



IRIS Business Services Limited

06th June, 2022

To,

BSE Limited

Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: 540735

Symbol: IRIS

Dear Sir / Madam,

Sub: Transcript of earnings call with the Investors / Analysts.

The Company had organized an earnings call with the Investors and Analysts on Monday, 30th May, 2022.

A copy of the transcript of the earnings call held with the Investors and Analysts is enclosed herewith and the same is also being uploaded on the Company's website at: www.irisbusiness.com.

Kindly take the same on record.

Thanking You.

Yours faithfully,

For **IRIS Business Services Limited**



Santoshkumar Sharma

Company Secretary & Compliance Officer
(ICSI Membership No. ACS 35139)



"IRIS Business Services Limited Q4 FY22
Earnings Conference Call"

May 30, 2022



**MANAGEMENT: MR. S. SWAMINATHAN – CEO & FOUNDER,
IRIS BUSINESS SERVICES LIMITED
MR. K. BALACHANDRAN – FOUNDER & CFO,
IRIS BUSINESS SERVICES LIMITED
MS. DEEPTA RANGARAJAN – FOUNDER,
IRIS BUSINESS SERVICES LIMITED**



Moderator:

Ladies and gentlemen, good day and welcome to the IRIS Business Services Q4 FY22 earnings conference call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Siddesh Chawan from Ernst & Young. Thank you and over to you, Sir.

Siddesh Chawan:

Thank you, Vivian. Good evening to all the participants on this call. Before we proceed with the call, let me remind you that the discussion may contain forward looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results performance or achievements to differ significantly from what we expressed or implied by such forward looking statements. Please note that we have mailed the results and the same are available on the company's website. In case, if you have not received the same you can write to us, and we will be happy to send the same over to you.

To take us through the results and answer your questions today we have the top management of IRIS Business Service Limited represented by Mr. S. Swaminathan – CEO and Founder, Mr. K. Balachandran – Founder and CFO and Ms. Deepta Rangarajan – Founder.

We will start the call with a brief overview of the quarter gone past and then conduct the Q&A session. With that said, I will now hand over the call to Mr. Swaminathan. Over to you, Sir.

S. Swaminathan:

Thanks, Siddesh. Grateful to everyone who have actually joined the call today. I am actually in a country called Gabon which is in Western Africa. I am here with a delegation led by India's Vice President, Mr. Venkaiah Naidu. I am leading a business delegation. We are about 12 people here as part of our efforts to grow overseas. So, if in the middle of the whole thing, my call drops, you know why, so please bear with me.

As far as last year goes, I am thrilled; I am thrilled with the performance. I mean you can say I am being very perverse. What is this? Profits have dropped, EBITDA has dropped, sales have dropped. How can I be happy? If there's one thing, I have learned in the last 5 years interacting with shareholders is that there are different kind of shareholders. There are some people for whom a dividend play is the right company to invest in. And there are people for whom a growth play is the kind of company to invest in. There are people who are short-term. There are people who are long-term. There are people who are holding forever. There are people who are trading during the day. So, I think a company cannot please all kinds of investors. And these earnings calls are also opportunity for us to discover the right kind of investor for companies like us. So, there are two reasons why a company's revenues drop or do not increase as much compared to previous year. One, because of reasons outside our control and one because of reasons within our control. If you take a look at the kind of business we are in, we are to a large extent prisoners of regulatory initiatives. So, the fact that they haven't been too many regulatory initiatives, actually none at all in the last few years has affected us badly reducing our collect business. As far as the CREATE business is concerned, we have done extremely well based on our own expectations. I mean, tripling revenues in the US and many of you will understand that the early days when you get success to get success is very difficult. Once you have established something, so getting success is very-very easy. So, I think the fact that we have tripled from a very small base and done reasonably well is a source of great satisfaction. And the same thing in Europe, where we have doubled our revenues. We have lost customers in South Africa because of the regulator has given extra time to file, that's not within our hands. We also lost customers in the UK where we learned the hard way, the problems of being concentrated with one



customer. We used to work with one firm which gives a lot of UK customers, and they suddenly decided to take a lot of these things in-house and use a different tool instead. So, we lost a few customers there, welcome to reality. But having said that we have used the year extremely well. We have come out financially very strong. We have cleared off, you have heard me say in every call about the dues to employees and what, and my debt of gratitude to employees for having put up with us for so long. I am happy to report that except for about 15-20 lakhs of employee dues where we cannot find my old colleagues who have gone to other countries and who are not traceable, every Rupee owed to every employee has been cleared, except of course the founders. The three of us are still owed some money. It's not a lot of money, but still owed to us. Because of that, I am now finally able to take a salary. And this is the high point I far as I am concerned for the year which just passed. When you look at the company, you look for indicators in terms of whether the company is getting stronger or getting weaker. And I think from our point of view, from my point of view, and you are welcome to agree or disagree, from my point of view, the fact that I am getting salary is the most powerful signal I can send to the world outside about the health of the company. It's not a huge amount of money that I take, you will know if you see from the Annual Report. But having said that even that was difficult to pay for some time and the fact that I am now finally taking it is the clearest indication as to where we are going and what we think the company is up to. So, that's for me is a leading indicator. When we provide data, people use data in different-different ways, and people look at the data very differently depending on the perspective they come from. Some people look at something and say it's half full, something people look at something and say half empty. So, it is up to you to decide what you want to look at. Our job is to present the data to you and then see whatever you want to do with it and help you navigate it and look at it the way we look at it. I mean, it doesn't mean the way we look at it is the way you want to look at it. So, that's where we are. I think we are financially much-much stronger than before. Salaries are being paid on time; everything is happening on time. And the fact that we at current performance we will throw up Rs. 4 to 5 crores as cash next year at current performance, current level of performance. But fortunately, the COVID overhang is going away for us. Regulators are back in action. There are tenders that we are bidding on in different parts of the country. This is my first trip overseas in the last four years since COVID started and it's not that Gabon is waiting to jump into the XBRL fray. In the first phase you need to explore, so there are leads that we had in the past which have gone, gone phut. So, we need to get back and get those leads back and try and cultivate them. So, that's exactly what we are trying to right now.

So, in terms of numbers and financials, I will let Balu take over from now. But if I drop out in the middle, please bear with me. I am in a different country altogether where the connectivity, while it's decent, can still be slightly erratic. Over to you Balu.

K. Balachandran: Thank you very much, Swaminathan. Hope all of you can hear me.

S. Swaminathan: By the way, those of you who don't know, this is the only time Balu actually calls me Swaminathan. He really has a different name for me. So, thank you Balu, go ahead.

K. Balachandran: Okay. So, you can hear me. So, good evening and good to meet all of you after a gap of 6 odd months. I hope many of you would have seen our investor presentation which was uploaded a few hours ago on the exchange websites. I hope a few of you have seen that.

So, let me now quickly run through the highlights of the financial performance for the financial year ending in March 2022. Like in the previous meetings where I have belaboured this point, I will dwell more on our annual numbers. Since our kind of business tends to give a clear picture when you see it through the prism of a longer timeframe.



Now, if I look at the numbers per se, you will see that we moved pretty much in tandem or pretty much in line with our 9 months trend and this was maintained for the 12-month period as well. Our top line has moved a little slowly by around 8% compared to the corresponding year. While the revenue moved up by 8% all expenses, all that of course depreciation and interest cost increased by a higher proportion by as much as 18% within which employee cost moved up by about 12%. Now we could see that this increase looks high especially compared to the corresponding period, but one should keep in mind that this was also onset of the COVID pandemic the previous year and we were very parsimonious in spending and especially on liquidity. We are very bothered about that. So, we had a low base and on which expenses could move up.

I should maybe point out one aspect of our overall trajectory as a publicly traded company. We IPO-ed somewhere in 2018, if I look at the last five-year timeframe, you would find that our revenues have moved up by a CAGR of about 18% over the last five years, while expenses have moved up at a much lower rate at around 11%. This was accomplished with a very modest resource base and we have pivoted into the product business during this period, I would say quite effectively.

When we come to the revenue analysis segmental revenues we can see the COLLECT segment which is one of our flagship segments revenues have dipped by 12% while the emerging and I would say more durable CREATE **segment** continue its robust growth by clocking a 26% growth rate.

Our annual recurring revenues, which is a very important metric, has moved up higher than 19% if we look it from a gross basis. But on a net basis it has moved up by 19%. While the share of recurring revenues has also moved up significantly, it's now at 78% up from 70%.

The other thing which I want to point out is that if you look at our revenues geographically, you will find that our revenue share from the US and European markets, these are sophisticated and demanding markets, have moved up smartly. And this particular growth has come primarily because of traction gained by our IRISCARBON SaaS Platform.

Let me delve a bit on the COLLECT segment, Swami did mention that COLLECT segment is slowly coming out of a lull that we foresaw and experienced during the last two years. There has been some emerging activity as far as public sector spending is concerned, as far as regulatory platform related RFPs are concerned over the last few months, and we are cautiously optimistic to expect some improvement in the RFP pipeline going forward.

In the recent months we have been awarded work on enhancement of our own platforms, one in Malaysia and one in Kuwait. Of course, we had announced this to the exchanges as well.

Before I wind up, let me mention from a balance sheet perspective, we have been consistent in making it tighter. We are seeing a further improvement in receivables, i.e. receivables as number of days. Liabilities have been paid as well. And as Swaminathan mentioned we have paid most of our employee dues as well.

From cash point of view, we are at the point where we were in last March and we expect better days ahead. So, that's the short summary of what we have done in the last one year.

Back to you, operator. Thank you.



S. Swaminathan:

Balu, I will take it back from here. So, I am going to anticipate a few questions that will definitely come up and answer them first. So, the rights issue, we made an announcement about the right issue. Why did we not do rights issue just yet? Simple reason, about 3-4 months ago, we saw the trend in the revenues, and we basically said we would like the market to price in our performance before we do the rights issue. Is the rights issue on? Absolutely, yes. When you look at the numbers that Balu just shared with you, he talked about 8% growth in revenues. I have always been saying constantly that if I don't raise any money, we will grow out between 10% to 15%. If you factor out the fact that South Africa deferred their filings, so if you take a look at our difference between gross revenue and net revenue, that's about Rs. 3.25 crores or Rs. 3.5 crores of which the bulk of it, an overwhelming percentage, has actually come on account of deferment in South Africa where the revenues did not accrue this year, it will happen next year. Of course, hoping that we regain our clients. We have not lost the clients. So, it's more a deferral view which we did not recognize and since it happens once a year, it was not fair to recognize either. So, if you factor in that then our growth will be between 11%-12% in terms of revenues. So, we have actually said we grow at 10%, or 10% to 15% without fundraise and that stands. And why did we have to postpone the fund raise? What about the pricing? As promoters, we don't have the money to subscribe the rights issue. We have always said this. Now, if I had done the rights issue and did not subscribe somebody would have actually screamed saying that what sort of nonsense is this, promoters knew in advance and therefore they did the rights issue and they pulled the wool over our eyes and all that stuff. But I don't want to get into that. We take great pride in our governance; we take great pride in our transparency which often comes to hurt us. We are willing to put up with it, because transparency for us is not because the market wants it, but because shareholders want, transparency is because we want to see a great company going forward, we want to see the great company that has continued to survive only because of the transparency we have internally and externally. And that's exactly what we want to do. So, the rights issue will happen. I hope people support the rights issue. The rights issue is not a means of giving largesse to our shareholders. So, it will not be priced at significant discount to market. It may even be premium to market. We don't know. It could be premium. It could be discount. No, discount, rule it out. It could be at market. So, basically, please be aware that the rights issue will happen. We will now start working on it, now that the markets, hopefully by the end of the day, markets have priced the performance already. And the idea is to basically raise money that will put us on a bigger growth path. Now, why is there need the money? We need the money because we want to grow in certain markets where there are new initiatives? You might have seen one of my tweets a couple of days ago where the US government, the US SEC, the US government actually, the US Congress and Senate, and now expanding the scope of XBRL reporting in the US. Now in the SEC world, the filing started way back in 2008, snatching away existing customers from other vendors is more difficult than charting a fresh course in a new opportunity. So, the reason why the US revenue has doubled is because we went after a new opportunity last year, the energy market opportunity, where we did extremely well. The reason why Europe revenue has doubled is because we actually went after a new opportunity with the ESEF mandate. These are the iXBRL filings, the capital market regulator. We have always done well in new mandates, because it's also much less expensive to catch customers in new mandates and it's much more expensive to swing customers away from existing vendors in old mandates. There are several new mandates coming in different parts of the world. You might have seen some filings by us which talks about how even government of India is looking at moving to standard based reporting across the country. In fact, several tenders have been issued in that context. We have lost some for reasons that don't make us very-very happy because very often they do not understand significance of XBRL filings and this kind of use of ground up solutions as opposed to buying a readymade solution. But that's fine. You live with it. So, the rights issue is still on. I wanted to mention this, it's a question that's likely to come up.



Second point I want to make is many shareholders keep writing to us asking for information that we cannot share, and we will not share. Now, very often if these questions come which require detailed information, if there's an earnings call close by, we will address the questions at the earnings call and not do individual answers. So, please bear with us.

With that, over to you moderator.

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Rohit Potti from Marshmallow Capital. Kindly proceed.

Rohit Potti: Thank you for the opportunity and thank you for the detailed commentary as always. My first question is on UK. First, if you could give us an idea of what was the quantum of revenue that was lost because of our customer moving everything in-house? And a follow up there is, if you could also detail why did we lose the deal? Because as is discussed in the presentation, we are consistently ranked near the top in terms of quality, and we have been a bootstrap operation so we should be among the lowest cost providers of the software as well. Swami sir did mention that they are using a new tool. So, what made us lose or what cost does this particular deal, source of revenue that we had historically? And does it also call into question the partnership model that we have been using heavily across other market? So, is there a risk of something similar happening in Europe and US, or any of the locations where we have done really well in the past?

S. Swaminathan: Rohit, first of all, it's good to know that you now have a company name associated with your name, which I did not know about so congratulations. It looks like you found the company, or have you joined somebody, I don't know. We will come to that question later. So, before I pass on the question a couple of things, I think the biggest lesson is don't put all your eggs in one basket. In the UK we had one partner. We didn't lose customers. The partner decided to take most of the work in-house, a lot of work in-house. I think the impact on revenue is about Rs. 1 crores. Balu will confirm this. So, it's not very-very significant. But having said that, we also made up elsewhere in the US, not UK, not that much. The quality thing you talk about is in the US SEC market. In the UK unlisted company market, there are no quality reports of any kind. Yes, we are a low-cost provider, but we are not the lowest cost provider. There are people offering at even lower cost. As somebody said in the UK currently iXBRL filings are available for free as breakfast coupons with cereals. If you buy some cereal food, Kellogg's, you might get your breakfast coupon saying this. I am just joking, but that's really how low the cost has become in the UK. So, I don't know why we lost them. But there are opportunities coming up. The lesson that we learned from this, don't put all your eggs in one basket. In the UK we had one customer passing on significant number of companies to us, this has been a rude jolt for us. I mean, as I said, oh, the next good thing is the customer has said that he's not going to exit immediately with all the companies. They are going to exit over a course of 2-3 years. So, we will gradually see a lowering of the revenues, but the impact in terms of the company's, on the net impact will not be very significant. Now, since Deepta handles this directly, I will let Deepta take the question and answer the way she wants to. Deepta.

Deepta Rangarajan: Thank you. Hi Rohit. So, just to give you a little bit of background on this UK business loss, the UK mandate, the UK iXBRL mandate, the business registry mandate, which went effective, which went live in 2011, so it's been about a decade over a decade. At that time, we signed up with one large customer, who's a large consulting firm and they had a whole clutch of companies for whom they were offering the iXBRL solution basically for converting documents into iXBRL. Now, as a policy this large consulting firm never actually concentrated all of their business with any one partner. So, they had 2-3 different partners through whom they were working and



processing these files basically, we were one of them. Amongst the partner we were told that we actually were the best in terms of quality. I think this large consulting firm decided to stop taking some of the business in-house. Actually very, honestly, they never expected that this kind of iXBRL solutions or services would last this long. They thought it would all become integrated as a part of perhaps an accounting package and it will become all very routine. So, they themselves didn't expect it to last this long. At the end of the decade, they decided that they wanted to start pulling some of the business in-house. Apparently, what we learnt is that they already dropped all the other solution providers and other partner's vendors that they had, and we were the only one in the fray. They also said that given that the relationship was strong, so it is not that they have switched in favor of another solution. They were also processing some internally themselves anyhow, because they always wanted that as kind of a backup. But I think they got like a kind of a mandate or a requirement internally saying that let's now consolidate all of this internally. So, they came back to us, and they said that given our relationship is very strong and, they said, we would like to do this in a phased manner, we would like to reduce the number of files of other customers that we pass on to you. And as steady state, they expect it to drop down to about a third, there is no effect at current level. So, we see that playing out over the next three years or so. This mandate is an old mandate. So, we are, of course the lesson or the learning for us is never concentrate risk with one partner in one geography so the more diversified one can get with multiple partners, the more direct end companies one can have the better for us. But when we contracted this, of course, we were way-way smaller. We didn't have the ability to go direct, and we had just this one partner. We are now focusing our energies on the UK market. There are two mandates over there. There is a new mandate which is the ESEF mandate, as you know. And there this one as well which was the old, what we call the HMRC mandate, the tax and the revenue mandate. So, we are looking to see whether we can kind of get business in. We are getting in a small way as well. But like Swaminathan already explained for the US market when you are in a replacement market after such a long time, it's probably likely to be hard unless we are able to swing in a couple of bigger partners at this point in time. That's the long story and that's the lesson and the learning.

S. Swaminathan:

Rohit, one more thing. Rohit, it's what? The total revenues from the UK market from HMRC filings was not too high. So, the larger scheme of things it's insignificant, but in the larger scheme of things, it's a slap on the face and a lesson for us to learn. So, the good thing is that we have enough partner sales we as a market, to be able to withstand jolts and ...see, you can't go direct and also go with partners, it creates channel conflict. Because the partner always looks at you and says, what if you go behind my back and so on and forth. So, it's been a challenge, you have to walk on literally egg shells to get there and we are doing that. I mean, as I can't say it upfront because it's a fear that we always have, and the fear has come true.

Rohit Potti:

Fair enough. This is very helpful and a detailed answer from all of you. So, just a follow-up there. So, one of the things that was mentioned was that the expectation is that over time an XBRL solution is and integrate into an accounting package or something, something on those lines. So, how serious is that specific risk for, let's say, the Europe and the US market that we are extremely excited about today?

S. Swaminathan:

Deepta also said that over the last 12 years it's not happened and that's the reason why they are taking it in-house. I think there's answer in it somewhere as well. So, keep that in mind.

Deepta Rangarajan:

Very true. So, there are two parts to the answer. One is, obviously it has not happened, or the way people had anticipated. They thought it would become so seamless that it would just go into accounting packages and like a partner of ours said it has not happened in the last 12 years and they don't foresee that happening, right? If they themselves are taking this in house, so they are



setting up a practice for this, that's one part. The second part is the difference between this HMRC mandate and the Europe and the US mandates that we are so excited about, for example, is that the HMRC mandate works on a simple taxonomy and there's a fixed Taxonomy which theoretically could have been kind of automated, which was not by the way. So, in a more complex mandate it's far more of a challenge. And in a more complex mandate it is not only numbers that theoretically can spit out on an accounting package, but there is also a lot of narrative and texts and reports, etc., so if it was difficult in this one, it's close to impossible in the other one, or I should not say close to impossible, we take a heck of a long-long time, I think.

S. Swaminathan: The only other thing is that the cost of doing it in-house using an integrated tool, the cost of integrating it internally is much greater than the £150-200 we actually pay for using a third-party tool to do the whole thing. So, would you buy a road roller to break a pistachio nut. Absolutely not. A hammer would actually do. So, it's cheaper to have a hammer than to buy a road roller. So, integrating it internally, like my road roller, using a hammer is what solutions like us are all about. That's what I think our partners realized. So, partners basically said I will have my own tool, I will have my own way of doing things. I don't need you. Thank you very much.

Rohit Potti: Understood. Okay, perfect. So, this is very helpful. Next, if you could elaborate a little more on how you see things with the existing and implemented mandates in Europe and US. So, with the ESEF-ESMA mandate I believe, I mean, am I right in assuming that the, so you had let's say 30-40 clients coming in free for the first year. I mean, am I rightly assuming that the entire clientage that we have...

S. Swaminathan: They have all converted paying clients, everybody.

Rohit Potti: Okay, so going forward, it would be like how the US SEC as we know that from since 2008 in the sense that you have a fixed client base and it will be very difficult to grow them as far as the current ESMA mandate is concerned. Am I right?

S. Swaminathan: That's a fair statement, but I will let you finish your full question before I answer. But that's a very fair statement.

Rohit Potti: Okay. So, that was number one. And second is when is the ESG going to be implemented as per mandate in US and I think Europe. I was also curious to know because I am talking about ESG. So, how much of a difference for filing in pricing is there for ESG filing, because as you mentioned, that "GAP" company has used you for ESG filing the first ESG filing they have ever done. So, how was the experience, how is the realization different as compared to a normal filing that we have been doing in a US and Europe?

S. Swaminathan: I will let Balu take the ESG question. And as far as harvesting our existing clients more, I'll come back to this question later. First let Balu take the ESG question. Balu?

.K. Balachandran: on the ESG side maybe I will answer in two parts. One is a European mandate for ESG filing. It is expected to start in 2024. The exact calendar is to be out. It is going to cover companies both private and public. Right now, the IFRS' twin foundation which is looking at the ESG or climate reporting area is in the process of creating the standard and we expect the XBRL taxonomy which will be an inalienable part of it to come out by end of this year or early next year. So, that's when the mandate could start rolling out on a voluntary basis. As far as the "GAP"



situation is concerned, the, the "GAP" activity happened because they want to do an ESG report in iXBRL on a voluntary basis. And that's where we stepped in, and we worked with them to CREATE that. Maybe Deepta you want to expand a little bit on that particular process.

Deepta Rangarajan:

Sure. So, as Balu has already said, "GAP" wanted to voluntarily create its ESG report in a digital machine-readable format. And as they were looking to do that, they were looking for a tool that will help them do that as well. And there was a SASB Taxonomy which was already available from the US. So, SASB actually connected Gap with us because the existing tool that Gap was using is using for SEC filings and other filings wasn't ready with the ESG taxonomy or the SASB taxonomy while CARBON was already ready. So, they decided to do this on a voluntary basis and CREATE the report. They were very-very happy with the experience actually. So, they are obviously providing kind of testimonials and references. But it's early days because it's not a mandate as yet. We are putting out a small case study and they are also talking about it, they are also happy about the fact that their report is in a digital format. So, its benefiting us as well.

S. Swaminathan:

With reference to what Deepta basically said is, Rohit, the essence of what Deepta said, is the following. That when you have multiple mandates for the same company, it's advantageous to have a tool that covers everything. And if you can be quick off the ground, then there are possibilities that people will actually switch to you. So, while "GAP" may have been using somebody else for the SEC filings, the fact that they have not used ESG gives us an entry into Gap. So, when you talk about the first question that you asked about the limitations in terms of what we can grow, how we can grow in the US or Europe in these situations, I think as more and more mandates happens and I think, I don't know, you have seen my tweet on the US Congress and Senate passing a new law expanding the scope of XBRL filings, when those things happen, I think we are in a very good spot. We are actually in a very good spot, basically because we are usually very quick off the ground with our R&D team integrating newer and newer filings into it. Like, we did with the ESG filings which got us this "GAP" mandate. I think we should call it something else because people will confuse "GAP" for general accounting principles. "GAP" the company in this case. So, your questions, I hope the question got answered. The fact that we have other possibilities from Carbon brings in customers into us. And secondly, also keep in mind the size of our company. We are still very-very small. So, adding \$100,000 is exactly what. Might as well say its 75 lakhs, adding half a million dollars is what, 3.5 crores. So, given the size of our company, the growth that we seek is not daunting. So, even switching is possible and adding new filings is also possible.

Rohit Potti:

Perfect. So, one part of the question which was, so what would be, let's say a rough realization difference when it is just a normal XBRL filing for a listed company versus when an ESG package is also included as part of it. So, could you share that number if possible?

S. Swaminathan:

Balu.

K. Balachandran:

We haven't at this point of time given numbers to any of our customers who are working with us on a voluntary basis. But my expectation is, it won't be that dramatically different. That's my expectation, we didn't disclose this in the market.

Rohit Potti:

Sure, that's helpful. Swami sir touched about growth. So, I mean I asked this last and get back in the queue. So, in the past we have mentioned that we can usually grow at much higher rates with adequate funding? So, would it be fair to assume that statement still holds very much true and we're waiting for the cash flow from this year, as well as a rights issue to accelerate the assets on the growth, but would it be a fair statement to say that?



S. Swaminathan: Totally, totally and also one more thing I want to add to this is, the interesting thing is a couple of adjacent products for example, let me stop a little, Rohit you are an investor in the capital market for a long time?

Rohit Potti: Yes.

S. Swaminathan: Have you ever used XBRL data?

Rohit Potti: No, I have not yet.

S. Swaminathan: Is that an opportunity for us?

Rohit Potti: Sure, that is true.

S. Swaminathan: Every listed company you invest in teaches you how to use XBRL data in your investing behavior, would that help?

Rohit Potti: Sure, it would help, yes.

S. Swaminathan: Would every investing company, sensible investing company, although they are filing in XBRL, wants to do that?

Rohit Potti: Agreed.

S. Swaminathan: That's your answer, that's our hook.

Rohit Potti: Okay. This is probably the Consume section that you're talking about here, right?

S. Swaminathan: Absolutely right. On, which we've invested tremendously, that's where we need to focus to acquire new customers. Apart from adjacent filings, learning to use XBRL data is also a huge possibility.

Rohit Potti: Perfect. Perfect. I'm sorry. So, one last question, before I go back into the queue. In the past also, Swami Sir you mentioned that you have lost tenders in India. You mentioned IRDA which I think Wipro won in the past. Even in this call, you mentioned that you've lost a few. So, historically you've always maintained that in collect segment globally, we have only three, four competition and we generally been in 45% to 55% of the tender. So, what's happening in India, why the difficult for us to win tenders other than the RBI ones we are consistently been there for more than 10, 15 years now?

S. Swaminathan: The ignorance of the regulator is the biggest problem and the tendency to want to develop bespoke solutions. Very often people don't understand the importance of data standards. They think electronic filing is enough. They think electronic filing is all that they need to do. That myth has now been busted with the CAG report, which says it's not enough to collect electronic data. It's important to have common data standards. That's a very significant report. The CAG report if you don't have it, I will have it send it across to you. It's going to become law very soon. When that happens, already MEITY has issued some report two days ago about governance and data standards. The ignorance of the regulator and the unwillingness to recognize the benefits that RBI has given which RBI knows all about all the time, that's where the problem lies. I think when that changes and therefore, they all think it's some very big software project that needs to



be implemented. As we lose out to the big four, so they set conditions, which ultimately ensure that only the big IT companies can actually bid for it, the IT services company. We still have an IT services mentality in this country that needs to change and that hopefully will change. We are confident, but one thing is very clear, I must say, during the COVID period, the biggest lesson that we also learned is that we can't ignore the domestic market. We have some creative ideas in terms of what to do. You will actually see some significant initiatives that we have actually taken in the domestic Indian market to grow our revenues here. Don't be surprised if you see us coming out of the woodwork in a few areas and not just in GST, but a few other areas as well.

- Moderator:** We have got a follow up question from Rohit Potti. Please go ahead.
- S. Swaminathan:** Rohit can you pause for a second?
- Rohit Potti:** Sure sir.
- S. Swaminathan:** I want to say something else. Balu you would have seen that those mails from shareholders who are asking various questions, which we did not reply to for variety of reasons. Can we take some of those questions so that shareholders are happy?
- K. Balachandran:** Sure.
- S. Swaminathan:** Maybe you can read out the question and we can decide who will take it?
- K. Balachandran:** Beg your pardon, what did you say?
- S. Swaminathan:** Maybe you can read out the question one by one and then we can decide who will take it.
- K. Balachandran:** This is question from Vikas Challa, that says, I would like to know the progress of subsidiary made by the company in the GST space, how many clients are added and how many more ERP partners is the company collaborating?
- S. Swaminathan:** Gautam are you there?
- Gautam:** Yes.
- S. Swaminathan:** Gautam not only you take the question. I also want you to talk about the IRP because many people might want to know what the IRP, but they don't really know yet.
- Gautam:** Okay. The question is what is the progress made on the subsidiary made by a company. So, this is IRIS Logix, which is a subsidiary which focuses on the app for the transporter segment. Currently we have 165 subscribed, user subscribed transporter companies who are actually using the app. So, these are regular subscribers, either they take quarterly or annual subscription. In terms of number of ERP partners, we've got four partners with whom we have tied up, but bulk of our subscriptions are our direct subscriptions. ERP would be making for about 15% of the total subscriptions. That's on the logix, which is our subsidiary. To talk about IRP, so IRP stands for Invoice Registry Portal. As you must be aware, e-invoicing is now mandatory for issuing of invoices, all B2B invoices. The mandate was rolled out in 2020. It started with 500 crore companies and subsequently the threshold has been reduced. Now it's 20 crore and above in turnover companies about 3 lakh GSTIN currently come under the e-invoicing mandate and the Government has actually seen the benefits of e-invoicing by plugging of the



revenue leakage and we see these in the monthly tax collection figures which have been constantly going up. So, there's an intent and there's a need to make e-invoicing pervasive across for all B2B transactions. Government is also talking about making e-invoicing for certain B2C category of invoices. That's where the long tail of taxpayers come in, almost about 95% taxpayers who are currently not covered. This would require having substantial infrastructure or IRP system in place, which is able to handle the load and the request which is coming in. Currently NIC is the only registered e-invoicing service provider in the country. In the 42nd GST council meeting, it was decided to appoint private IRPs who would actually perform the same role as what currently NIC is doing, a process for selection of the IRPs started about 8 months back, about 100 companies that applied 30 were shortlisted, finally 17 presented and a full-fledged demo of the IRP application was made. Finally, 4 companies have been awarded with a license to become an IRP, currently it's a provisional license. Once the agreement is signed, we get the final license. So, and this is one of the four which has been selected. Once we become an IRP, we actually move a notch up from being just a GST which is connecting to our NIC or the GSTN system we become at par with the NIC system and become one of the five IRPs, which can actually generate the e-invoice on our own. Next time, if an e-invoice has been generated and signed by IRIS, one can actually scan the QR code and see that it's signed by IRIS. What does it mean, from an overall opportunity perspective? There is e-invoice the generation of e-invoicing is a government mandate. It has to be offered for free at zero costs which is what NIC is doing. The private IFPs will also need to do the same, but private IRPs are allowed to provide VAS on top of the basic e-invoicing data. That is where we see an opportunity because there are lots of gaps and needs in the industry from an overall automation of the entire AP cycle and the AR cycle as well as the value of an e-invoicing data for flow-based lending. This is all going to be, once supplier is giving consent to take a VAS and the data can be stored and these services can be offered on top of it. So, that's why we see a big opportunity and an opportunity to play a role in actually digitizing the entire commerce chain of the country.

S. Swaminathan:

The real story here is not just the fact that we got it, but when you look at the list of companies who bid for it, which is who's who of India and who did not get it, only four of us got it and the fact that only four of us got it tells you something about how good we are or what people think about us to convert it into an opportunity is where the challenge lies. It comes back to the same thing. I'm like a stuck record. The amount of money that we have in the bank will drive how successful we are. At the presentation, one of the companies, which is a loss-making company or the new age companies, I'm told, they basically mentioned that if you have any doubts about as look at our balance sheet, we have got Rs.500 crores. The same question was asked, you know they have Rs.70 crores how much do you have not even Rs.5 crores. So, for us to be successful, we need to have a war chest. I'm not saying we will have Rs.500 crores war chest, but we need to have a watch chest. I hope that when the rights issue happens, we will get subscription from the shareholders in a manner which allows us the comfort that we can fight the battle to have to fight with somebody who's got Rs.500 crores, you don't requires Rs.500 crores, you basically need to be smart about what you spend and how you spend it and have a great product, and have the trust of your customers. That's exactly how we go about doing things. We've learnt how to do things in the cheapest possible way and in the most inexpensive possible way and that's what we continue to do and that's goes back to what I told you Rohit about adjacent possibilities that come up, which allows us to go back to customers. In fact, we also have so far not only the IRP, MCA launched basically said time ago about information on vanishing companies, Gautam you also said something about vanishing companies the product that we have, and also the legal system, you talk about both, Gautam. We have acquired new customers to whom we can actually go with existing suite of products. These are both very important products which have been launched both with getting some traction in the market. It's slow, but it's happening.



Gautam:

Correct. MCA has come out with a regulation that if a company is dealing with any counterparty, which is struck off it needs to be reported in the annual report filing. If you look at the current MCA website, there is no common source of about this. There's no place where which actually lists all these strike off companies. The list of strike off companies get uploaded in a PDF file by independent ROCs, about 25 ROCs in the country. So, what we did was we actually downloaded all the list of struck off companies and put it into a database and run a smart search. So, any company can actually come and just upload Excel file with the company which they're dealing with and we give you a name match, whether the company is actually struck off or not, it just makes it easier for secretarial or for the finance team, which is actually working on it, we call it as IRIS Lookup. This is a first feature we have looked at in IRIS Lookup, which is searching for struck off companies. Now that we see, there's a good demand that there's a good interest. We have about 65 plus companies which have taken subscriptions. It's a completely DIY mode. Once a product is made, that is it runs on its own. There is absolutely no team involved in it. This gives us an opportunity to actually cross sell and upsell. We've seen out of the 65, more than 50% are first-time customers for IRIS. This gives us an opportunity to actually start selling our GST solutions and our MCA filing solutions. We will be also looking at adding more features within a lookup through GST search, through GST compliance scoring and returns filing and PAN search and things like that. All public information where any enterprise needs utility to do a bulk search and get returns or reports immediately this is what lookup is going to do. That's our first product, which is IRIS Lookup. The second one is IRIS Litigation Management System. Post GST, a lot of things changed for companies to actually manage the litigation. Especially one is the services company. One has to now take GST registrations across all states, earlier there were different laws for VAT, excise, service tax and state-specific taxes. The GST regime completely changed the whole thing going to a faceless audit and a faceless assessment mechanism. We have built this tool, which is a SaaS based platform in collaboration with one of the leading firms which has expertise in GST litigation. It's a tool which actually manages, tracks your entire litigation cycle. Starting from an audit stage, show cause notice and goes all the way till the time the case is closed, or a settlement is made leading all the way up to Supreme Court order. This is a very detailed and this is again a tool which is targeted for large enterprises, which is managing a lot of litigation, lot of show cause notices now, this is phase one. It has modules for litigation management, pre-GST litigation management, as well as handling audits, we've been getting some good feedback. We've had a couple of large companies which have expressed an interest to sign up and we've also started getting feedback for, building an AI ML based features in it where similar cases can get tagged and you can actually refer back to a similar case laws or auto drafting of responses and emails and things like that, which should be taken up in phase two. There is also request that, a similar tool can be actually looked at for direct tax litigation management, as well as license management. Those are things that we have on the roadmap. We see this play as a bigger, a very important role as GST now gets starts moving into more of a litigation phase.

S. Swaminathan:

Basically, the way to look at it is a digital reporting framework. There are many adjacent opportunities each of which we're trying to get into in some way or the other, depending on where the fit is there or the fit is not there. Rohit over to you.

K. Balachandran:

There were couples of more questions we may conclude it very fast. Okay. One was that the company recently disclosed that large investors come in this acquire shares of the company. Is it actually promoter's shareholding or shares on the open market?

S. Swaminathan:

I have one request for shareholders. Please read the filings that the company makes, the company there's no new Shubhkam is an investor in the company. What they do is their



business. What they do with the stock is their business, these are all public information. Please read the filings carefully before asking such questions. It's all there.

K. Balachandran: Shubhkam did not acquire shares, they disposed-off shares in the market. That's what happened.

S. Swaminathan: Balu, what Shubhkam did we don't know, there was some change and it is not up to us to answer what Shubhkam did do or did not do. It's up to Shubhkam to talk about it, we are not Shubhkam.

S. Swaminathan: But the filing was made by Shubhkam in the market. The file was made by Shubhkam in the market.

K. Balachandran: We also have to make a filing because there's a requirement.

S. Swaminathan: No, that's true. But the point is the promoter shareholding has not changed.

K. Balachandran: Absolutely, absolutely. That is a basic point. The other question about disclosure management. What are the benefits with respect to disclosure management, how many clients has it been sold,

S. Swaminathan: Deepta, short answer because we don't have much time now.

Deepta Rangarajan: Sure, sure. The short answer is that the disclosure management solution will be released now in this coming month. We don't have any clients at this point in time, and we will get a better sense of this entire thing after the next few months. That's it.

K. Balachandran: That was from Vikas. There are others also.

S. Swaminathan: Ask. Please ask.

K. Balachandran: Some of this have been answered in the previous explanation that you had given.

S. Swaminathan: But let's mention it anyway, at least for the record we know that the shareholder question is being answered.

K. Balachandran: Basic question, what is the range of for the Kuwait project where you're assigned with a partner. We don't disclose the numbers for a specific project, I can say that the lower range of typical capital market implementation, because this is an enhancement process. The second question is what is the value of the business I can expect from the launch of new product IRIS Lookup which is Gautam did touch upon and what is the value of business that can be split from acting as IRP for GST. That also **Gautam touched upon** what we are trying to do. What is the indicative timeline for the rights issue?

S. Swaminathan: The answer is really simple. The moment this call is over the moment we feel the market's priced at in whatever manner they want to, we will then call a meeting of the right tissue committee and we will take a decision very fast. We will not linger any longer.

K. Balachandran: Okay. And now we move to Muralidharan. What are the current orders received? We have given the order book in our presentation. You can take a look at that. He is talking about the company



entering the IAAB segment and what about the future outlook, presume could be the IRP segment. That has been answered whether new geographical expansion of business has been done in Q4 2021. Geography-wise slow, but deeper we have gone. Steps taken to improve the financials of the company.

S. Swaminathan: Balu - geography wise, yes, because we have actually sold a couple of licenses for SEC filings to companies in Chile for example, which I discovered completely by chance or in the course of a call, some Chile companies taken our SaaS product for SEC filings. The answer is, yes, we added more geographies.

K. Balachandran: All right. Steps taken to improve the financials of the company, presume it this could be related to our balance sheet numbers, I again mentioned that our receivable number days of sales, have come down we have paid off employee dues, interest cost has come down significantly this year compared to the previous year because we have moved to lower cost credit arrangement. The stability of revenue has increased as well, our ARRs increased some Rs.40 odd crores to Rs.47 crores. So, these are the questions we are pretty much through on this count.

S. Swaminathan: There was also some question about ATS and all that by somebody.

K. Balachandran: Yes. There was a question from Vikas.

S. Swaminathan: Let's not miss any question; let us answer the question anyway. I'll answer it.

K. Balachandran: can you talk about the nature of the project and can there be with other police forces in the country?

S. Swaminathan: Absolutely. That came to us because NASSCOM, it was a free pilot that we did for the ATS Maharashtra. In fact, those of you in Mumbai, Maharashtra, will be happy to know that there is that we played a small role in ensuring the ATS Maharashtra has a reasonable data system within their organization. ATS stands for Anti-terrorism Squad. It was about five years ago. It was a pro bono project at the request of NASSCOM. Can it be done elsewhere across the country? Yes, but everybody wants it free. We will not do it for free. Balu go on.

K. Balachandran: Okay. In the US lot of municipalities are adopting **XBRL because of municipal Bonds**, can we see the same story playing out in India as well,

S. Swaminathan: Not in the next five years. Because first the CAG law we pass after which the Government of India has to take note and then things have to happen. I don't see this happen in the next five years. Anything else?

K. Balachandran: I think we are pretty much through with this.

S. Swaminathan: One request, I respect the right of every shareholder ask questions and I answer every question. At the same time, I have only one request for them. When you send in a request for answers in the middle of whatever, there's a lot of management resources spent on getting the right answer out, getting the answers out. So, my request to you, where the information is publicly available through our filings, please look at them and please recognize that we are actually spending money in resources in answering each of your questions. So, please, please, please, I respect your right to ask questions, but please keep them to areas which have not been covered. Rohit, floor is yours.



- Moderator:** Thank you, sir. Rohit sir, you are unmuted.
- Rohit Potti:** Well, thank you so much for answering all those questions which you have asked on the mail. Much appreciate it. Quick 2-3 questions, one, the order that we mentioned is 67 crores. Is it to be executed over the next financial year? Is that how it's indicative?
- K. Balachandran:** Not really... So, you can say ARR component which is for the year and the other competent which is contractual. It could be spilling over the next year as well.
- Rohit Potti:** Understood. So, the ARR component would be roughly Rs. 50 crores including the full South Africa component, it should be around Rs. 50 crores, am I right?
- Swaminathan:** Yes, 49 crores.
- Rohit Potti:** Okay, understood. So, that was number one. Second question is, so in the past we have discussed in detail on how the market share has evolved in Europe with ESMA coming in, right? So, could we have a similar discussion on FERC mandate? I believe we had in the first phase 800 companies that came out. Has the entire filing been done by also those 800 companies under FERC? And the second question is we also mentioned that once the first phase of SERC filing, first phase of SERC companies, once they are done with filing, in the next phase I think the number was in a large, thousand or something which are expected to file in the next couple of years or so. So, could you elaborate on that market please?
- S. Swaminathan:** So, not all 800 filed. I think number of companies that actually filed was closer to 600, if I am not mistaken. And the second phase has not yet started. The date has not been announced. We think it will happen next year, but I think I'll leave it to Deepta to answer the question. Deepta we have got two minutes to finish the call. We will go over time, but just keep it in mind.
- Deepta Rangarajan:** Sure. So, in FERC it was close to about 700 companies, I think that filed in the first phase. And we got roughly a 20% market share over there. And phase two is not yet announced. So, I think it's likely to be pushed back a little bit, perhaps a year down the way but we don't know yet. We are waiting to hear actually.
- S. Swaminathan:** One more thing I must add is it's likely that we will not work with our existing partners as far as phase two is concerned and we will be on our own, but that's okay. We are strong as we have a marketing muscle to be able to do that, to be able to go out to the market, we will do that. We have differences with our our partner in terms of how to approach the market. We are very happy for them. They want to go out on their own. They basically have a different model that they want to follow, which doesn't work for us. So, we basically said we will part ways. So, in phase two we will not be working with them.
- Rohit Potti:** But will this put at risk the existing clients that we have won there over the next few years?
- S. Swaminathan:** No, it won't. The existing customers are already bound by contract with both of us. And we have revenue share which they will respect and we will expect.
- Rohit Potti:** Perfect. So, 10% market share is great to know, that's a great achievement, sir. Congratulations on that. And curious to know, so we have roughly around 70 odd companies and customers. Sir, the entire revenues being recognized in the last financial year, or is there something to be recognized in this financial year?



- S. Swaminathan:** It's an annual filing. So, it is recognized as annual filing. So, answer is yes it's been recognized.
- Rohit Potti:** So, the entire thing has been recognized as in the March numbers.
- K. Balachandran:** Let me say that as far as FERC revenues are concerned, it is spread over 12 months, the license to use the carbon platform for that period.
- K. Balachandran:** I will answer, Balu here. This spreads over 12 months, the FERC filings?
- Management:** Yes Balu, that is correct.
- Rohit Potti:** The revenues were recognized for 12 months. It's not that whatever we have got there we have recognized in entirety in the last financial year. Is it the right view?
- K. Balachandran:** It starts from the date of signed agreement with the customer. Then it is spread over 12 months.
- Rohit Potti:** Just this to ensure that I understood it correctly. So, let's say if the customer filed it in January and he paid us with let's say Rs. 100, that's been spread over 12 months. You don't recognize the entire 100 in January or February; your stretching time is let's say Rs. 12.50 over the next 12 months, is that correct?
- K. Balachandran:** For the FERC mandate that is right.
- Rohit Potti:** Okay. So, there should be a natural increase in ARR in the next year, because this will recognize the current coming year. Is that right?
- K. Balachandran:** The ARR of 47 that we talked about with this FY23, it incorporates this piece of information as well.
- Rohit Potti:** Perfect. That's helpful. My last question from my end is, you have talked about attrition of 20%-21%. So, in the context of what I see in other companies, I think that's a great number and kudos to guys for managing it so well. How is this scenario right now? Because with the startup funding drying up, my understanding is that the talent war is not as heavy, as severe it was a few months back. So, could you guys discuss that a little bit, please?
- S. Swaminathan:** You know, human beings are very simple. They are still complicated. Once they lock themselves into a higher salary, they are not willing to take a lower salary to be able to move to, to at least find a job for at least for a long time. They don't see the writing on the wall. And I think the startup funding has actually destroyed the whole talent acquisition process for a large number of companies. And honestly, it's quite disappointing how the whole thing has actually panned out. And competing for resources is one thing but competing in a meaningless way has actually destroyed the market in the whole process. So, there are people in my company who are getting paid Rs. 15-20 lakh, who have gone out for a salary of Rs. 55-60 lakh in other companies. So, it's just not tenable. It's not maintainable, it's just not going to happen. So, have the things improved to an extent where we able to find people? no, not yet. I think it's getting there, but I think it's a bit too late. So, once this funding actually happens, we will actually be able to, we are also strengthening the technology team in a very big way. You will soon see us make an announcement about a very senior technology person joining us. It will happen soon. We are not in a position to talk about it right now, but I will just mention that to you, we are strengthening



the technology team in a very big way. Hopefully when that happens, you will see some significant step ups in the way we look at technology. But has it improved the finding people? No, it hasn't. And we are not in Bangalore, Rohit, we are in Bombay. Bombay is a little different from Bangalore. Bangalore is much worse.

Rohit Potti: Understood. So, on this people thing again, so I notice that we are very focused on improving our marketing and sales focus. But I don't think we have a Chief Sales or a Chief Marketing Officer. So, anything on that front as well?

S. Swaminathan: We have greatly strengthened marketing team. Deepta you want to talk about that. We really had some fantastic sales people on the ground. But Deepta will talk about the marketing team.

Deepta Rangarajan: Sure. So, Rohit your point is valid at this point we don't have a Chief Marketing Officer, but on the individual product marketing side, we have strengthened the teams. So, at the product marketing level, the engine is beginning to sort of crank up and come together much better, both for CARBON well as for GST with which are the two big business on the CREATE side. But we will be looking to strengthen it further, both marketing and sales. And there are positions that still need to be filled in.

S. Swaminathan: I said, Rohit, if you recommend people and we recruit them we will pay you a finder's fee. Applies to all shareholders, everybody on the call. We are open to recommendations.

Rohit Potti: Sure, sir. We will keep that in mind. Thank you so much. That's all from my end as well. I don't have any more questions. Thank you so much for answering all the questions so patiently.

Moderator: Swami sir, there are no further questions in the queue. Over to you for closing comments.

S. Swaminathan: So, thank you very much for being on the call. I think the year ahead should be much better than the year that went past. Largely because as I said, COVID is over. One last thing I want to talk to you about which I think is very significant. Many people look at the SaaS opportunities as a very huge opportunity, and they look at okay, 5% market share, 10% market share, 20% market share. Our SaaS opportunity is very segmented opportunity. So, when you look at the US SEC market, there are 5,000 companies. When you look at the European market ESEF that are 2000 odd companies or 3000 companies. So, the number of companies in each market is very small and no single company can ever hope to dominate the market to an extent where it gets more than 15%-20% market share, quite literally. One factor that worries us slightly is that recently Workiva took over a company called ParsePort. When I say it worries us, in ParsePort that they will now have a product that is basically priced around where we probably price it. And they are also able to fix a few things that they could not have done earlier, but I think it's a great source of, it also means that we need to buckle up and literally stay on our toes to be able to compete in that market. We have not done too badly against ParsePort in the last year in Europe and we believe that we are well positioned to do a lot more. So, it will cut both ways. I think while it will certainly strengthen Workiva's portfolio, I think it will also create problems of a different kind of them. So, just because you acquire a company which is in a certain segment, doesn't mean you will get all their customers. So, there are people talking to us. We are ready for that. So, that's where we are. So, all in all, the year that have gone past, we can really do better than this. On that note, thank you very-very much for the call and we will meet again in six months' time. We will not do quarterly calls, we will do half yearly calls. Thank you very much again. Bye.



IRIS Business Services Limited
May 30, 2022

Moderator:

Thank you. On behalf of IRIS Business Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.