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Transcript of the 21st Annual General Meeting of Updater Services Limited

Raghunandana Tangirala: Dear shareholders, good afternoon to all of you. I extend my warm welcome to all of you to the 21st Annual General Meeting of the Company. I hope all the shareholders are able to hear us and the audio and the video are clear. I am Raghunandana Tangirala, Chairman and Managing Director of Updater Services Limited and by the virtue of Articles of Association, I am Chairman for this meeting, and I have joined the AGM from my office in Chennai.

Now we could do the introduction of our Board members. I request Mr Sunil Chandiramani to introduce himself.

Sunil Chandiramani: Good morning. I am Sunil Chandiramani, Independent Director. I play the role of the Chairman of the Audit Committee and the Risk Management Committee. I am participating right now from my office in Mumbai. I am alone in the room and I have all the Board papers. I can see and interact with all the team members present over here. Thank you.

Raghunandana Tangirala: Thank you. Mr Amit Choudhary.

Amit Choudhary: Hi, good morning. My name is Amit Choudhary. I am dialling in from my office from Jaipur. I am an Independent Director and the Chairman for the Nomination and Remuneration Committee. I have received all the papers for the AGM meeting today and I can see and hear everyone.

Raghunandana Tangirala: Thank you. Ms Sangeeta Sumesh.

Sangeeta Sumesh: Good afternoon everyone. I am Sangeeta Shankaran Sumesh, Independent Director of Updater Services and also the Chairperson of the Stakeholders Relationship Committee. I am participating from my home office in Chennai. I confirm having received the papers and no access to any unauthorised person. I am alone in the room.

Raghunandana Tangirala: Thank you. Mr Amitabh Jaipuria.

Amitabh Jaipuria: Hi, this is Amitabh Jaipuria, non-Executive Director on the Board. I am joining this meeting from my home office in Mumbai. There is nobody else in the room with me. I have received all the papers.

Raghunandana Tangirala: Ms Jigyasa Sharma.

Jigyasa Sharma: Good morning everyone. I am Jigyasa Sharma, non-Executive, non-Independent Director at UDS. I have joined this meeting from my home office in San Francisco, California. I am alone in my room and I have received all the papers related to the meeting and I can hear and see everyone. Thank you.

Raghunandana Tangirala: Ms Radha Ramanujan.



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Radha Ramanujan: Hi, good afternoon everyone. I am Radha. I am sitting and attending this meeting from the Kotturpuram office.

Raghunandana Tangirala: Sandhya Sarvanan.

Sandhya Sarvanan: I am Sandhya Sarvanan, Company Secretary and Compliance Officer. I am attending this meeting from our office in Kotturpuram .

Raghunandana Tangirala: Thank you, all of you. We also have with us our Statutory Auditors BSR & Company, represented by Mr Sudhakar, Partner. Mr Anirudh, Manager, are also attending this meeting.

Also, our secretarial auditors Ms Nithya Pasupathy, Partner of SPNP Associates is also attending this meeting. Our Internal Auditors Protiviti India Member Private Limited represented by Srinath is also attending this meeting.

We have a quorum of 45 shareholders who have now joined the meeting through video conference, and we have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participating members through video conference are being recorded for the purpose for quorum as per the circular issued by MCA and Section 103 of the Companies Act 2013. The quorum being present, I call this meeting to order. I now request Ms Sandhya Sarvanan, Company Secretary and Compliance Officer of the Company to provide general instructions to the members regarding this meeting.

Sandhya Sarvanan: Thank you, Chairman. Good morning to our directors and to our shareholders. Members may note that the 21st Annual General Meeting is being held through video conference in accordance with provisions of the Companies Act 2013 and the circulars issued by MCA and SEBI. The facility for joining this meeting through video conference or other audio-visual means is made available for the members on a first come, first serve basis. The register of Directors and KMPs, the register of contracts and arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can also send-in their request to compliance.officer@UDS.in. As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable and hence, the proxy register for inspection is not available. The company has received requests from a few members to register them as speakers for the meeting. Accordingly, the floor will be open for those members to ask questions or express their views. The moderator will facilitate this 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 during the meeting and until 15 minutes after the meeting during e-voting system provided by NSDL. Members are requested to refer to instructions provided in the notice or appearing on the video conference page for seamless participating through video-conference. In case members face any difficulty, they may reach out on the helpline of NSDL mentioned in the notice of our AGM.

Thank you, Chairman.



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Raghunandana Tangirala: Thank you, Sandhya. Dear shareholders, I wish you a warm welcome to the 21st Annual General Meeting of our Company. I will present the Annual Report of the Company for the financial year 2023-24. Before we begin, I would like to provide a brief overview of UDS's history. The concept of launching of facility management business that was to get into a business that was rapidly scalable and not in a very crowded space. At that time, facilities management services were in a very nascent stage in India in spite their established presence worldwide. Recognizing the inevitability, of globalization and its impact, we foresaw that the Indian enterprises would soon embrace the advantages outsourcing these services. Through strategic acquisition, we have also enhanced our capabilities and grown stronger. Today, we proudly stand as a powerhouse adapt at meeting the diverse needs of our clients.

To give you a brief of the timelines of this company, in 1990, we began as a pure play facilities management business focus on both hard and soft services. In around 2007, we made our first major acquisition by acquiring a majority stake in Avon Solutions and Logistics. This move marked as a significant stepping stone marking our foray in the BSS space. Avon is managing mailroom services and gradually we extended into couriers and then logistics and warehouse management services. In 2018, as customer needs began to evolve for the further strengthened our IFM offering by acquiring a majority stake in Fuzion Foods, marking our entry into institutional catering business. They started with corporates and now they are expanding their footprint to education and manufacturing as well. In 2019, we acquired a majority stake in Global Flight Handling, which is into airport ground handling services. We started initially in 2019 or around 2020 with six airports and today we operate or we have concession up to in 22 airports across the country.

During FY 20, we forayed into two new segments, which were feminine hygiene and employee background verification and audit and assurance services, through acquisition of Washroom Hygiene Concepts and Matrix Business Services.

Lastly, we forayed into sales enablement space through two major acquisitions, acquiring a majority stake in Denave in FY 22, further boosting our position in BSS majority stake in Athena in FY 23. These businesses can further scale and forge to become major levers for growth for us.

At UDS, we are committed to delivering value, through our comprehensive IFM and BSS services. BSS are business support services. Today, more and more large corporates are choosing solution-based offerings from IFM providers like us who offer bundled services or a bouquet of services. The outsourcing trend worldwide is desired to streamline operations, cost optimisation, boost efficiency, and leveraging our specialized expertise. Opting for integrated solutions allows companies to enjoy a seamless service delivery, access cutting edge technologies, and responses to evolving business demands and needs.

Before we move forward, I would like to summarise both are verticals, the IFM (Integrated Facilities Management) and the BSS (Business Support Services).

I will start first with the IFM segment. I will just give you a brief on what we do in the IFM segment. In IFM, we basically have three different offerings. One is the soft services offering, which is basically cleaning, housekeeping, disinfecting, pest control, facade, horticulture, and support services. And then we have the production support service offering, which is basically tailored to manufacturing facilities covering material handling, warehouse management, inventory control, production support, equipment maintenance, and so on. We proudly positioned as India's leading player in this segment across the country. The third large segment in the IFM piece is the engineering services, which largely comprises of maintenance, repair, overall performance management of all systems, both electrical



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and mechanical, specifically HVAC power systems, ETP, STP, fire systems, waste management. These services are known as hard services and play critical role in facilities management business. We rank among the top 5 players in this segment. And then, we have the washroom hygiene solutions, which as a company, we acquired Washroom Hygiene concepts where we feature safe disposal of used sanitary napkins through our patented technology. We hold the second largest market share in this segment. We have the last one in this is institutional catering where we provide food services, catering services to both, manufacturing and educational institutions.

The other services we provide, which is actually enabling our service delivery through a company called Wynwy where we have technology solutions. It is important to note that we maintain a strong market position across all IFM segments, consistently ranking among the top 5 businesses, which is a testament to our commitment to quality, service delivery, and the trust of our customers.

The second aspect of our strategy for growth was foray into business support services, which I can brief you on our BSS segment. The BSS segment consists of the following services. They have the sales enablement services, which is a large piece. They have employee background verification, Audit and assurance, which is basically for supply chain and logistics, airport ground handling services, mailroom management and niche logistics.

Through our subsidiaries Deneve and Athena, we offer comprehensive sales enablement services. Deneve's portfolio includes demand generation, lead generation, insights sales, data management, intelligent database, digital marketing, and customer outreaching, including field force. Deneve leads the market, serving global clients in IT, ITES, and telecom, while Athena specializes in B2C telesales, within the BFSI segment.

In sales enablement, we continue to remain the market leaders and we handle all the inbound and outbound calls on behalf of our customers. We also provide data processing, back-office support, employee background verification, for our customers through our wholly owned subsidiary Matrix. Our services include basic verification of KYC, identity, educational qualifications, employment, criminal history, and court checks. We also do audit and assurance which is basically for supply chain, largely for FMCG through Matrix. We specialize in serving FMCG companies, retail manufacturing companies, offering a range of services including audit and supply chain management, supply chain audits, warehouse distribution, and retail outlets. In addition, we provide large claim processing services for our customers, not only in India but in other countries.

Through our subsidiary Avon Logistics, we offer specialized mailroom management services and niche logistics. The services also include customized logistics solutions, tailored to meet specific customer requirements.. We also offering courier services which are specialized, warehouse management and transport services.

Lastly, in airport ground handling, we provide end-to-end turnaround services of an aircraft where we handle all activities from the time the flight lands and it takes off. Right from baggage, cargo handling, passenger movement, aircraft turnaround, and meet and greet services.

The FY 24 has been another landmark year for us characterized by the financial performance and strategic growth initiatives. We have achieved a significant revenue growth. Throughout the year, our focus has always remained on enhancing the operational efficiency, service excellence, and technology initiatives. An essential factor contributing to our improved margins and efficiency was our decision to walk away from our underperforming contracts and move to more profitable and viable contracts. This strategic move enabled us to allocate resources more effectively and capitalize on



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higher value opportunities. Moving forward, we are committed to driving growth fuelled by strong cash-flows and ensure we continue delivering enduring value to our shareholders.

I would like now request Ms Radha Ramanujan, Group CFO to take you through the financials.

Radha Ramanujan: Hi, good afternoon once again. I will present the brief financial highlights for the financial year ended 2024. Our revenue from operations stood at Rs 24680 million, reflecting a growth of 17% on an annual basis. Our EBIDTA grew to about Rs 1459 million in FY 24. It is a 41% growth on year on year basis. The EBIDTA margin stood at 5.9%, which was 4.9% during the FY 23. Our PBT was Rs 846 million, which is 56% growth compared to the last year. Our PAT stood at Rs 63 million, which was up by 91% on year-on-year basis. Our earning per share increased by 68% over FY 23.

To give you a breakup between IFM and BSS, the revenue from IFM business stood 67.5% of the total revenue, which is Rs 16658 million, and improved by 9% on a year-on-year basis. Our PBT in IFM segment stood at Rs 526 million, which grew by 55% on a year-on-year basis. Our PBT margins stood at 3.1% in FY 24, which was 2.2% in FY 23.

The rest is with the BSS segment. The BSS segment share was 32.5% of the total revenue of the company. The revenue stood at Rs 8022 million. We grew by 32% on year-on-year basis. Our PBT for this segment stood at Rs 448 million and PBT margin for this segment stood at 6%.

I will hand over to the Chairman.

Raghunandana Tangirala: Thank you, Radha. I want you to just give you a way forward for both our business segments going forward. Firstly, I will take up the IFM segment. On the industry trend, we continue to witness the shift in preference for fully integrated service management companies. With a higher demand for solutions based offerings. We have always focussed on offering a bouquet of services which will add value and higher capabilities, which has separated us from our peers. Our quality and passion to provide quick turnaround solutions keep us growing. We expect to continue to gain market share by maintaining high focus on hard services, due to its higher margin, and also specialized in nature. We expect the IFM segment to grow this year between 15-17%, specially outsourcing provides a flexible and scalable solution, aligning the needs of our large corporates seeking streamlined operations.

To give you some numbers for perspective, the outsourced market size of IFM currently runs around Rs 56,000 cr. and expected to reach around Rs 86,000 cr by FY 28. The in-house and outsourced split in FY 24 stood at about 40% and at about 60%, which is expected to shift about 45% to in-house and 55% for outsourced IFM. These numbers are quite encouraging and we expect to take the maximum advantage of this and take the market share.

Coming to the BSS segment,

we are plan to do acquisitions here in this space going forward. The target would be businesses which would add capability to our BSS segment or what we could add capabilities and grow them larger, bigger from where we are. So, that would be the genuine strategy of acquisitions in the BSS space. We will also plan, this year and going forward, to do the cross selling between the IFM and BSS segment, which opens a large avenue of growth for us and this will help us unlock synergies in the years to come. We will also continue to substantially invest in technology specifically for our BSS



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businesses. We see disruptions happening in these businesses here and we would want to be ahead of that. We expect to grow BSS segment organically at 17% and due to this, we should see better and increased margins because the BSS segment is more profitable segment for us.

To conclude on the market and way forward, It is evident that we have embarked on a journey marked by numerous possible developments. These are early successes and set a promising trajectory for our company and its brand indicating the potential for substantial growth in the times ahead. As we look to the future, we are aware of the objectives yet to be achieved and challenges that lay ahead, our commitment to innovation, sustainability and delivering value to our shareholders remains unwavering. We look forward to build our achievements and realizing operations for long term success and leadership in the industry and the business we are in.

I now request, Sandhya, Company Secretary to provide summary of the Auditor's report .

Sandhya Sarvanan: Thank you, Chairman. The statutory auditor's report on standalone financial statements and consolidated financial statements are available on page numbers 140 and 340 of the Annual Report respectively. The secretarial report is enclosed as Annexure III to the Board's report on page number 74 on the Annual Report. There are no qualifications, observations, or adverse comments on financial statements and matter. The statutory auditors BSR and Co. and Secretarial Auditors SP&P Associates have expressed unqualified opinions in their respective audit reports for the financial year 2023-24. Thank you.

Resolutions:

As the notice is circulated to all the members, the notice convening the meeting may be taken as read. Before we proceed, I am pleased to bring to your notice that as required in the Companies Act 2013, the company has provided you a facility to cast your vote electronically on all resolutions set forth in the notice. The period for remote e-voting has concluded by 5:00 pm yesterday. Members who have not cast their vote electronically and who are participating this meeting will have an opportunity to cast their votes through e-voting system provided by NSDL. 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 the resolutions are tabled .

Item 1: To receive, consider, approve and adopt the audited standalone financial statements, along with the report of the Board of Directors and Auditors of the company for the financial year ended March 31, 2024. To consider and if thought fit, to pass the following resolutions as an ordinary resolution, resolve that the audited standalone financial statements of the company, which includes the audited balance sheet as of March 31st, 2024, the statement of profit and loss for the financial year ended as on that date, the cash flow statement, together with report of the Board of Directors and Statutory Auditors thereon, as circulated to the members, be and hereby, considered adopted.

Item 2: To receive, consider, approve, and adopt the audited, consolidated financial statement along with reports of Auditors of the company for the financial year ended March 31st, 2024. To consider, and if thought fit, to pass the following resolution as an ordinary resolution, resolve that the audited consolidated financial statements of the company which includes the audited balance sheet as of March 31st, 2024, the statement of profit and loss for the financial year ended as on that date, the cash flow statement, together with report of the Statutory Auditors thereon, as circulated to the members, be and hereby, considered and adopted.



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Item 3: To appoint Mr Amitabh Jaipuria, who retires by rotation as a Director of the Company. To consider, and if thought fit, to pass the following resolution as an ordinary resolution, resolved that in accordance of the provisions of section 152 and other applicable provisions of the Companies Act 2013, Mr Amitabh Jaipuria, non-Executive, non-Independent Director, who retires by rotation at this meeting, be and hereby, is appointed as a Director of the company.

Item 4: To consider and approve the payment of commission to Mr Sunil Rewachand Chandramani, non-Executive, Independent Director. To consider, and if thought fit, to pass the following resolution as a special resolution, resolved that pursuant to the provisions of section 149 (9), 197, 198, read with the schedule V and other applicable provisions of the Companies Act 2013, the underlying rules and regulations 17 (6) of SEBI Listing Obligations and Disclosure Requirement Regulations 2015, 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 the financial year, and as per NRC recommendation, approval of the members is hereby accorded to the payment and distribution of such sum in the form of profit related commission subject to not exceeding 1% of net profits of the company calculated in accordance with the provisions of section 198 of the Act to Mr Sunil Rewachand Chandramani, non-Executive Independent Director of the Company as per details given below for the financial year ending 31st March 2025.

Name of the Director: Mr Sunil Rewachand Chandramani, non-Executive Independent Director, period 1st April 2024 to 31st March 2025 as per NRC recommendation, subject to not exceeding 1% net profit of the company calculated in accordance with the provisions of section 198 of the Act . Resolved further that the above payment of commission is in addition to the sitting fee and reimbursement of expenses for attending the meeting of the Board of Directors and 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 on these matters and things, including deciding on the manner of payment of commission and settle all questions or difficulties that may arise with regards to the aforesaid resolution as it may deem fit, and to execute any agreements, documents, instructions etc. as may be necessary or desirable in financing or incidental to give effect to the aforesaid resolution. The text of the resolutions along with explanatory statements is provided with the notice circulated to the members.

Speaker shareholders:

The speaker shareholders are requested to restrict their queries to the accounts for the financial year 2023-24 and confine their observations comments to preferably about 5 minutes. I need your cooperation. The speaker shareholders are requested to ask all their questions and then the CFO will respond to them at the end. The floor is now open for questions and answers.

I request Mr Manjith Singh, account number IN30020610907641 to unmute himself and kindly proceed with his questions.

Moderator: Ma'am, Mr Manjith Singh has not joined the meeting.

Sandhya Sarvanan: Thankyou . We shall proceed to the next speaker. I request Sarvjeet Singh, account number 1201910102090517to unmute himself and kindly proceed with his questions.

Moderator: Mr Sarvjeet Singh has also not joined.



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Sandhya Sarvanan: Thank you. We will proceed to the speaker shareholder number 3. I request Mr Ankur Chanda IN30236510914729 to unmute himself and kindly proceed with his questions.

Ankur Chanda: Am I audible?

Sandhya Sarvanan: Yes, Sir.

Ankur Chanda: *Good afternoon to everyone. Sir, mein ye dekh rha tha kuch dino se ki jo hamara share price hai wo lagataar neeche aa rha h. Waise to mujhe pata h ki ye company ke hath mein nahi hota. Management ke hath mein nahi hota h share price banana, lekin kahin na kahin jo investor is cheez pe bharosa karta h ki management kaise kaam kar rhi h. To usi tarah se share price reflect karta h. Usi tarah se chalta hai. Jo investor hai, usi tarah se share ko chalata h. To kya hum kahin pe chook kar rahe hain? Ki kahin naa kahin koi chook kar rahein hain jiski wajah se investors ko, hamare ko bharosa nahi aa rha. To Sir, is baare mein thoda bataiyega ki kahan ham aisi chook kar rahe hain ki investors ko hamare par bharosa nahi aa rha aur hamein returns jo hain hamare shares par appreciation na mil ke ab jo hai, 52 weeks low ki taraf chal pada hai hamara share. To bas mein ye hi jaanna chahoonga. Baaki shares department to theek hai. Halka fulka kaam kar rha hai kyunki kya bataun Sir unki, chhodiye. Chaliye, aap isi ke baare main batayeiga Sir. Dhanyawad.*

Sandhya Sarvanan: Thank you, Sir. We will respond to your question towards the end. The next speaker shareholder, speaker shareholder number 4, I request Mr Vinay Vishnu Bhide, IN30131380099382 to unmute himself and kindly proceed with his questions.

Moderator: Vinay Vishnu has not joined the meeting.

Sandhya Sarvanan: Thank you. We shall now proceed to speaker shareholder number 5. I request Mr K. Bharat Raj, 1204880000141972 to unmute himself and kindly proceed with his questions.

K. Bharat Raj: Hello. A very good afternoon Chairman and the entire Board of Directors. I am Bharat Raj attending from Hyderabad. Chairman Sir, wonderful speech you have given and total information is, we have received. Chairman Sir, what are your future plans for the next 5 years? Sir, please let me know. Chairman Sir, are you planning to come for the rights issue for the expansion or investments into our company? Please let me know, Sir. Chairman Sir, wonderful CSR and wonderful performance of this financial year. Thank you very much, Sir and I thank the secretarial department. They sent me, they called me and sent me the entire link to participate in the AGM. Wonderful secretarial services, Chairman Sir. Chairman Sir, the only request I want to ask you is that in the application of our company, please send dry fruits sweets boxes to speaker shareholders, Sir. We will be more happy, Sir. Nothing Sir, this is love and affection of you, showing the gratitude towards shareholders. That is the only request to you, Sir. Once again, all the best, Sir. Next year Sir, please arrange a physical and hybrid meeting, Sir, so that we can meet you personally and who want to attend the meeting, they can do so through VC, Sir. Thank you, Sir, for giving this opportunity. Once again, all the best for the coming year, Sir. Take care and God bless you.

Sandhya Sarvanan: Thank you, Sir. I now request our Chairman and CFO to answers the questions.

Raghunandana Tangirala: I will answer Ankur. I did not understand 100% Hindi, but I think I got the gist of it. Share prices have not gone up. Yes, you are right. But definitely, as we know as a very seasoned investor, this is only two quarters of our results after we got listed. I think if you are patient, those who wait, will get the best. So, that is what I could tell. Just wait. You should get your rewards.



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Does that answer, Ankur?

Ok. Now, Bharat, your suggestion is taken. Next time, we will try to have a hybrid, both physical and digital. Yes, sweet boxes, definitely, we will. And this is the plan for 5 years. I think we have actually called it out somewhere. What have plan is to grow between 15-17% year on year. That is our target and that is our plan. That is our strategy.

That rights issue, was that a question? If that was, the rights issue is to be decided by your Board. So, we are not clear on that. I will not be able to tell you on rights issue.

So, concluding this, members may note that voting on NSDL will continue to be open up for 15 mins after this meeting closure. Members who have not cast their votes yet are requested to do so, please. The Board of Directors has appointed Mr Sriram Parthasarathy, practicing Company Secretary as the scrutinizer to supervise the e-voting process. I also now authorize Ms Sandhya Sarvanan, Company Secretary and Compliance Officer to declare the results of voting and place the results on the website of the company at the earliest.

The resolutions, as set forth in the notice shall be deemed to be passed today subject to receipt of requisite number of votes. Once again, I am grateful to our shareholders from across the country who have participated in the AGM through video conferencing. Thank you for attending. Thank you. And thank you for your sustained support to the company.
