

India Ratings and Research (“Ind-Ra”) has downgraded IRIS Business Services Limited’s (“IRIS”) Long-Term Issuer Rating to ‘IND B / Stable’ from ‘IND BB- / Stable’ as follows:

Instrument Type	Maturity Date	Size of Issue (million)	Rating / Outlook (Revised)	Previous Rating / Outlook (August 6, 2018)	Rating Action
Fund-based working capital Limits	--	INR 60	IND B/Stable/IND A4	IND BB-/stable/IND A4+	Downgraded
Non-fund-based working capital limits	--	INR 30	IND A4	IND A4+	Downgraded
Long-term loan	March 2022	INR 60 (reduced from INR 85.87)	IND B/Stable	IND BB-/Stable	Downgraded
Forward contract limits	--	INR20	IND A4	IND A4+	Downgraded

With respect to the above downgrade of IRIS Business Services Limited announced by India Ratings, the Company wishes to state as under:

- (a) We submit that the opinion expressed by the rating agency is completely at variance with the ground reality in the company and is not a well thought out opinion.
 - (i) We wish to point out that the rating agency has erred in the calculation of EBITDA. Apart from not accounting for net foreign exchange gains in the calculation, a tax item related to withholding tax write off which should be treated as a post EBITDA charge has been erroneously take as a pre EBITDA charge;
 - (ii) We wish to point out that the increase in operational expense is commensurate with the revenue growth of the company; hence the comment on this head is misplaced.
- (b) We wish to assure investors that the rating downgrade comes at a time when the fundamentals of the company are getting stronger.
- (c) We have represented to the rating agency articulating out our concern and our objection.

August 27, 2019