afternoon everyone. This is Sudhakar, Partner, BSR LLP. I'm taking this call from our office in Chennai. Thank you.

**Mr. Raghunandhana Tangirala:** And then finally, we have Nithya Pasupathy, Secretarial Auditor from SPNP. Can you unmute?

**Nithya Pasupathy:** Hello. Yes, Sir.

**Mr. Raghunandhana Tangirala:** You are attending the AGM as a partner of SPNP Associates. And also the scrutinizer for the meeting. And you're attending from your office?

**Nithya Pasupathy:** Yes, I'm attending from my office.

**Mr. Raghunandhana Tangirala:** Thank you. Now we have the quorum of 31 shareholders who have joined this meeting through video conference. Hence, we have the requisite quorum present through this video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circular issued by MCA Section 103 of the Company's Act 2013. The quorum being present, I call this meeting to order.

I now request Mr. B Ravishankar, Company Secretary and Compliance Officer, to provide general instructions to the members regarding participation in this meeting.

**Mr. B Ravishankar:** Thank you, Chairman. Good morning to our directors and to our shareholders. Members may note that the 20th Annual General Meeting is being held through video conference in accordance with the provisions of the Company's Act 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. Joining this meeting through video conference or other audiovisual means is available for the members on a first-come, first-serve basis. The Register of Directors and Key Manager personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM.

Members seeking to inspect such documents can send their request to [compliance.officer@uds.in](mailto:compliance.officer@uds.in).

As the AGM is being held through video conference, the facility for appointment of proxies by members was not applicable, and hence, the proxy register for inspection is not available. The Company has received requests from a few members to register themselves as speakers at the meeting. Accordingly, the floor will be opened for those members to ask questions and express their views. The moderator will facilitate the session once the Chairman opens the Floor for Questions and Answers.

The Company has provided the facility to cast the votes electronically on all resolutions set forth in the notice. Members who have not cast their votes yet electronically and who are participating in this meeting can cast their votes within 15 minutes after the meeting through the E-voting system provided by NSDL.

Members are requested to refer to the instructions provided in the notice appearing on the video conference

page for seamless participation through video conference. In case members face any difficulty, they may reach out to the helpline numbers of NSDL mentioned in the notice to this AGM.

Thank you, Chairman. And I now request the Chairman to give the Chairman's speech.

**Chairman:** Thank you, Mr. Ravishankar. As we start, I would like to give you a small brief on the Company UDS.

We started UDS way back in 1990 as a pure play facilities management service provider. Over the years, we built capabilities, both in-house and through strategic acquisitions, to diversify to a full-fledged B2B business services platform with a pan-India presence. Just to give you a brief on the timeline, we started in 1990 as a soft services provider, maintenance contracts, support services and allied staffing services. Over the years, we have built capabilities and grown into full-fledged facilities management business with a Pan India presence and market leadership. In 2007, we forayed into mailroom management through the acquisition of Avon. Majority stake in Avon Logistics and Solutions. 2018 marked our entry into Institutional Catering with a majority acquisition in Fusion Foods. Acquired Majority stake in 2019 in Global Flight Handling, which does airport ground handling services. We currently have 19 airports operational on a ten-year concession lease. During 2020, we forayed into two new segments, which are Feminine Hygiene and employee background verification, along with audit and assurance services through acquisitions in Washroom Hygiene Concepts and Matrix Business Services.

Lastly, we entered the Sales enablement space through the acquisition of majorities stakes in Denave in 2021 and Athena in 2023. Today, we offer superior services, deliver cost-effective technology-backed solutions to our customers, and are market leaders in the majority of the operating space segment we are in.

I'd like to give some details on the IFM segment which consists of multiple verticals within that, including Soft Services, Production Support, Engineering Services, Warehouse Management, General Staffing, institutional Catering and other support services. All these are in the B2B space. This slide will briefly summarise the services we do within the IFM space.

So, the slide itself is explanatory. Soft services are basically cleaning disinfection services, which also include pest control, horticulture, and more. Production support basically supports the production lines. It could be warehouses, could be online line production engineering and MEP services within any facility. It could be a building or could be infrastructure. Institutional Catering is the catering services where we produce or make food in the customer space, largely in manufacturing and educational institutions. Washroom Hygiene is basically feminine hygiene care solutions. Warehouse management is in the manufacturing where we do end-to-end manufacturing. I mean warehouse management. General staffing would include all skilled and semi-skilled resources for the customer.

If I move into the BSS, largely today, our BSS space consists of sales enablement services which are mentioned both in Deneve and Athena, where we have both B2B business and also B2C, largely generating sales leads and converting sales leads. Audit and assurance are basically services such as supply chain audit, including warehouse distribution and the other segments. Employee background verification is the verification of KYCs of an employee, including criminal, legal, past, employment, antecedents and so on. Mailroom Management, which we acquired through Avon, provides niche mailroom services within the organization or the client and also does mail management. Airport ground handling services, as I told you, is a complete airport ground handling service for any aircraft which lands in an airport where we have 19 airports today at the ten-year concession. This is broadly the business we are in the BSS space.

Now, to give you a financial perspective, it's critical to reflect upon the dynamic landscape of facility management and the business services industry, where the world is shaped by rapid technology advancements and a heightened focus on sustainability. Your company has navigated these challenges with resilience and innovation. The trend has been shaping up towards a one-stop solution for all business services. Your company has not only recognized the shift but has also embraced it wholeheartedly. We have positioned ourselves as partners to our customers, offering end-to-end solutions. That's the strategy and on the consol financial numbers. Despite volatility in the external environment, our operational performance has been commendable. Revenue grew to Rs 2098 crores from last year's, a growth of about 41% in terms of revenue. EBITDA grew to Rs 99 crores, again a growth of 15% on a year-on-year basis. EBITDA margins for the company stood at 4.75%. Within the company as a segment, on the IFM segment, 73% of our revenue was contributed by IFM segment revenue stood at Rs 1521 crore, which grew by 26% over last year. EBITDA contribution to the total EBITDA from the IFM segment stood at 43%.

EBITDA stood at about Rs 59 crores and grew by 13%. On a year-on-year basis, the EBITDA margin stood at 3.91% for the IFM segment. On the BSS segment, 28% of our total revenue comes from the BSS segment. The revenue stood at Rs 608 crores, growing by 97% over last year. EBITDA contribution to the overall EBITDA stood at 56%. EBITDA for this segment stood at 76 crores, which grew by 38% over last year. The overall EBITDA margin in this segment was 12.61%.

Now, going forward, we intend to capitalize on the opportunity at hand in the IFM space and the BSS space as we see companies increasingly outsource both these services, either facilities management or other business support services, especially for the expertise and the talent we bring in the cost-effectiveness and the technology. The same applies to the BSS segment in which UDS is present. There is a large headroom available for growth. In the sales enablement there is an uptick in demand and aspects of such digital communication, cloud digitalization analytics and data content intelligence. Similarly, employee background verification will witness and is witnessing a growth back of the gig economy and the emerging new age businesses. The outsourced market size in IFM is currently growing at Rs 39,480 crores. I'm giving this from the industry report, and is expected to reach about Rs 86,000 cr by 2028, which is a CAGR of about 17% over the last five years; the in-house versus outsourced split as of FY 23 stands at about 39% which is the in house at about 61% and about 49% is the outsourced which is expected to shift towards 45:55. The basis addressable market size is expected to reach about Rs 14,400 crores by FY 28, which is about a 15% CAGR. So this is briefly the business and the outlook.

I would now like to touch upon other points like the change of auditors. We had SR Batliboi and Associates, our statutory auditors of the company for the FY 22-23. However, the second 5-year tenure of S.R., Batliboi and Associates gets over with the conclusion of this annual general meeting. The Board of Directors, as recommended by the audit committee of directors, subject to the approval of shareholders of the company, appoint BSR & Company chartered accountants as the statutory auditors of the company for a period of five years from the conclusion of the 20th Annual General Meeting to the conclusion of the 25th Annual General Meeting. We acknowledge the valuable services rendered by S.R. Batliboi during their term as our statutory auditors.

On the public issue, in the financial year 2024, the Company made IPO offering of 2 crore 13 lakh odd shares at the face value of Rs 10, the issue price of Rs 300 per equity share comprising an offer for sale of 80 lakh shares and a fresh issue of 1 crore cut in 3 lakh odd shares.

These shares of the Company were listed on BSE and NSE on 4th October 2023. Consequent to the IPO during FY 24, the subscribed paid-up and issued share capital of the Company increased from Rs 53 crores to Rs 66.7 crores. The shareholder strength has now increased to about 45,000 shareholders.

Finally, I want to express my heartiest gratitude to all the stakeholders, our dedicated employees, valued customers, partners, and committed shareholders. It's your unwavering trust and collaboration that has propelled us to our milestones over the years. I extend my sincere thanks for all your belief in our mission. As we move forward, we will continue to work hand in hand, embracing the opportunities and challenges that lie ahead and shaping a brighter, sustainable and more prosperous future. Thank you, all of you. And I am requesting Mr. Ravishankar, the Company Secretary and Compliance Officer, to provide the summary of the Auditors' report.

**Mr. Ravishankar:** Thank you, Chairman. The Statutory Auditors' report on the standalone financial statements and consolidated financial statements are available on pages 106-115, 190-197 respectively, in the Annual Report. The Secretarial Auditor report is enclosed as Annexure 4 to the Board's Report on page number 83-85 of the annual report. The statutory Auditors, S.R. Batliboi and the Secretarial Auditors SPNP Associates, have expressed opinions in their respective audit reports for the financial year 22-23. There were no qualifications, observations or adverse comments on the financial statements. Thank you.

As the notice is already circulated to all the members, the notice convening the meeting may be taken as read. Before we proceed, I'm pleased to bring to your notice that as required under the Companies Act 2013, the Company has provided to the shareholders all the facility to cast their vote electronically on all resolutions set forth in the notice. The period of e-voting has concluded by 05:00 pm yesterday. Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the E-voting system provided to the members. Members may please note that there will be no voting by show of hands. There are four resolutions as set forth in the notice. The floor is open for any questions by members after all the resolutions are tabled.

**Item No. 1 – To receive, consider and adopt:**

- a. The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon; and
- b. The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 together with the Report of Auditors thereon.

**Item No. 2 - Re-appointment of retiring Director**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. P.C. Balasubramanian, Wholetime Director (DIN: 00584548), who retires by rotation, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation”.

**Item No. 3 – To appoint M/s BSR & Co, Chartered Accountants (Firm Registration Number - 101248W/W-100022) as Statutory Auditors of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 139, 141, 142, and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, pursuant to the recommendations of the Audit Committee and approval of the Board, M/s BSR & Co, Chartered Accountants (Firm Registration Number - 101248W/W-100022) be appointed as the Statutory Auditors of the Company for a period of 5 years from the conclusion of this meeting until the conclusion of the 25th Annual General Meeting of the Company and fees payable for statutory audit is Rs.62,50,000/-(Rupees Sixty Two Lakhs Fifty Thousand) excluding applicable service tax and reimbursement of travelling and out of pocket expenses

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to fix their remuneration on the recommendations of the Audit Committee each year”.

#### **Item No. 4 – Payment of Commission to Non-Whole-time Directors**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 149 (9), 197, 198 and other applicable provisions of the Companies Act, 2013 (“the Act”), the underlying rules (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), framework for remuneration to non-executive directors and subject to such regulatory approvals as may be required and subject to availability of net profits at the end of financial year and subject to the total remuneration payable to Directors who are neither Managing Directors nor Whole-time Directors not exceeding in the aggregate 1% (one percent) of the net profits of the Company computed in the manner stipulated in Section 198 of the Act, consent of the Members be and is hereby accorded to pay following compensation in the form of profit related commission (exclusive of applicable taxes) to the non-executive director of the Company as per details given below, for the financial year ending on March 31, 2024 :

Sunil Rewachand Chandiramani, non-executive independent director. The period is April 1, 2023, to March 2024, and 1% of the Company's net profits are computed in the manner stipulated in section 198 of the act.

Resolved further that the above payment of commission is in addition to sitting fees and reimbursement of expenses for attending the meetings of the board of directors and or other meetings being paid to the Non-Executive Directors. Resolved further that the board of directors of the company be and hereby authorized to do all such acts, deeds, matters and things, including deciding on the manner of payment of commission and settling all questions or difficulties that may arise with regard to the aforesaid resolution as it may deem fit, and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental, to give effect to the aforesaid resolution.”

The text of the resolution, along with the explanatory statement, is provided in the notice circulated to the members

Speaker shareholders are now requested to restrict their queries to the accounts for the year 2022-23 and confine their observations and comments to preferably about five minutes and request your cooperation.

The floor is now open for questions and answers. I request Mr. Manjit Singh's account number 0120- 0887-0156-9854-25. Can you please? He's not present. Okay. I request Mr. Sarabjit Singh, account number 1201910102090517. He is also not there. I request Mr. Ankur Chanda, account number 3023 651-091-4729, holding one share.

**Mr. Ankur Chanda:** I am audible. Hello.

**Mr. B Ravishankar:** Yes. Can you please go on?

**Mr. Ankur Chanda:** *Okay. Good afternoon to everyone. Sir pehle toh na, thoda sa me kehna chahunga ki aap time ki value samjha kijiye. Kyuki 12:00 baje apna time tha meeting ka, aur aap 12:05. Kyuki agar shareholder ek minute late ho jaye toh usko speaker nahi milta. Company late ho gaya toh koi baat nahi shareholder wait karta rahe, koi dikkat nahi. Baaki jo hamare result hai, ki decline aate jaraha hai dheere dheere. Aur iss baar bhi jo 2 quarter ke result show kar rahe hai, agar usi hisaab se main 4 quarter ko lagau toh pichle year ke mukaable Rs 35 crore tha shaayad mere khyaal se aur ab Rs 22-26 reh jayega. Toh iss tarah kaise chalega sir kaam hamara? Aur doosri cheez, jabse hamara IPO aaya hai, hum aaj tak IPO prize pe hi nahi hai. Rs 300 rupees mein IPO diya tum logo ne aur aaj hum Rs 260 rupees main ghoom rahe he. Investors ke kis tarah return milegi agar iss tarah hi raha toh? Mujhe nahi pata kon aapki valuation ko stamp lagata hai ki inki valuation itni worth rakhti hai. Kyuki aap apni jo worth thi usse extra amount karke public ko diya hai aapne. Jiss Karan ye ho raha hai ki Rs 260 rupees khada hua hai Rs 300 rupees wala dia hai aapne. Toh iss bare me zara bataiyega aur result ka kya hai jo neechे aate ja rahe hai hum? Agar issi tarah rahe toh 1-2 saal me minus ho jaenge. Kahan hum Rs 55-57 crore the aur kahan hum lagbag Rs 22-23 crore pe aane wale hai jo iss saal ka preview dikha raha hai do quarter ko dekhte hue. Toh iss baare me muhe bataiyega. Bass. Dhanyawad.*

**Mr. Balaji Swaminathan:** Mr. Ankur. Thanks for the question. I'm not good at Hindi. So, I will respond in English. So last time, as you rightly said on the financial performance, we had done about Rs 35 crores of reported EBITDA, right? And adjusted when you look at it, it is closer to about Rs 80 crores. Because of the accounting, certain items are being debited to the P&L, though they are not sustainable and related to the operations of the company, they are more capital-related, which we have already explained as an adjustment to EBITDA in the document that we have given in the RHP as well. So that is one. And second, coming to the current two quarters that you have already seen, we had reported about Rs 13 crores of reported PAT in Q1 and about Rs 9 crores of PAT in Q2. So even in these two periods, if you look at there is an impact of the acquisition-related fair value that is being debited. The adjusted PAT for these two periods, if you look at it, will be closer to about 40 crores in total, as against Rs 22 crores of PAT that has been reported.

And for the future period, as the results come in, you would get to know So even assuming Rs 22 crores of reported PAT for H2, PAT is 44 and if I'm just extrapolating generally, the second half of the year is better in the business. So that's how the business works. It is similar on the PAT as well. So in that sense, if you look at it, it is an improvement compared to what we reported last year. On the pricing part, multiple market forces are defining on the price part. So maybe we will not be able to comment on why it is at Rs 270 or Rs 260 or closer to Rs 300. And coming onto the valuation part. The bankers, who are listed on the DRHP along with the consultation with investors in the market, pricing has been taken, and that is what is given as an offer price. So, if we look at the adjusted EBITDA and look at the multiplier, the multiplier will be in line with the compared peers. Maybe you can look at that. Looking at the adjusted EBITDA or the adjusted PAT. I think I have answered the questions.

**Mr. Raghunandhana Tangirala:** Yeah. With the concluding remarks and the intimation to the shareholders, the members may note that the voting on the NSDL platform will continue to be open for 15 more minutes after the closure of the meeting. Members who have not cast their vote yet are requested to do so. The Board of Directors has appointed Ms. Nitya Pasupathy, practising company secretary, as the scrutinizer to supervise the E-voting process. The Chairman has authorized the company secretary and compliance officer to decide the result of the voting and place the results on the website of the company at the earliest. The resolution set forth in the notice shall be deemed to be passed today, subject to the receipt of the requisite number of votes. We are grateful to the shareholders from across the country who are participating in the AGM through video conferencing. Thank you for attending the meeting. And I request the chairman to declare the meeting as closed.

**Chairman:** Thank you, all of you. Thank you, all shareholders and the directors. We're grateful for the shareholders across the country who have participated in this AGM. Thank you for attending this meeting.