

30th December, 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: Disclosure of Material Event / Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Analyst(s) / Investor(s) Call.

The Company organized a call with the Investors and Analysts on Friday, December 23, 2022.

A copy of the transcript of the 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

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“IRIS Business Services Group Meeting”

December 23, 2022



**MANAGEMENT: MR. S. SWAMINATHAN – CHIEF EXECUTIVE OFFICER & FOUNDER,
IRIS BUSINESS SERVICES LIMITED**



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S Swaminathan:

If the whole COVID relapse had not happened I would have actually expected a significant acceleration, with this relapse I don't think that any plans that have already been announced by countries will actually go into limbo. Well, the good news is that post COVID relaxation countries did start using IRPs and the remaining countries have actually invited us to come and give the presentations. The fact of the matter is that it takes its own sweet time, you know implementing a regulatory filing platform is like a generational shift for a country. So, we had started applying and we started sending out our proposals to various countries and things had started and this whole thing happened in the last week or so. I hope it doesn't slow anything down. But Bhutan is in the bag, the reason we've not announced the amount is because it's a bit of a moving number.

In the world of compliance while the core application for receiving the data, I can tell you what that cause. There is the level of integration and other things that actually go with the back end, where it's difficult to estimate costs right at the beginning itself. So, will actually make a trip to Bhutan in the next couple of weeks unless the country shutdown which I don't think will happen, where we will have a better understanding as to what the value of the project will be. If I give you a range you will basically come back and tell me, why are you giving me a range so management will not give you a range at this point in time. But we will hopefully have something in place soon in terms of what the value of Bhutan will be. And if you remember not just the last call, in the previous call I said we have about four different bids which we have actually put in place. So, basically, I said Bhutan is in the bag and other countries are yet to make up their minds. We are hoping it'll happen soon. We expect some traction to happen by March end but your guess is as good as mine because the whole regulatory compliance platform business depends on not only the whims and fancies of the regulator but also the ability to get funding.

So, the Bhutan project is funded partly by the World Bank and by the Bhutanese government. From what I know it's 60% funded by the World Bank and 40% by the Bhutanese government. So, I think the 60% World Bank thing is they have already tied up. The larger thing is what they need to tie up internally. But Bhutan also depends on India for a lot of these things. So, it's quite possible that India might jump in, I have no idea at this point in time, I will have more to offer in the days ahead. The value of the Bhutan contract will not be very different from any other regulatory implementations in a significant fashion. But having said that, the system integration partners go along with is where the variability is.

What we also want to do today is to basically show you a couple of products that we have launched recently, each of which could actually be very useful to you in terms of XBRL data consumption. Some of you may be aware that SEBI is now looking at expanding the scope of XBRL compliance, more and more. Already the ESG reports are being submitted in XBRL. So, all of these things open up more opportunities for us in the Create part of our business the first part of the business is the Collect part, which is where the Bhutan thing comes in. The Create part is where the new opportunities will come on account of filing mandates. The filing mandate in Europe in terms of additional security, Anu will talk about it. There was also an XBRL Asia conference that was held in Bombay recently where most of the participants turned out to be our clients, which is very good for us. Therefore, we will flex our muscles in front of the international XBRL community, which again something also Anu will talk about. So, Anu will share with us two things, one is what is happening with the FERC next phase mandate and also the carry with XBRL conference that happened in Bombay recently, if you could do both then will be grateful



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Anuradha: Okay, great. So I start with the FERC overall mandate. So, this is actually applicable to all energy companies. Phase one of the mandate started last year, and close to 800 companies had to comply with this mandate. Phase two of the mandate what we hear is as close to 3000 entities will have to comply with the XBRL reporting. And I had kind of visit US 2-3 months before, so I also got the opportunity to meet with the representative who's responsible for XBRL implementation at the FERC, which is the energy regulator. So as per him, there could be more guidelines which would come in early 2023 around that mandate. So that's more like informal communication that we got, but we are hoping that there'll be more official communication coming from the FERC early next year.

S Swaminathan: So, when do you see that mandate kicking off?

Anuradha: So that information they haven't kind of clearly given any dates or timeframe. Usually what happens is once the mandate is announced, there are various steps right once the regulator announces a mandate there is a taxonomy that needs to be released, and the taxonomy goes through various iterations and stuff like that, software's have to be kind of developed. So, I think overall from when the mandate is announced, maybe 1-1.5 years or two years is the timeframe from when the mandate rollout kicks in. So, as per this conversation, if you're even expecting something, let's say by the second quarter of next year, I think that itself will be a good next rollout for this broader scope of reporting and that more entities will be covered under this.

S Swaminathan: So just you're aware, the FERC phase two reporting, we have not factored in our internal revenue budgets going forward. The internal revenue budgets going forward we have seen growth come largely from iFile implementations that's the Collect implementation in different parts of the world. So, the FERC thing if it happened sooner will actually be a positive surprise for us. As opposed to it being postponed, which will be neutral, it doesn't matter because already everything is been factored into the numbers at this point in time. Anu go on.

Anuradha: So, that wasn't the FERC overall rollout and separately if you see in the US, there's also a big reporting, which is called the climate reporting, which is going to kind of come up. So, they also we kind of seeing that SEC will kind of start making announcements, maybe next year, so those are kind of very early stages. But what we're kind of anticipating is this FERC will be one very important opportunity that has come up. So secondly, this was at the overall XBRL Asia roundtable conference, which was held in Mumbai. This was again last month. So, this is primarily a regulatory event where a different regulator from Asia had kind of participated and this is an opportunity for regulators and agencies who want to implement XBRL as a standard is kind of present. So, this conference was kind of very well attended and there were representatives from RBI, SEBI, NSC and you know, various exchanges and Central Bank so on and so forth. One very interesting topic in the event is, of course, there were presentations from different regulators. there were close to 5-6 regulators that were kind of invited to kind of present. There was, for example, a Securities Commission from Malaysia, there was a Jordan Securities Commission, there was Oman Capital Markets Authority, Taiwan Stock Exchange, and RBI who were invited to present at this event, sort of these five regulators if you see, companies commission from Malaysia, Jordan, Oman and RBI all the four speakers who were kind of presenting the role of XBRL and how XBRL has helped them improve the overall supervisory role as a regulator, it was kind of very polished. Some of the presenters also did have IRIS name in their presentations for example, the Principal Advisor at RBI when he gave his presentation, so he did kind of mention how IRIS has overall helped to improve the whole banking supervisory system in India. He was speaking also of NPAs and stuff



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like that, and also early fraud, fraud detection and stuff like that. So, he did kind of also take our name in the speaking slot, which he kind of presented which is very nice to hear by the way. So, similarly the presenter also from Oman, Jordan, and Malaysia that kind of mentioned our name in the presentations, which is kind of very encouraging to see. And, of course, they were presenters, like, for example, Taiwan Stock Exchange, so there in Taiwan we did not do the implementation, but they were trying to kind of say, how that implementation has gone in their country and now where they are also kind of looking for more improvements in the way they've kind of implemented. They also want to move to this new reporting requirement, which is like XBRL most of the regulators have adopted XBRL but the next generation or the improved avatar of XBRL what is called as iXBRL, so countries like Taiwan are also kind of considering to adopt iXBRL at some point in time, so they were kind of explaining their own challenges in implementing and stuff like that. So, it was a very well attended event and it was very nice to see that out of five speakers, 4 speakers were our customers on the regulatory division.

S Swaminathan:

So, what this does is the following. One of the consequences of this event that happened here is that neighbouring countries and other Asian countries, we're keeping an eye on it. Many of them actually participated virtually in the conference, and it nudges them in the direction that we would like them to go. So, we actually expect at least one or two of these countries to start on their XBRL preparation going forward and very quickly. I think that's the big purpose that events like this will actually serve. Secondly, when 4 out of 5 regulators come and talk about IRIS I think that's a huge endorsement that also gives comfort to people. And on the sidelines at least 2-3 of the regulators who actually invited us to come to their countries and basically see what more we can actually do. There's a thing that we keep discussing internally, although we have hit 50 countries, by the way, we have hit 50 countries as of now with Bhutan coming in. So, with 50 countries what's happening with either regulators or enterprises, we don't really need to add to any more countries, though I secretly still has an aspiration of covering as many countries as possible. The fact that we have these countries if we just deepen our presence in these countries that's enough for us to grow quite literally and that's certainly an extremely important element of our strategy going forward. So, these conferences where 4 out of 5 regulators stand up and say, we work with IRIS become a huge endorsement and a source of comfort for each of them, wanting them to do what creates a situation where they want to do more with us. And everybody from these countries, when they actually come here and receive a local simulator like RBI also working with us. They basically are very satisfied, so that's the basic carry away with XBRL Asia as far as the Asia Conference is concerned.

One of the consequences of that is some of you might be maybe aware that I talked about the CAG report, where CAG had talked about data standards. So many state governments in India have taken heed of the CAG report, and have started talking about data standards themselves. So won't be long before Indian states also move in the direction of data standards. On the chat box, I posted a link of a document that's been put out by the Tamil Nadu government. If you look at the document, Tamil Nadu government actually talks about XBRL being an optional adoption by various departments of the state government in Tamil Nadu and it won't be long before it becomes mandatory. At the first step when something new happens, it's the recognition in the second step, people start adopting it. So, I think you can safely say that all the 29 states in the country will be paying heed to these things, and will actually be taking it forward at their own pace. So, we're quite happy with the progress on this front.



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So that's where we are. I'm happy to shut up and take any questions that you have. We also have the Divakar here from my office who can show you one of the big problems in XBRL filing in India is that nobody's using the data. So, we have tools that we have created, which allow people to use the data time permit will ask Divakar to do a demo and I would strongly urge you to start using it, it's free. We will start pricing it much later but in the meanwhile, if there are questions happy to take them and download that link, it is in the chat box, please click on it and download the link and take a look at it.

Siddesh Chawan: Hi Vikas, please unmute yourself and go ahead.

Vikas Kasturi: Hello Sir, couple of questions. One is could you please speak a little more if you have made any progress in terms of the GST invoice filing and the second question was about your filing the press release that you made regarding your tie up with Microsoft. Could you please speak a little bit more about these two? Thank you.

S Swaminathan: Basically, the Microsoft thing means that our product is available through Office 365, it's nothing more than that. It's not some major tie up with Microsoft. Every software company wants its partner ecosystem to basically work with its own products to make them available. The number of people globally using Microsoft products is huge and I think it works to our advantage. I would not read too much into it in terms of recognition and whatever, it is almost hygiene factors. I am presuming you are referring to this cost management system and office 365 integration, Anu you want to talk about

Anuradha: Yes, I can speak about it. So far, if you see overall, at least on the IRIS Carbon business line what we have been kind of doing is we are going after geographies and mandates where XBRL reporting is being introduced so that has been our focus so far. So, what we want to kind of do is while XBRL comes in the last leg of the reporting, we want to kind of get into the working process of the compliance reporting team, which is of course the preparation of Annual Reports and going forward ESG is also a very hot topic, which is kind of coming up. So, with this overall office 365 integration with IRIS Carbon, we've got two opportunities here, one is for the existing customer were we have a customer base already. We are in a nice position to go ahead and speak to the same CFOs office and have a selling opportunity which means it's like a backward integration, you're going to work on the reports and stuff like that. So that is one opportunity with our existing customers. The second thing is, of course, this also is going to help us go beyond an XBRL mandate because the XBRL mandate is not in our control, there are so many factors which come in like politics and also the interest of the regulator and stuff like that. However, what we feel is this, there is a genuine need for compliance reporting, SAS solutions and a lot of companies right now prepare annual reports, quarterly reports, and all sorts of reports in a very manual way. So, without SAS offering, we think we will also be able to go after companies where there's a need for a solution like this and it is not XBRL dependent, it's not mandated dependent. So that's like another area where we think there is potential.

S Swaminathan: Also, we want to add a hygiene factor because many companies prepare their annual reports at the final stage using Microsoft Office or one of its components. Therefore, it's imperative that they are on it to be able to ensure we don't lose customers by not being on it. So, I would urge you not to look at it as a tie up with Microsoft, I shudder to use that word. Understand that as a company, we are very conservative in terms of the way we say things. We disclose these things in the market, not because we have a reason but we need to disclose it. So, we need to disclose these



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things when they happen and we will disclose it and we will keep disclosing it. But as I said it's not a tie up in that sense, it's allowing the product to be available on Microsoft platforms. It's available today because many people who want to do backward integration and there are adjacent products that will be keep launching for which working with Microsoft becomes very important and that's a way to look at it. As far as GST is concerned, the big churn we think will happen once the e-invoice mandate is launched. We are still waiting for it to be launched. There have been some hiccups on the government side but I think it's going to be under control. So, some churn is started happening, there are no precise numbers. I think they will get more clarity by the end of the year in terms of where we are headed. So, we are all waiting for the e-invoice mandate to kick in and that's really going to be the next big driver of churn in the market and that we think will start happening around January 1.

Vikas Kasturi:

Regarding Microsoft, I don't know what the correct word is maybe a partnership. So, I think wouldn't it be like you are trying to say it's not such a big deal, but I would say it's a big feather in your cap because it signals something that a large company is willing to partner with us and offer our product in conjunction with Office 365. So, I thought it was something really big.

S Swaminathan:

Vikas, if you wrote a letter using Microsoft Word, are you using Microsoft Word to write a letter? Microsoft is not going to be so proud that you use the product and that you wrote the letter using Microsoft Word. Similarly, if tomorrow, for example, Tushar puts up a research report using Microsoft Word, they will not be very proud of it. The point I am making, I am not saying it cannot be a big deal. If we are not in Microsoft, we stand the risk of losing some business. By being in Microsoft, we're able to defend our term much better. It's also possible that they can grab new business because of that, but I don't see that as being a huge big driver. I see this more as a hygiene factor than anything else at this point in time. I see this more as a necessity than anything else at this point in time. It's not a conscious strategy and it's not a partnership. So, there is no corporate agreement between us and Microsoft to be able to work in office 365. If you're going to be offering solutions in the cloud, you will necessarily be working with software also on the cloud and that's where things like this become very important. You will see many more products coming up from us and from other people on such cloud-based platforms. See anybody can develop a product on Office 365, I don't think Microsoft has any objections because ultimately as far as Microsoft is concerned, they will be able to sell new licenses out of them and they are doing that. So, I'm not saying dismissive, but I'm also saying don't read too much into it.

Vikas Kasturi:

Sir, could I ask you a more like a product feature kind of question. So, this sort of partnership with Microsoft three office 365. Does it allow them to sort of create the XBRL report in Excel very quickly? So, the whole between the IRIS carbon and Excel is that does it work more smoothly with this tie-up? Is there some product-level feature like that?

Anuradha:

Okay, let me kind of explain how this works. So, the overall XBRL of course, it's like an open-source standard. Overall, IRIS Carbon what we have kind of done is we have kind of gone ahead and use that standard in the whole activity of what we call tagging. The tagging, review, and validation of all of those are modules inside IRIS Carbon that we have built. So, all of that is Iris IP, so overall if you see integration with Office 365, what it allows is, for example, it is not that it will allow a user to go ahead and do the tagging, that is not something which exists now but the tagging is a model that we have brought in IRIS Carbon and that is proprietary to IRIS. So, in the Excel file, what



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happens is usually when compliance teams prepare reports, most accountants and financials have Excel as the base for all the numbers and it's like a data repository for numbers for financial tables and stuff like that. So, what happens is with this overall integration is the ease of kind of preparing reports becomes much better because otherwise, just imagine if there's a 10 member team who are preparing or authoring reports, I would be working on my desktop, you will be working on your desktop and there is somebody who's kind of collaborating everything and gathering. So, all of that manual activity gets eliminated and everything is done online, which means everybody is working on one centralized document. And of course, this serves as a centralized spreadsheet which is linked to the word that's another very important thing and your tags are embedded on IRIS Carbon, which means whenever a number changes it can really smoothly be done on the Excel file, all the number of updates will flow directly into the Word and finally to IRIS Carbon and whenever there is a number updates the XBRL tagging also gets retained. So, the XBRL modules are not there in Excel or Word, the external modules are there in IRIS Carbon. Does that make sense?

Vikas Kasturi:

Yes, sure. So, my question is more of a very long-term kind of thing. 5 years or 10 years from now, what is the game plan in your mind? Are you going to bring in professional management or something like that after the founders take a backseat to what is the game plan there, if you could just you can just give me a high-level thought process? I'm not looking for specific answers here.

I meant if you're gonna hire a CEO to run, not now say 10 years from now. Do you have plans of hiring the CEO where the promoters take a more board-level kind of seat is that the thought process? What is the thing here, is my question.

S Swaminathan:

When I asked Anu to be on a call, I said there are investors who would like me to step down and for people others to take over. So, Anu see people want me to step down and others to take over, and that's started. So, Anu, that's why I wanted you to be on the call. See ultimately, everybody has an expiry date, I have an expiry date, and every founder in the company has an expiry date. I am 60, Deepta is a few years younger, Balu is a year younger and we all have an expiry date. So, what we need to do is we need to have a company in place that people should want to join. See, for example, very few shareholders for a while know that I have not taken a salary for a long time, I have started taking a salary. So, the company is getting stronger and today the company is financially much stronger than it ever was before but to be able to attract good people you need to have a much stronger company. I am not saying that it's all well settled and only then people will come. People will join a train that's accelerating and going faster. So, I think the challenge for us is to show people that these things are possible. We are putting in place the runway for takeoff and hopefully, we will take off and not crash. I think we had enough crashes, we have had so much bad karma over the last 12 years and it's time for some good karma to take over. So, we're hoping for that. So obviously I don't think any of us expect to be here forever, we are first-generation entrepreneurs Deepta, Balu and I. And we all are extremely mindful of the fact that we have an expiry date and therefore it's important for us to get the right team in place, which is also why we keep inviting colleagues of ours to come and participate in this call so that they can get the exposure that needed. Vineet is an outstanding colleague, Anu is an outstanding colleague, Divakar is more recent, so I will not use any hyperbole or I will not use anything to describe what he does because he asked for a higher increment next year. So, we are mindful of this and we are putting in place the systems for that to happen. You said 10 years, I don't think I last in this company for 10 years, as of now I am giving myself 5 years in this



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company, after which somebody needs to take over. Who will be at this point have no clue, it's the question that we keep asking ourselves. We have a solid next level of management. We have people like Anu who are extremely good and we have several others who are extremely good. So, our ideal situation will be to find somebody from within and if nobody from within is able to step up then we will look for somebody from outside. It's a complicated business, just hiring somebody who has domain knowledge is not going to happen, it's not that simple. So, we need to find somebody and that's what we are going to do.

Vikas Kasturi: Alright Sir. Thank you very much.

Siddesh Chawan: Karl Karkana. Please go ahead.

Karl Karkana: Hi Sir, one of the things which I wanted to know I guess pertains more to the Create segment is what are the key factors that make a prospective client select a particular SaaS platform? And who exactly is the main influencer? I mean, when you're marketing your product, you have to convince the compliance officer, is it the CEO of the company or is it that the regulators such as the RBI or the SEC give a diktat to all the regulating entities that these are some of the platforms that are accepted for the entity to report?

S Swaminathan: Karl it is a fantastic question. And it's a question that we keep grappling with all the time. And it's not one approach that moves the mandate. It's not one approach that will help and it's not one shoe that fits all sizes. Now the nature of the compliance market is such that you need to be able to be seen by the person who's going to use your product. So very often calling on makes a huge difference. So, Anu has travelled extensively across Europe, meeting across the section of companies and persuading them to come and take our product. If you're selling a product worth anything from say \$5,000 to \$10,000, making a trip to Europe to get even one or two customers is actually worthwhile because of the Indian cost structure because these are SaaS offerings, and the customer stays with you for a long time, that's one part. The second reason why a certain company comes to you is that other companies in the same country have come to you. You know, I can never overstate my gratitude to a Belgian company called Colruyt, which is the first to sign up with us. The moment Colruyt signed up with as many companies in Europe started signing up with us. The endorsement that we got from Colruyt was absolutely deafening and I think Anu can talk about it. There are several such marquee customers that I can talk about in every country in which we actually operate. So, we spent a lot of time trying to identify these marquee companies, going and meeting them and telling them how good we are. The third thing that's very important, is the fact that we are visible on the internet. See ultimately in the world of compliance like in the world of medicine, we don't pick a doctor on the basis of just on the basis of who is end one use, it's on the basis of pricing. You don't have comfort in the doctor's ability to deliver. So in the case of compliance, you will have comfort in the ability of the company you can work with to deliver your compliance solutions. So, the fact that we work with regulators in so many countries, the fact that we work with RBI, the fact that we work with Singapore, I think all of us in India need to be proud that we have a great regulator and RBI. We don't realize the amount of respect that RBI commands globally. So, when you say you work with RBI, and the banking system actually works with you I think it's a tremendous source of comfort for many millions of people across the world. Price also makes a difference, but we are not at the lowest cost, there are people significantly lower in terms of costs. And to answer the question that you asked about working with regulators. Yes, working with the regulator, as we do in South Africa, India and a few other countries makes a difference, but you can't TomTom it and



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you can't say I am the teacher Son, therefore, I have the question paper, it doesn't work like that. So I think we need to be very careful, especially in the countries where we work with regulators, not to use that to gain customers. It's a completely different process. I will not say that we have not gained customers because people have seen that also, but to what extent that happens I don't think it's very significant. Anu you want to share with us how you pitch when you go and call on customers in Europe, for example, or your US. And one last thing, I think a partner network we are extremely grateful to I mean, our partner network has stood by us too thick and thin. Many people keep telling us why we just use the partner's stuff to acquire a customer for a year and then get out. We don't do that, we want to work with partners, we want to work with partners in the short term and long term. And I think the partners have delivered absolutely good customers to us. So, it's also a question of choosing the right kind of partners that we need. So, Anu, you can share with us the approach that you have taken when you have gone to Europe and US,

Anuradha:

The whole European mandate was supposed to start in 2020. So, I think Europe was one of the countries that started off much earlier like in 2019 and stuff like that. So, I think it all comes through a lot of things, of course, we need to have good product sales, and marketing, all of that matters a lot. But I think in Europe, what really helped us get the initial customers was our overall experience in the thought leadership that we have shown in this space. So, for example, we write a lot of materials on the latest topics for example ASAP mandate. So, we got the first inquiry through a website by a company called Colruyt, which is the number one retail company in Belgium. So, they had kind of reached out to us and of course, they had an IT division in India. So, the CFO's office from Belgium came and that's how we went and met with them and presented our solution. And this was like almost in like 2018, as early as 2018 actually. There were a series of presentations, and they kind of really liked the offering. They signed up with us and then even before it was 2 years for the mandate to kick start off, they wanted to do a voluntary IXBRL, like a dry run. So, they were one of the very early companies in the whole of Europe to adopt IXBRL and we requested things like testimonials and stuff like that because they're kind of very happy and they did kind of give us a very good testimonial overall around the entire offering. And with that one testimonial and of course, that is where I will need to kind of connect with Deloitte. So, one of the Deloitte Belgian people was at Colruyt and they were one of the consultants for Colruyt. So, through that Colruyt engagement, we got Deloitte Belgium and through Deloitte Belgium, they wouldn't kind of sign up with anybody being like a big 4. So, they kind of started recommending, there was kind of events that they kind of started hosting, so that's how we got invited. This was again like in 2019 and 2020, we got invited to participate in a lot of events. And because of Colruyt, we got a lot of Belgium area. And similarly, if you see other examples we also got our early partners by the way from Belgium itself. So that gave us very good momentum to kick start off. And similarly, if you see Italy is also another geography where we work with Deloitte, Deloitte uses our products in 2014 for the Italian XBRL mandate and similarly, we started forming our sales in 2019 for the Europe region, because we did see an opportunity coming up. So, another interesting customer that we kind of signed up for, was a company called ENI, which is actually Italy's one of the largest energy companies, they are into the petroleum industry. So, for them also, they were already working with another vendor for the US SEC reporting and the European reporting was needed for them. So, I am not a salesperson, to be very honest. So, I come with the XBRL background, I know carbon so I think our conversations were more like consultative, I would say selling let's put it that way. So, I think they like the whole approach that we know our stuff and they decided okay fine, we will sign up with you for the ease of reporting. So, 2 years ago, and this is going to be the third year with them this year, they also decided to sign up with us for the US SEC reporting. So, they were working with one



of the very large players, other vendors for the SEC reporting and seeing how we kind of how the product is and the overall experience that they have, they will also sign up for the SEC reporting this year. So similarly, we signed up some very good partners. For example, Slovenia is a small country, but we signed up with a partner called ADD and the through that partner we managed to get close to 90% of the market share in that particular country. So, being in India and for example, our competitors like there's a company called Parseport, they had a very large sales team. So, in each country they had a salesperson, if you see a minimum they would have 25-30 people and if you see from our side, we had only 3-4 salespeople here and that too they were from India. It was much later that we had one colleague in Spain. So, with a 3-4 member sales team here, I think we have managed to kind of get to 250-280 customers as of today, which I think is a good job that we have kind of done. And similarly, the US if you see the US also has been a very different market

S Swaminathan:

One thing I want to add, we are also grateful for Indian embassies overseas. In many countries, we work with Indian missions to try to do some local outreach. And, the government gets a very bad name very often, but I think if we can actually talk to the missions overseas, and try and come up with the value proposition, they actually helped us. So many companies in Europe, which went through the adverse COVID situation offered them free filing for one year, and most of them convert to paying clients in subsequent years. So, I think I will also not underestimate the value that accrued to us on the account of the Indian mission. I think we will go to the next question.

Rahul Bhansali:

Yeah, thank you, Sir. So, I wanted to ask about phase two of the FERC. So, I believe that in phase I, we had partnered with someone and then I think that partnership has stopped post phase I. So, do we plan to go by ourselves for phase II, or have we partnered with somebody else?

S Swaminathan:

As of now we going on our own, but if you find a suitable partner, we're open to it. Our partner in phase I has launched their own product as well. So, there is something that I want to share with you. It's something I keep saying to my colleagues internally. One big lesson for us, now that doesn't really change our behaviour towards our partners. One big lesson for us is that choosing your partners is very important, choosing a partner carefully is very important. Partner authorizations in terms of their own growth, we have to be mindful of that. And very often, there will be who to talk about who your competitors are, I think who your partners are is also an extremely important question that we keep asking ourselves and we are mindful of the aspirations of our partners in every market. So, in Phase II will go on our own and as of now, yes if we find a suitable partner we will go with them, the answer is yes. Are we looking for one? Well, we keep our eyes and ears open because our entire growth strategy in every market so far has been on the back of our strong partners.

Rahul Bhansali:

Got it, thank you. And how big would this opportunity be for us in terms of how much would be the average realisation for these kinds of deals and what kind of share are we looking to get for the FERC phase II?

S Swaminathan:

So, the per unit realisation in phase II will be much less than phase I, because they're smaller companies and therefore the per unit realisation is gonna be much less. I think our realization will depend on whether we work with a partner or not work with a partner. We also have to see the complexity of the taxonomy that comes out in terms of the complexity of the filing that needs to be done. So, I think it's still too early to figure out a price point for that activity. The moment we have clarity, we'll share that with you.



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- Rahul Bhansali:** Okay. Sure. So, one question I had was on the recurring sales, so we are right now at around 50 crore of recurring revenues. So, what kind of cost do we actually incur for the recurring part of the sales? So, I just wanted to understand what kind of profit can we get just from that part of our sales?
- S Swaminathan:** Again, it's a fantastic question. The cost of retaining a customer has two parts to it. One is the cash cost in terms of engagement, that's more of a time cost in terms of people engaging with them and so on and so forth. There is no additional cost except product graduation needs to be done anyway. So very often, in any company often people get transferred up, new people need to be trained, and that's a cost that we need to be incurred. So, I think generally speaking the more and more the customers will do things on their own. See in year one, in most mandates a lot of hand-holding happens a lot of white blood is given to customers. But the more and more the customer can handle things on their own as it is begun to happen in many markets, the greater the margins that recruit you. I think it varies from customer to customer and we are completely mindful of that, so we have an internal system that keeps track of P&L for each customer. So, for each customer, the numbers are very different.
- Rahul Bhansali:** Okay, because for some of the companies in the SaaS space, their recurring revenues may earn as much as you know, 60-70-75% gross margin, so are we looking at that kind of a percentage? I mean, if you can just give some figures it would be quite helpful.
- S Swaminathan:** Sure, please note that one of the problems today with IRIS is that we have a complicated business with three different divisions, and therefore the play of one division eats into the margins of another division quite literally. So, when you aggregate over the company, you actually get various numbers. But if you go product by product in terms of pure SaaS offerings, the numbers will not be very different from the kinds of numbers that you just talked about. So, it's really also a function of at what stage of usage the customers are. So, we are one of the customer's uses the product that does a lot of help component, service components. In year 2 we want to come down, in year 3 we want to eliminate it completely. So, it's really over time the margins keep improving as the customer takes the product in-house.
- Rahul Bhansali:** Got it. Thank you so much.
- Saket Kapoor:** Thank you for the opportunity. Sir firstly in terms of doing business with the Reserve Bank, what kind of revenue have we posted for the last year and what are the terms of the contract with the XBRL filings?
- S Swaminathan:** Vineet you wanted the question.
- Vineet Kandoi:** Hi Saket, this is Vineet. So, are you only asking about the revenue from RBI?
- Saket Kapoor:** The business we need with RBI. I have knowledge about XBRL.
- Vineet Kandoi:** Over the last two years from the XBRL project which we are implementing, we would have recognized around 10 crores over the last two years.



- Saket Kapoor:** And what are the terms of the contract, for how many years have we signed it and every year what kind of revenue?
- S Swaminathan:** RBI has been from 2008 onwards and they are not going anywhere. These are all long-term contracts. See we should recognize one thing when you work with the regulator if you make a mistake the regulator throw you out. So even if you have a 20 years contract with the regulator always has the finger on the button to the exit gate to throw you out at any point in time. So, it's up to you to ensure that we don't make any mistakes and so on and so forth. Every regulator that we work with, whether it be in Singapore or RBI, or any of the markets they have been with us from day one. There are markets like Thailand where we did not scale beyond a certain time because our local partner took and ran with it. So, there are situations like that, but regulators like Singapore's Accra, RBI in India, and several others have stayed with us since the beginning and will continue to stay with us unless we screw up, which we hope we never do. They keep getting renewed every time so often.
- Saket Kapoor:** Okay, so just to take into account the pie of business that we can garner specifically from the regulator like RBI. What is the scope of work or the size of the pie going ahead in terms of only pertaining to XBRL or further initiatives also, which I think the Reserve Bank currently is working INDS with NBFC migration, which they have been sending emails all across getting details from the NBFCs in terms of whether the same are filing, they're submitting their accounts in INDS format or not? So are we working with RBI on that project also? I just wanted to understand what is the total business opportunity from RBI in particular so on an annual basis, yeah.
- S Swaminathan:** So, one of the challenges that companies like us have is the challenge to say no to any business that actually comes to us. We define our business quite narrowly. You basically say that we are in the business of providing regulatory filing solutions. that's what we do. We are not a software services company and we don't do bespoke software projects. Unfortunately, in any regulatory implementation, some amount of system integration is inevitable and to the extent, that ends up being a software project. So, while RBI is a huge opportunity from an IT industry point of view, we have focused completely and narrowly on the regulatory compliance solution for RBI, which is where our eyes are. Do we see any significant growth in that going forward, the answer is no. We will continue to maintain it. Therefore, the routine tenders will keep coming and even in this current phase where there is a huge overhaul, the hardware and all that stuff, we are actually working with TCS who actually have the large share of the contract to make this happen. So are we interested in doing other things with RBI, as a matter of policy we don't want to stray outside the area of our core competence. When it comes to bespoke software development, there are many great companies in the country that are able to do these things. We are not in that space at all, we don't run a bench, and we don't have people who will be able to work cross-technologies. We are a RegTech regulatory software provider, and that's where we will continue to stay focused on, we will not do anything else.
- Saket Kapoor:** In terms of that, are we looking for any work from CPC or the Income Tax department in terms of coming out with simpler forms for ITRs synchronizing of data all that stock which are in the annual? So are we working with any of them going ahead in terms of again that is going to be a simpler form of filings only going ahead?
- S Swaminathan:** The regulator wants to move into an XBRL-based filing system. You will find this first in line waiting to do the work. If a regulator simply wants a data collection platform, you will not see us there with any great degree of enthusiasm. Basically, we have done it like this, if there is a demand for an iFile product, if there's a deployment



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possibility of an iFile product, we will be there. If it's a bespoke software development project, we will not be there. We are very clear about that.

Saket Kapoor:

And there's a small suggestion in terms of this filing aspect for XBRL for the RBI part. There is an aspect of a lot of NBFCs are facing is the filing of Nil returns. So, if we could implement some executable files wherein the Nil returns can be filed, that ease, the hassle of filing again and again for every quarter. There is one of this foreign, I think so forms 13 if I am not wrong, wherein people having exposure to foreign exchange are to file and other NBFCs are to file an annual return again in the XBRL format. So, if an EXE executable file could be created so that we give a declaration for the entire year or for the period gone by that would suffice a lot of hazards that we have to do for every quarter. So, if you could suggest some ways by which that filing part can be looked into? So that's a quarterly basis wherein 90% of the small, medium-sized NBFCs are affected. So if you could look into that aspect, that is the request from my side.

S Swaminathan:

So valuable suggestion. I will pass it on to my colleagues who deal with RBI and products that go into serving the RBI ecosystem. So, thank you for your valuable position.

Saket Kapoor:

Thank you, Sir.

S Swaminathan:

So, in the 10 minutes that remains, I will get my colleague Divakar to share his screen and show each of you how you can actually consume experience data. Divakar go ahead

Divakar Iyer:

Hi, everyone. I am just sharing my screen now. So first, I will take you to the web-based browser tool.

S Swaminathan:

So, just the background is the following, today 5000 companies are submitting data to BSE NSE in XBRL. 32,000 companies are filing with ROC in XBRL, the data is not being consumed. Because nobody knows how to use the data. We have created a very simple tool by just dragging and dropping the annual report of a company to this tool, that XBRL file will automatically get converted into an Excel file. That's what Divakar is going to show you with this tool at this point in time. Divakar do on

Divakar Iyer:

I have just logged in. So, we will pick an NTPC company from NSE.

S Swaminathan:

So what is going to do is to download the NTPC file and drop it into this application. So, this URL is www.xbrl.iriscarbon.com for any company filing in XBRL please feel free to go and use this to create an Excel file from the XBRL file. It comes with XBRL tags if you want to consume it into your proprietary model. you can do that automatically. So, the Excel file, generated from the XBRL filing of NTPC is now available for you. The tag used the XBRL tags with a one-time mapping you can have labels correspond to the label that you are used to, it's that simple. So, this tool can be used by you for any XBRL file or any IXBRL file of any country anywhere in the world. So, if you want to compare an Indian company with some other company, you can't compare using this because the taxonomies are different for that there is a different tool we will show you. But if you just want to download the XBRL file of the company anywhere in the world, you can use this tool. So Divakar just types the URL in the chat box. So please use this to download into Excel, the XBRL file of any company anywhere in the world., it's that



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simple to do, of course, and it's taken a lot of investment from our side to make it happen. And it's a tool that we're offering across the country to everybody who wants to use it. The second thing Divakar will show is the Excel base tool in office 365 which allows you to compare companies. So, Divakar over to you to show them the companies.

Divakar Iyer presented his screen and showed the entire process of comparing companies using the URL posted in the chatbox (Compared NTPC with Tata Motors).

S Swaminathan: So, the way this actually works is you have to download the little app from the Office Store, which will get installed in your Excel sheet as an add-in. And once you have the add-in, you can compare any company with any company that you want to. I would recommend that you first check the taxonomies are harmonized and normalized for it to make a meaningful comparison otherwise the data will not flow. Now what we are doing is normalizing it and harmonising the across the world, which is not an easy task but that's what we're working on right now. But for the first tool, please start using it to download data. Divakar thank you very much. Just post on the chat box, a little instruction on how people can get this data so people actually can start using it. If there are no other questions we will close for the day.

VP Rajesh: So, I just had a couple of questions more on the business side. What sort of the pipeline looking especially in the US, and if you can also talk about the competitive landscape over there given all the turmoil we have out in the US economy, that's really trying to just understand.

S Swaminathan: So there is no material change from when we met last time after the half-year results as far as our outlook is concerned, except for the fact that we have won the Bhutan mandate and as far as a most thing is concerned, compliance is something that nobody can actually escape. Therefore, there will be no significant or even insignificant changes in the timelines of implementation or rollouts of mandates that are already in the pipeline. I don't know to what extent the FERC mandate is getting delayed because of COVID in America, I don't think it is. I think it's more of the preparedness of the companies as opposed to anything else, though we will verify, there's been nothing significant to report as far as changes in the outlook are concerned between the time we met in the half year and now, except as I mentioned you for the Bhutan mandate which we actually won about a week ago.

VP Rajesh: In terms of the competitive intensity, how are the other companies which are which we have talked about in the past because of either balance sheet issues or the sort of funding drive drying up, especially for the private competitors any colour on that side?

S Swaminathan: So, globally for example, when you take a look at Workiva is going from strength to strength and doing extremely well. And if you see their numbers, they are very powerful ahead. And they are the company that is the benchmark. Compare to them, Workiva is the market leader and they don't have funding issues of any kind they have a war chest, which is they can decimate everybody. They actually took over Parseport, which is a company in Europe and they've added a significant cloud to it but that's in a way good for us because by taking over Parseport, they actually ratcheted up the price to be able to increase the revenues. So the pricing pressure they brought is of different kinds altogether. In India for example, the GST thing we expect some traction to happen after the e-invoice mandate goes live, we see a churn happening. We see at least one or two of our competitors in the space, who are



currently paying the price for not being able to differentiate between the balance sheet and the P&L. But as I said, globally, I think right now it's more a standstill situation. We see something happening in the new year as you know the ESG mandate is kicking in from not next year to the year after that. Some of the preparations going into ESG mandate. We have already got some customers like us like GAAP using our tool for the pilot filings. So, we see some traction on the front. As of now, the driver we see for us is actually going to be from new regulatory implementations of XBRL platforms, where we hope that we will have something good happening for us at least in the four or five proposals that we have put out. One as I told you, Bhutan has come out in our favour. Others I hope it comes out in our favour, some will some won't, you win some you lose some but that's where the growth driver will be going forward more than the enterprise side at this point in time.

VP Rajesh:

And just lastly, I'm not asking for guidance per se but what kind of growth do you anticipate for the next 3-year timeframe?

S Swaminathan:

The easy answer is I don't know. The difficult answer is it is really a function of how much cash we have to mount an assault on the markets that we're talking about. So, we also have backup plans in terms of trying to attack those markets without a war chest. We know how to live frugally I think the word uses cockroach we've survived. So, cockroaches know how to survive and I say I am proud to be a cockroach, but that's where we are. So, if he had a lot of money, I think we would approach it differently. If you don't have a lot of money we will approach it differently. We are to some extent a prisoner of machine rules of the regulator. We hope some of them look at things very seriously. We also believe that the G20 presidency is an opportunity for us. So, we are trying to figure out a way to showcase ourselves in front of the world in everything G20, to tell the world that we can offer them solutions because the fact is, out of the 200 countries in the world, only 70 are now implemented XBRL, the rest will actually follow suit at a suitable time. So, we actually hope that because of G20 we will raise our visibility also the last two years have compared many regulators to accelerate their plans to move to a new age regulatory filing platform. And we are quite optimistic that this will give us the growth we will require going forward. I know I am not giving you a number and specific answer to the question, but that's the best I can do at this point in time.

VP Rajesh:

That's fine. Thank you so much and all the best.

Saket Kapoor:

As you mentioned about the availability of funds that will define what the growth trajectory would be. So, as earlier articulated by you that we were looking out for a rights issue, so what is the update on the same and anything that we are presenting that you would like to share?

S Swaminathan:

So when we started working on the rights issue, I made it very clear that as promoters we have no money to subscribe to it. People said you can still go ahead with it. And then the market tanked the price went down and then the same people who said oh it's okay now are saying that if the promoters don't subscribe, it will send a very bad signal. Therefore, you should not do a rights issue. So, our hands are tied. I think we will do what's appropriate to get back to the question Rajesh ask. If we don't raise any funding we will continue to grow to 10-15-20% growth rate. If we raise funds, we will do much better, if we throw up more cash we do much better. So those are all factors that will actually get into the whole equation. So as of now, the rights issue is at a standstill situation nothing much is happening at this point in time.



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- Tushar Sarda:** I am actually surprised with your answer. Raising money in this market is not very difficult. So if not rights, you can you're open to preferential allotment right.
- S Swaminathan:** We are but not at the current price, the way the market is.
- Tushar Sarda:** Price is given in the market. If you want capital you should just raise it, you should not worry about the price.
- S Swaminathan:** I hear you loud and clear.
- Tushar Sarda:** How much are you planning to raise?
- S Swaminathan:** So, we will looking between Rs.30-50 crores
- Tushar Sarda:** Do it in 2-3 tranches, you don't have to do it in 1 trench.
- S Swaminathan:** That's a great suggestion. We have also explored that. I think as I said right now it's at a standstill. We will come back with reasonable answers going forward. Let me also add what is very important here, we are first-generation entrepreneurs, and we don't trade in the markets but perceptions get framed in the markets very easily. Today with 37% holding by promoters we get pilloried by people at large in terms of the low promoter holding. If it goes below a certain level it gives to be a very bad signal to the market is what we are advised from time to time. I don't have a trading account, my colleagues don't trade in the market. We don't go and buy when the price goes down and we don't sell when the price goes up. But as I said, we preserve the market sentiments in these ways, in this manner. I come from a point of view that when money is available you should raise money, but when all these factors are taken into account, the board also come into the picture and says, do you want to do it now or do you want to do it later. You know the only perfect science is hindsight. So, we have not done it is the correct answer as of now, what will we do going forward, we will take your inputs as well. We will be guided by what the board says as well and we will hopefully do what's appropriate.
- Tushar Sarda:** So, but what kind of valuation are you looking? At what valuation you are comfortable raising the money
- S Swaminathan:** Promoter is not to be greedy?
- Tushar Sarda:** No. Because that's important as you said you are not happy with the current price. So what price are you happy with?
- S Swaminathan:** It's not that is happy with the current price. When 37% was held by the promoters
- Tushar Sarda:** That's irrelevant because it's a professionally managed company. So, whatever your stake, I mean if somebody tells you that your stake is low, they're idiots I am sorry for using that word, but they don't know what is to build a company as a first-generation entrepreneur and to build it honestly without siphoning off money from the company.



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- S Swaminathan:** The problem actually happens on account of a 25% threshold that SEBI has in terms of promoter holding and the implications that come from going below 25%. So, I'm not an expert on compound secretarial matters. So, we turn to our lawyers and Company Secretary to advise us on this matter. So, they keep telling us that whatever we do, we should not go below 25%.
- Tushar Sarda:** What happens if we go below 25%
- S Swaminathan:** They might do nothing but that's what the legal advice and the Secretarial.
- Tushar Sarda:** Nothing happened. Infosys is run with 5% equity by the founder. So nothing happens, and you are not getting the right advice.
- S Swaminathan:** Okay. But the point is Infosys is in the steady state where they actually reached the state where they didn't have to do subsequent fundraisers.
- Tushar Sarda:** So, I think Infosys also did a lot of fundraisers and promoters always had a low stake in Infosys. I don't know who was advising you. And if you run a company honestly you're never going to have money. Unless you have some three-five other businesses where you have cash or you siphon off money from here and then you put it back.
- S Swaminathan:** We have no other business
- Tushar Sarda:** You said that you are not even taking a salary.
- S Swaminathan:** I am now taking a salary.
- Tushar Sarda:** Now you are taking a salary, so how are you going to get money to put in?
- S Swaminathan:** We don't have, your point is taken and let me take it to the board as well. I don't have the answer to where we are, or what we are going to do tomorrow.
- Tushar Sarda:** I think you should not stop the growth of the company for lack of capital that will do more harm to the business than good. And get a good adviser on board, what I would say because from what you are saying the opportunity seems to be huge. You're still very small, and you can be unseated by somebody with more muscle power. So, for want of capital, you should not worry about not raising the capital. I think it will harm the business. What you have built so painstakingly over the years, growth is the only way to maintain the business.
- S Swaminathan:** I agree totally. Vineet I hope you have heard and convey it to Balu as well.
- Siddesh Chawan:** We will take the last question from Saket and we will close it. Saket Kapoor, please go ahead



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Saket Kapoor: Very brief point, you are looking for an Rs.30 crores infusion into the company. What would that translate into, what kind of opportunity can that money bring on to two IRIS? Just wanted to have an understanding of what multiplier effect it will create.

S Swaminathan: Depends on how we use it and where we actually use it. There are currently new mandates coming up in America. So the bulk of the money that we actually raised and when I say bulk, almost all the money that we raise will actually be used to grow our business in America and Europe where we have not done too badly so far. The big mandate in America is at the government level, where there are 90,000 filers who are expected to file their returns on a monthly basis. We expect it to be a \$10,000 per unit kind of revenue possibility. And so we have no basis to come up with a number so what market share we can actually get, but the money will actually be used to chase that opportunity in America if you have the money. Along with some similar opportunities in Europe, where there are ESG filings that are coming up about 50,000 companies in Europe need to make their ESG submissions. We expect the price per filing will be about 1000 Euro. So, these are the two broad mandates that we will actually chase and hopefully come up with a reasonable benchmark in terms of what market share can get. That's where we will actually like to go. That's the utilization of money.

Saket Kapoor: One very small point, you spoke about that when you spoke to your investors earlier about the rights issue. What was the feedback? I missed your point you were explaining that first, you went to your investors, I think we have only 3000 or 4000 shareholders very small shareholder base. But when I look at the pedigree of the shareholders holding more than 1%, particularly Mr Madhusudan Kela who is an ace investor and also I consider that he may be having deep pockets holding 6% equity and high per cent equity in the company. Just wanted to understand the feedback from your investors when you have investors pedigree like Mr Kaushik Shekhar and Mr Madhusudan Kela's family investing around 5-6% of the equity subscribing to it. So, where is the question of the problem of fund coming? Have you explained your projections or plan to them? I think, these are the guys who can definitely help you with raising funds and other activities if your growth plans have that understanding of what you are trying, you can get over a period of time so what's the thought there?

S Swaminathan: I don't do selective disclosures. I don't pick up the phone and make selective disclosure to investors. Secondly, talking about Madhu and Kaushik Shekhar I want you to know that we have on this call Tushar Sarada who is a legendary investor from India. He is one of the most experienced mutual fund investors for a long time, I have known him since the day he entered the markets. So, we are fortunate to have people like this and I am very grateful to him for his counsel. We will take it back to our board and to our management and decide what to do and what's appropriate. Thank you all for joining this call. And I hope that we can keep reposting the faith that you have in us and do good things for our shareholders. Thank you very much again.