



Redefining Business
Services

February 11, 2026

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

Dear Sir/Madam,

Sub: Transcript of the Earnings Call for the Quarter and Nine Months Ended December 31, 2025.

This is further to our letter dated February 06, 2026, whereby the company submitted the link to the Audio Recording of the Earnings Call for the Quarter and Nine Months Ended December 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 February 06, 2026, is enclosed as Annexure.

You are requested to kindly take the above on record.

Yours faithfully,

For Updater Services Limited

Sandhya Saravanan
Company Secretary and Compliance Officer
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“Updater Services Limited
Q3 & 9M FY '26 Earnings Conference Call”
February 06, 2026



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E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 6th February 2026 will prevail

Management:

1. Mr. Raghunandana Tangirala – Promoter and Managing Director – Updater Services Limited
2. Mr. Amitabh Jaipuria – Non-Executive Director – Updater Services Limited
3. Mr. Snehashish Bhattacharjee – Chief Executive Officer of BSS

Moderator:

Ladies and gentlemen, good day, and welcome to the Q3 and 9 Months FY '26 Earnings Conference Call for Updater Services Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant clients 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 then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raghunandana Tangirala, Promoter and MD of Updater Services Limited. Thank you, and over to you, sir.

Raghunandana Tangirala: Yes. Thank you. Good morning, everyone, and a warm welcome. Today on this call, joining me is Amitabh Jaipuria, our Non-Executive Director; Snehashish Bhattacharjee, our CEO of BSS; and our SGA team. I think we missed out Surinder, who is our CFO, also on this call. I trust you have all received the investor deck, and it's all -- if not, it's available on the website and the stock exchange portals.

Before I share an update on the overall business, IFM and BSS segment, I would like to share a quick brief on the provisions related to Avon, which we had reported last quarter. Over the last 2 quarters, Avon, one of our subsidiaries had taken a total provision of approximately INR230 million relating to receivables from its logistics and brokerage business with INR30 million recognized in the last quarter and the balance in this current quarter, that is INR30 million in the last quarter and INR200 million in this quarter.

As collections from this business did not progress as expected the management in line with being prudent and conservative approach and decided to fully provide for the exposure. However, I'd like to comment here, add here that we are taking all steps and necessary actions, legal to recover this. Being prudent and conservative, we have fully provided for this, which is about INR230 million in Avon.

We'd like to emphasize in this impact -- this impact is entirely limited to the logistics business vertical in Avon. The operations in this business have been halted as of date. The logistics business is halted as of date. This does not impact Avon's core business, which is the mailroom management and solutions business, which continue to perform steadily and with stable client relationship and retention. EBITDA adjusted for onetime loss stood at INR442 million for Q3 FY '26 and INR1,277 million for 9 months FY '26. EBITDA margin stood at about 5.7% for Q3 and 5.8% for 9 months FY '26.

Now I'd like to share an update on the IFM segment. Interestingly, India's labour environment is evolving positively with the rollout of new Labour Codes. This is focused on simplification, workforce formalization and a uniform wage code and with uniform social security standards. These changes are structurally favorable for organized players and fully compliant players like

UDS, as they would create a more level playing field and accelerate the shift from unorganized to the organized service providers.

Importantly, we have always operated with a full pass-through of statutory revisions in our contracts, ensuring that any change in minimum wages or any change in statutory regulation will flow through the pricing, supporting revenue visibility while protecting margins.

During the quarter, we added 13 new logos in the IFM segment, including a few marquee names. I'm happy to share that the IFM revenue growth is back on track in Q3 FY '26 with the segment delivering a growth of 14% year on year... IFM revenues reached their highest ever quarterly run rate this quarter of INR5,182 million during this quarter. IFM EBITDA for this quarter stood at INR233 million.

In the IFM segment, during Q3, currently, many large strategic contracts continue to remain in its ramp-up phase. These contracts are very strategic in nature and would help us build a relationship with a larger client base and help us receive more technical and higher value-added contracts in the future. As and when these contracts ramp up fully, we expect IFM margin to be normalized.

Our focus going forward will be on driving profitability growth -- profitable growth by improving client level profitability, optimizing manpower deployment through technology-led interventions. We are also pursuing margin accretive opportunities in specialized services and integrated contracts, which should support a steady recovery in profitability in the coming quarters.

The outlook is looking great. We are targeting a 10%, 12% revenue growth in the IFM segment, supported by a strong favorable long-term industry outlook in India. The IFM sector continues to benefit from the increasing workforce formalization under the new wage code, accelerated through outsourcing by corporates to enhance compliance and cost efficiency and the rising demand for integrated pan-India service providers.

In addition, sustained investment across manufacturing infrastructure, health care, airports and large commercial real estate, along with expansion of the GCC and modern office campuses, we are driving demand for scalable technology-enabled IFM solutions. These structural trends structurally favor organized players with scale, compliance and proven execution track record.

I now would like to share an update on Global and Avon and other BSS subsidiaries. During Q3 FY '26, Global delivered a strong operational and financial performance, recording the highest profit, driven largely by high-margin nonscheduled flight operations related to Patna election, along with increased winter and festive season traffic.

Operations remained stable across the network despite some operational issues faced by large airlines and the company secured additional wing operations and onboarded a few new customers at Khajuraho, Vizag, and Tirupati airports during this quarter.

Global is currently operation all the 24 airports and with 15 airports being EBITDA positive and the remaining 9 in the ramp-up phase. The company is now approved by BCAS, which is Bureau

of Civil Aviation, and MoCa for airport security staff security training, which is the ASTI. We're also receiving healthy traction in our global school of aviation, with healthy intake levels of improving month-on-month performance and student count.

Over the last 2 quarters, Avon, one of our subsidiaries, which has a total provisions of approximately INR230 million relating to receivables from new logistics brokerage vertical with about INR30 million recognized in the previous quarter and the balance in this quarter. As the collections from this vertical did not progress as expected the management in line with being a prudent and conservative approach has decided to fully provide for this exposure. I had mentioned this earlier, but it still comes under the BSS.

Now, I would like to hand over this call to Snehashish, our CEO for BSS segment to give you a brief update on Denave, Athena and Matrix.

Snehashish Bhattacharjee: Thank you, Raghu. Good morning, everyone. I will start the BSS segment brief initially with Denave. In Q3, we delivered steady revenue momentum with strong execution in select areas and onboarded 10 new marquee logos. While margins remained under pressure due to changes in sales mix and forex impact, we continue to focus on deploying technology to improve efficiency and deliver better variable-linked performance outcomes for our clients.

One of our large customers' marketing spends remained stable quarter-on-quarter, although weaker performance in the ASEAN region impacted program profitability. As this customer increasingly shifts towards outcome-based pricing, we are well positioned with systems and processes that deliver measurable results, improve ROI for the client and in turn, positively impact our own performance.

Excluding this large client, our demand generation business recorded mid-teens revenue growth, indicating strong interest from other marquee customers. In parallel, we are building agentic AI-enabled systems to reduce manual intervention across the sales process, which will enhance productivity and drive better outcomes for our clients.

I would now like to share a brief update on IntelliBank. During the quarter, we continued to strengthen the platform to make it easier for sales teams to win business and improve execution. Key enhancements included deeper mapping of decision-makers across target accounts, improvements to our AI chatbot for context-aware interactions and better visibility into customer IT spends and sales performance through intuitive dashboards and downloadable reports. We also created a centralized case study repository and automated partner branding in sales presentations to reduce manual effort.

Looking ahead to Q4, our focus is on expanding IntelliBank into a more comprehensive sales and marketing enablement platform. This includes launching a marketing portal with automated content generation, integrating IntelliBank with clients' CRM and marketing systems, introducing performance leaderboards to drive engagement and adding third-party intent data to help prioritize high-quality opportunities.

Overall, we are accelerating our transition from a traditional service delivery model to an AI-enabled revenue as a Service partner. By leveraging agentic-led AI and data intelligence within

our demand generation model, we are improving productivity and ROI for our clients while strengthening our own profitability and positioning Denave for long-term leadership in outcome-based demand generation.

Now moving on to Athena. Athena delivered a stable performance despite an evolving technology landscape, while increased adoption of AI has impacted certain client segments, the business has maintained stable margins. Importantly, Athena is actively diversifying its client base beyond BFSI into sectors such as education, retail and real estate, helping reduce concentration risk and broaden revenue streams.

At the same time, technology remains a key enabler for this business as well. We had successfully completed a proof of concept for an AI-powered voice bot with one client from which we expect positive results, which we are currently running -- while we are currently running another POC with a large NBFC on a similar level.

These initiatives mark meaningful progress in our digital transformation journey, and we plan to progressively deploy AI solutions across our client base to enhance efficiency, improve service delivery and remain cost competitive in a rapidly evolving market.

Now moving on to the EBGC and A&A business of Matrix. First, I would like to give an update on our Audit & Assurance business. The Audit & Assurance business delivered healthy growth during the quarter, supported by continued client additions and expansion across large marquee accounts.

During Q3, we onboarded multiple large clients, including assignments with a large FMCG company following the high off of one of its business segments for fixed asset verification, where we executed a large-scale nationwide engagement covering tens of thousands of outlets within a compressed festival window. This also helped us further strengthen our on-ground presence by adding associates to deepen reach and execution capability.

We have also commenced work with well-known quick commerce company and added multiple Sensex companies as clients during the year, with additional wins continuing into Q4, showcasing a strong demand for our field-led audit capabilities. Fixed asset verification is emerging as a key growth area for this business, and we are seeing increasing traction through a partnership-led model, including working alongside a big 4 firm. From a margin perspective, localization of operations remains a key lever. We should also see margin improvement on account of contract pricing improvement due to our size and scale of operations.

Looking ahead, our focus in the Audit & Assurance business will be on deepening penetration within existing large clients and improving margins through better localization, contract pricing improvement and selective use of technology and AI use cases, leading to better efficiency.

Moving on to the EBGC business. The EBGC business continued to see sluggishness during Q3, largely due to ongoing weakness in IT hiring. With the third quarter typically being seasonally softer for the sector. We are, however, seeing traction across non-IT segments such as BPO and BFSI, which is helping diversify the revenue mix and reduce dependence on the IT sector.

During the quarter, we also partnered with a Dubai-based recruitment firm, strengthening our international presence. While IT hiring remains challenging in the near term amid structural changes in the sector, we expect activity levels to improve sequentially and have already seen better momentum from a few large clients. EBGC remains a fixed cost-intensive business, and we have taken steps to improve efficiency by reducing certain fixed costs through automation.

Going forward, our focus will be on further enhancing cost efficiency through better use of technology, which should support margin improvement while also improving turnaround times and overall service quality.

To summarize the update from Matrix, both Audit & Assurance and EBGC remain strategically important, scalable businesses with strong client bases and growing relevance. While EBGC is navigating near-term IT-led softness, A&A continues to benefit from healthy demand. Across both businesses, our focus is firmly on driving operating efficiency and margin improvement through the implementation of technology.

A quick look at the way forward for BSS segment. The outlook for BSS going forward remains cautiously optimistic despite some near-term challenges. We are confident in our ability to navigate the current environment with technology continued to be a key differentiator across our businesses.

Our focus is on building resilience and adaptability through sustained investments in digital and technology capabilities. While these initiatives may have a short-term impact, they are strategic in nature and making us future-ready as technology will play an increasingly critical role across business support services in driving efficiency, competitiveness and better client experience.

Now, I would like to hand the call back to Raghu to summarize the Q3 and the 9-month FY '26 performance and expectations going forward. Thank you.

Raghunandana Tangirala: . Thank you, Snehashish. To summarize the whole -- at the industry level, the facilities management and the business support service sector continues to benefit from the strong structural tailwinds, including increasing outsourcing, workforce formalization and the government's sustained focus on employment generation and compliance.

Over the last 2 quarters, we have implemented several processes and efficiency initiative programs across operations and at the client level, which are beginning to show early results and are expected to support a more stable and consistent performance as operating conditions normalize.

For the full year, we are targeting consolidated revenue growth of around 9%, 10% and given our scale, diversified client base and the disciplined execution, we believe UDS is well positioned to deliver improved profitability, increase its ROCE and generate steady profitable growth over the next years to come.

Apart from the organic growth, we also have cash of about INR2,053 million on our books, which we plan to deploy towards value-accretive acquisitions. Our approach is to focus on

opportunities that enhance scale, profitability, ROCE while ensuring strong alignment with the right promoter fit and our existing businesses.

UDS has a track record of successful acquisitions, and we are currently in the final stages of discussions with a few potential targets. We will share the updates with you as and when these opportunities materialize.

Moderator: Sir, can we open the floor for questions?

Raghunandana Tangirala: Yes. Sorry, you can open the floor for questions. I would want Surinder on the financials to talk, and then anything else we could -- I could take it, Amitabh could take it, or Snehashish could take it.

Moderator: All right, sir. Thank you very much. The first question is from the line of Vivek from Investec. Please go ahead.

Nitin: This is Nitin here. Sir, on this impairment, so do we -- so we are largely done with it and there is nothing else that we should see in the medium term or going forward?

Amitabh Jaipuria: The answer is yes. On a conservative basis, we have taken the entire hit as far as Avon is concerned. And as far as this particular incident is concerned, yes.

Nitin: Perfect. And on the BSS side of the business, if you could give some color on -- I think, Snehashish, you mentioned a couple of things in terms of headwinds and stuff. But broadly, how should we think of this business on a going-forward basis, both in terms of growth? And if you could just give some color from Denave both in terms of mix there and how that mix is between field services and stuff and how that is evolving? And also, from an Athena perspective, how are -- how should we think about growth itself, both growth and margins? That would be very helpful.

Amitabh Jaipuria: Snehashish, do you want to take that, then I'll add to that. Sneha?

Snehashish Bhattacharjee: So presently, like we already said, there are headwinds basis market changes as well as technology changes that are happening in the service line. As an organization, we've adopted and started adopting already our transition into delivering services as per the present market requirements.

And Denave we've already started transitioning our demand generation business into agentic AI-led services, and we are already seeing early signals of better adoption from our existing and new customers. We are also able to foray into certain new industry segments, which were not part of our business earlier, namely the security segment and all of that.

Presently, there are -- we are coming out of a stage of POCs moving to now actual project implementations, which are still happening at a lower scale, which is why we don't see the impact of that margin improvement on our overall revenue. However, we do expect in another 2 to 3 quarters, we will start seeing impact of that at a scale level. That is the first part.

The second part, the transition that is happening, presently because of the squeeze on the high-margin business, the lower-margin business is taking precedence and there is a higher mix coming in there, which is also putting a squeeze on our overall margin. However, that is keeping the revenue growth in line with the direction that we want to take. We see that playing out, like we said, for the next 3 to 4 quarters, in a similar direction with the higher-margin business picking up steam in the next 2 quarters' time. On the Athena side, we are also leveraging...

Nitin: One moment, if I could. Just a follow-up on Denave. So how are we -- how should we think about this? So, it will be helpful if you could give some color on the revenue itself and where it is moving? Because should we anticipate that from what you're saying, it looks like -- should we anticipate revenues come off first and thereby we won't see any growth, or could there be decline and followed up by a phase of adjustment and then a recovery? And how long should this phase of adjustment take, right? So that's what I'm trying to understand.

Snehashish Bhattacharjee: Okay. So, Amitabh, I'll just address that and maybe you can take over after that.

Amitabh Jaipuria: Yes, yes.

Snehashish Bhattacharjee: We don't see a revenue drop, like I said, which is why this business was built with that in mind. We've gone through in the past 27 years, multiple changes in markets, and we've tried to build insulation for that change, which is why we have a mix of a low margin and a high-margin business. Right now, the low-margin business is kicking the revenue ticking while the higher-margin business is picking up on the margin and building the base.

So, from my perspective, I don't see a revenue impact. The margin impact that you see today, like I said, probably will continue for another 2 quarters because of the transition that is happening in the high-margin business and the adjustments that we are making on the way we deliver and the adoption that is happening vis-a-vis that with respect to our customers.

But long story short, I don't see an immediate revenue impact. Margin, like we said, we will see a steady-state improvement over the next couple of quarters before it picks up steam maybe in the next few quarters. Does that answer your question?

Nitin: Yes, it does. It does qualitatively. But I'm just trying to understand how should we look at growth itself? Should it be a low single-digit kind of growth? How has it been right now? And how have margins behaved? So is the margin -- how should we -- because I have no data to go by?

Amitabh Jaipuria: Yes. Okay. Sneha, I'll take that.

Snehashish Bhattacharjee: Yes, sure.

Amitabh Jaipuria: So see, what is happening right now, if you look at it, if you look at our 9 months number versus 9 months last year, Denave has grown by about 10% right, about 9.5%, right? So therefore, there is growth in the business, right? It's the mix shift that Sneha talked about, where the slightly field-oriented businesses, field-oriented services, they are growing very well. He explained about a technological shift that is happening in the mid-market and in the top of the market,

which is the very technology-oriented market, where even the large customers are figuring out their own go-to-market strategies.

And that is clearly impact because we are the first tier below their own marketing departments, and that is why we are feeling the impact, especially for these large global customers that I had also talked about in the -- that we had also talked about in the last call. And actually, we have been talking about for the last 2 or 3 calls, last 2, 3 quarters, we have been seeing this shift.

So, will this 9%, 10% growth continue in terms of revenue? The answer is yes, it's definitely possible. That's what we are aiming for. So, it will -- the growth is per se in the business growth should not be an issue. the margin structure today, because of this mix shift and because of the fact that these mid-tier businesses, right, which is the bulk of the margin, that is where the headwinds are.

And these headwinds, we are now beginning to sort of get an understanding of where they are moving, but they are still uncertain. Margins in that business in Denave right now are approximately around 4%. And on a 9-month basis, we don't see this going down further.

So, I think between those 2, so growth will continue, give or take a percentage point here or there. As far as margins are concerned, we believe we have hit the bottom of the pyramid, the bottom of the cycle. So, I don't think we should be going down as far as margin is concerned from here. Does that answer?

Nitin: Got it. So -- so yes, it does. So, this is more like what a field services margin would be broadly at least this what I understood.

Amitabh Jaipuria: No. Field services will be even lower., Field services are like what you will have with other comparable companies. I don't want to name them, but you will know them, right? So typical field services margins are actually lower than this. So therefore, this is better because there is still a mid business that we have, right? And there is still the high-technology business, which is the IntelliBank business, which still contributes to EBITDA, right? So that is what gives us that cushion. So these margins are better than just a purely field-oriented business.

Nitin: Got it. And what would have been the comparable margin for Denave maybe in the previous 9 months or same quarter last year?

Amitabh Jaipuria: So we were at 5.2%. Right now, we are at 4%.

Nitin: We are at 4%. And that's the bottom -- got it, got it.

Amitabh Jaipuria: Yes. We believe so, yes.

Nitin: Perfect. Perfect. And lastly, on Athena. If you could explain the same.

Amitabh Jaipuria: Yes. Yes. So again, my colleague, Snehashish was talking about that, and I'll just add on that. Athena, the -- we had talked about the fact that the pain is there. And that pain now we believe that on the revenue side, we have sort of stabilized. Because if you look at our Q2 versus Q2 number, right, we are at the same level. So, there is no further decline in Q3 versus Q2. And if

you look at the Q3 versus Q3 last year, we are lower. But the first quarter is where we had the maximum pain. That's why if you look at the 9 months to 9-month number, revenue is down about 18%. But Q3 over Q2, revenue is stable.

So, we believe that we have now got to a stage where these have stabilized. Also, if you look at it, the Athena margins continue to be very, very good. So, if you look at a 9-month to 9-month number, our margin percentage is still at about 20%. So, this used to be 24% last year. It's down to 20%, but it is still very healthy. In fact, it's still amongst the best in our entire portfolio, right? And we now believe that this is at a reasonably stable level.

So, Athena, we should see stabilization. There is still technological uncertainty in that business. I mean, we don't want to be shy to call that out, because this entire voice bots and this voice calling is still something that everybody is experimenting with. There is still no scalable commercial-grade model, but we are continuing to experiment. But there is technological uncertainty in terms of that space, but we believe we have stabilized.

Nitin: So how would the BFSI and non-BFSI mix be here now?

Amitabh Jaipuria: So, I don't have the exact number, but BFSI would still be 70% plus.

Nitin: Okay. Okay. So going forward, I think you will obviously have a tail impact for next year. But broadly, one should assume that from here on, there is no decline, but at least it is flattish. Is that what you're suggesting?

Amitabh Jaipuria: Yes. Athena, in Athena and in that business, flat is a reasonable assumption, yes.

Nitin: Perfect. Perfect. That's helpful. I just have one last question on the DSO, which is up this quarter. So just wanted your thoughts there, and I'll see the floor.

Amitabh Jaipuria: Yes. So, DSO has gone up a bit. And -- but there's also good news. One very large customer has brought down DSO dramatically in one of our businesses because they have agreed to revise terms. Their terms earlier were 120 days plus. Now they have brought that down to, I think, 45 days or thereabouts. So, there is also good news.

But overall, see, there is some increase in overall value of debt outstanding or accounts receivable basically because the business has gone up. And there -- are 2 very large customers where the stabilization is still on. These are gigantic projects, where we had alluded to that in our last call as well, you will remember. So that is now getting pretty much resolved and we should start seeing DSO come down.

And in fact, there has been some money that's been received after the reporting date as well. But -- so you will see DSO continues to be an area of deep focus for us. And I think that's probably the best I can say.

Raghunandana Tangirala: We will continuously improve the DSO. We are confident of that.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya Fund.

Rahul Kumar: Just on leadership, I think there was a BSE disclosure about Snehashish exit from the Board of Denave. So why was that? And is there any change in his role at the company?

Raghunandana Tangirala: So, Sneha, you yourself want to address that.

Snehashish Bhattacharjee: Yes. I think this will be the right thing to do. See, this is not a surprise. As an organization, UDS as a corporate and even Denave within the organization, we've always worked towards a succession plan-led organization running. And this is a part of that. This is not a surprise. This is not a sudden incident. We've been building on this for the last 4 to 5 years.

And the person taking over from me is also a veteran within Denave, who's been with the company for about 14 plus, 15 years now and was the CRO of the organization. He was being groomed for the last 4, 5 years to be able to look at the overall business. That's why he had the CRO position. He moved from a VP Business Development to India CEO, and then eventually the global CRO.

So, this is all a part of a planned move that we are moving. So one, there is no surprise. Second, my association with both Denave as well as UDS is long term. I mean, Denave is my baby, and UDS is a very important partner that we've aligned with over a period of time and now are a part of. So that association will remain. This is more structurally doing the right thing for the future and the growth potential of the business by putting it into the next set of management. I hope that answers your question.

Amitabh Jaipuria: Yes. And just to add, all our companies are professionally run with professional CEOs and promoters have largely stepped away. Athena is still run by a promoter, but otherwise, they have largely stepped away. And this is just in the same vein with that. And Snehashish's association with the group will continue -- his expertise will continue to be available to us.

And that is evidenced by the fact that he is on this call, and he may be on future calls as well. So as and when we require it. So, it's completely planned the person taking over a 15-year veteran of the business completely being groomed for it by Snehashish himself. So, I think those are the takeaways from that.

Rahul Kumar: No. Actually, that is understood. Actually, CEO transition is okay. I was just wondering, he has also resigned from the Board of Denave, right?

Snehashish Bhattacharjee: Okay. There is a specific reason for that, and that's a very logical reason. Amitabh, do you want me to address that the same way that I discussed about it.

Amitabh Jaipuria: Yes, please. Yes.

Snehashish Bhattacharjee: See, I -- this is my personal opinion. I strongly believe as a promoter, when I'm sitting on the Board, I will always have an opinion, and that might be contrary to what the CEO might want to do. And when I have that authority, it will hamper the CEO's ability to want to execute a few plans, and you need new plans as we move forward.

So, this was my actually request to Raghu. Raghu had insisted that I stay back on the Board. I had insisted that instead of that, I would rather take a non-authoritative alliance or relationship with the group, while we have the CEO moving and taking up the controls of running the organization. So, this is purely basis what I believe, and that is what we are executing.

Amitabh Jaipuria: And we are deeply respectful of what Snehashish just mentioned because this conversation is -- has been happening for a bit, right? And this is an extremely mature view in our minds that a promoter is actually willing to step away to the extent that a professional CEO is given operational freedom and the freedom to make the right choices for the business going forward.

And he's not going anywhere in any case. So, I just want to keep reemphasizing that Snehashish is not going anywhere. It's a personal choice that he has made, keeping in mind to our minds also the highest traditions of corporate governance and professionalism.

Rahul Kumar: Okay. Okay. Understood. Understood. So just -- that's good to hear. Just continuing on Denave then. So, what will be the change in EBITDA for the high-margin business of Denave in this quarter versus Q2 FY '26?

Amitabh Jaipuria: So hard to say. I'll actually let Sneha add the details. But just at a higher level, it will be hard to say, because as I -- as we both Snehashish and I guided earlier and spoke about it earlier, the middle part of the business, which is the higher margin part of the business is still in flux. And we believe that the margin at about 4% is now stable. That is what will move forward. Growth will be there, but a little bit -- because we can see the growth in the field services, we can see the growth in some other segments of the business with some customers, but there are some customers where we are still seeing flux.

So, we would not want to hazard a number at this point. Overall company margin, we are saying should stabilize and now start improving from this level. Snehashish, you want to add some color to that?

Snehashish Bhattacharjee: Yes. I just want to say one point here. And like Amitabh said, we would not want to put in a hard-coded number there, but early signals with the transitions that we are doing and transition, let me clearly call out what we are doing. Demand generation as a business was a people-led process-enabled and technology leveraged business till now. It is completely transitioning to a technology-led, process-enabled and then people-supported business.

So, as we are making this transition, there are interesting and good positive signals that we are getting, which is still not at scale, which is why we don't see that in the business, where we have examples of customers who used to work with us with POs coming in every quarter have now signed up for 3 years.

There are customers where we were not able to get in because competition already had their people placed there, where we are able to come in with the new model where we are committing outcome rather than a fixed cost and therefore, making better margins both for the customer and for us.

And we are able to move into newer industries, like I rightly pointed out during my speech. We were talking about security as a business, which is becoming very, very, very relevant in today's day and age. We are able to get in there where they're leveraging our new methods to drive higher outcomes. However, like we said, the mix is still small. And second, the scale out there, it will take a little longer to play out, like Amitabh pointed out, the customers themselves are figuring out their own strategy, internal versus external.

And -- that is why we are not able to put a number to that. But I think the indications and the feelings are fairly positive and the kind of conversations that we are having, including with some of our largest customers are giving us a very positive signal, which is why we said in the next 2 to 3 quarters, we expect this to play out and start impacting our overall margins. But what that number is, I don't think we should be -- we would want to right now quote that here.

Rahul Kumar: Okay. Okay. Just on the IntelliBank product, can you help us understand, have we got more revenue from the existing customer? Or have we added new customers in this -- for this product?

Snehashish Bhattacharjee: Okay. So, we are a services business, and we've always put money before some of our investments, though we've made investments continuously, but a lot of these investments go in the form of being a project with the customer and then build on that. So IntelliBank has evolved into a platform starting off as a project with a very large customer, like we've talked about in the past also.

Today, the potential that we see of this platform is of becoming a sales account manager tool, and we are transitioning that also to become a marketing account manager platform. That is the direction that we see in this particular product.

In terms of its revenue proliferation right now, we still have one large customer, and we have 2 or 3 interested customers. And we have potential of working with the partner ecosystem of these organizations at a larger scale, which are still yet to play out. So presently, 1 large customer, 2, 3 smaller customers are an option of working with a larger base of high L1 channel partners of these organizations. Does that answer your question?

Rahul Kumar: Yes, yes. And with these 2, 3 customers, I think earlier you mentioned that you have a POC. Was this referring to this product and you expect this to conclude in the next couple of quarters?

Snehashish Bhattacharjee: Those POCs have concluded and we've moved to starting to deliver projects to them, but still not at the scale as that one large customer. That one large customer scale is fairly high and advanced because we've built up this along with them. The rest of them are still at a fraction of that size right now.

Moderator: The next question is from the line of Keshav Garg from Counter Cyclical PMS.

Keshav Garg: Sir, so the numbers are really disappointing. And I was just checking up the numbers that last year had a net worth of INR25 crores, and we have taken a write-off of like over INR20 crores on account of receivables. So, 80% of the net worth of this subsidiary has been written off. So, one really wonders what are the systems and controls in place and how many more holes or skeletons are there in the cupboard, which will tumble out with each passing quarter?

And now our stock is down 70% and it's less than net worth, but now you are talking about going out and acquiring some other companies. So, are companies available at below book value that you are like looking to acquire? Why not do a share buyback of your own stock? Isn't that an implicit admission that this business has no value, let it trade at below book value, but let's go out and do an acquisition which can add value to the business because the existing business has no value?

Amitabh Jaipuria: So that's -- we appreciate your thinking and your comments. Even though we do believe that it's a harsh commentary that you have just provided, we do not see it in that light. And the reason we do not see it in that light is that this INR20 crores or INR23 crores fraud is a fraud that has happened on the company. And the minute it came to light, we have informed the market. And as a part of great and good governance, we have taken the entire hit.

Now that hit is what has wiped out the net worth and made a significant impact on the net worth of this one subsidiary company of ours called Avon. We have learned from our -- from what this entire incident. And that learning is going to, as we move forward, impact the way we look at our entire control systems and revamped it.

Corrective actions have already been taken. In the biggest of companies with the best of reputation, you have seen frauds that have happened. And therefore -- but similar conclusions, right, should not be drawn that there are many more in the offering, et cetera, et cetera. The core business of UDS remains extremely strong. Growth of 8% to 10% and next year, 10% to 12% has already been talked about and demonstrated.

And it's a great mix of businesses that we have. Share buybacks have never been shown to increase share price. And however, having said that, -- we don't manage the share price nor do we have any interest in trying to manage the share price. We are managing the business to the best of our ability, and we will continue to do so.

The point about a share buyback and is that an option, the Board is fully seized of the matter. And the Board has reputable people on it. And the Board continuously looks at how we can take care of minority shareholders and ensure that governance is held to the highest standards possible.

And therefore, will share buybacks and any other mechanism of utilizing our capital be looked at in the future? Yes. You're absolutely right that share buybacks should be looked at as a mechanism of deploying capital. We continuously do that. We do believe that we have -- that our capital will be used in the best manner possible to benefit shareholders because that is our entire purpose.

However, we would caution all our friends on the call and in the wider community not to let this one fraud incident that has happened, which can happen in any company, the best of companies. If you go back and look at a 10-year history, you will see that, that we don't want to take other people's names, of course, on this call, but they have happened in the -- I mean, in companies that have been held up as paragons of corporate governance. It happens.

At the end of the day, we are dealing with people and we are dealing with humans. And humans sometimes act in a manner that defies all logic and act extremely craftily in a manner that sidesteps the controls that are there in a company and the best of companies. So, we are not claiming that we have done the best. We are sorry about this. And the idea is to learn from it. And the idea is to ensure that it doesn't happen again. But this is an isolated incident. This will hopefully absolutely never happen again to this extent.

And in terms of use of capital, we will use it to the best way possible to ensure that future streams of capital are preserved and future returns are guaranteed. That is why -- and we understand that we have to earn your trust again. And we are confident that we will do that.

Yes, yes, and in this business, book value is -- I mean, we are not a hard asset-led company. This is -- we don't have manufacturing facilities and those kinds of things. So, book value, while important, right, is -- I mean, you should look at the overall mix of business. It's a service business at the end of the day, right?

Keshav Garg: So, in fact, a service business trading below book value is just shows the extent of the undervaluation, especially if it is a temporary glitch, and it is not a permanent structural decline, which I am sure it is not, and I'm very thankful for your reassuring comments. Sir, now another concern is, what are the chances of AI and automation hitting our BSS segment?

Amitabh Jaipuria: So that's a great question. And we have led some commentary on that in the previous calls as well, and I will elaborate on that. AI is something which is both an opportunity and a threat in some of our businesses. In the IFM business, it's a clear opportunity. There is really no threat as far as this is concerned. Even the ground handling business, which is global, it's not a threat.

In Avon, not a threat. Matrix little threat, not really that much. It is there in some cases, but the opportunities are bigger. Denave and Athena are the 2 businesses where there is both opportunity and as Snehashish mentioned, it is something to be careful about. But today, we believe that we have the experimentation and our own innovation that is going on, which will enable us to use it more as an opportunity than a threat.

But can it disrupt those businesses? The answer is yes. Is it already -- are customers already beginning to think? Answer is yes because that's what we talked about that in the middle part of our business with these large global customers, they are reassessing their own interaction with AI and how they are going to use AI, and that is impacting us.

Actually, it's a clear impact, not directly, but because our customers are thinking about it. Having said that, let me also say very clearly that while there is a lot of talk about AI, and many global leaders are now also beginning to recognize this. While there is a lot of talk, there is a huge amount of investment, etcetera, etcetera. But the actual working models on the ground, which directly show that this service can be replaced straight away. Those kinds of examples are few and far between even today.

So, while it is taking away routine drudgery, and that is why I said it's more an opportunity than a threat because process automation, taking away routine drudgery, those are demonstrated models and uses of AI, for sure. But is it replacing humans? Answer today is still a no because

as Snehashish talked about, we -- some of these will become technology-led, some of this where it will become -- it will start dominating the process. But will the human go out of the loop? The answer is no.

Keshav Garg: Right, sir. Sir, and lastly, so for next year, you mentioned to expect around 10% to 12% growth year-on-year. So, what kind of EBITDA margin you believe in this business without any one-offs, we can sustain from next year onwards?

Amitabh Jaipuria: So right now, we are at about 5.8% approximately in that ballpark. I think because right now, some of our businesses, as we have already been talking about, have gone through a little bit of a transition and some of them are still a little bit in transition. IFM is showing strong momentum. So, we believe that these margins should be stable in this ballpark. So, in the 6% ballpark. Please don't take that as forward-looking guidance, but that's what we believe, yes.

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

Raghunandana Tangirala: Thank you all of you. Thank you, everyone, for joining on this call. I hope we've been able to answer all your queries. We look forward to such interactions in the future. And in case if you require any further details, you may contact Deven of SGA, our Investor Relations advisers. Thank you once again, all of you.

Amitabh Jaipuria: Yes. And I just want to quickly add on that, that we remain an extremely strong business. We believe in our internal processes and people. Avon is a one-off. It will probably never ever happen again. So, we remain a strongly governed company. And thank you for your interest and for your trust.

Snehashish Bhattacharjee: Yes. Thank you, all of you.

Raghunandana Tangirala: Thank you, everyone.

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