



# IRIS Business Services Limited

27<sup>th</sup> June, 2019

To,  
**BSE Limited**  
Corporate Relationship Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

Scrip Code: 540735

**Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sirs,

Pursuant to regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith CEO letter to the shareholders of the Company.

This will also be made available on the Company's website at [www.irisbusiness.com](http://www.irisbusiness.com).

The above is for your information and records.

Thanking You,  
Yours faithfully,  
For **IRIS Business Services Limited**

**Jay Mistry**  
Company Secretary & Compliance Officer



Encl: As above

**Dear Shareholder,**

It has taken us five years to get here.

In 2014, we were a KPO in the Regtech space. On revenues of Rs 67 crore, we reported a PAT of Rs 8 crore making it our best year ever. More than 80% of our revenues came from one client in the USA whose customers' documents we would convert into XBRL<sup>1</sup> for submission to the US SEC. But we did not see a bright future in continuing to do this for long. One, because of over dependence on just one customer to whom we were bound by exclusivity contract preventing us from serving other clients. And two, because we felt that with automation, the KPO opportunity may not have a bright future. So, after much thought, we exited the KPO business. We saw a great future in products.

The next three years were horribly painful, just as we had anticipated. Revenues crashed, pushing us into the red. We cut back drastically and put in place severe cost control measures. But we had to keep investing to get our products ready. Liquidity was tight and the months were many when we were unable to cover our expenses. We could not even pay salaries on time or in full. When salary dues started mounting, I stopped taking even the modest salary due to me so that the pressure on the cash flow would ease, even if only marginally.

In FY 2017 we hit rock bottom. Revenues crashed to Rs 27 crore, causing losses to jump to Rs 9 crore. But we could see that things were turning around, we could also see light at the end of the tunnel. If the best time to go public is when things are set to improve, the timing of our IPO could not have been better.

Five years after we embarked on what has been a very tough journey, we are where we want to be. From the time of our IPO in 2017, our revenues have been increasing, our losses have been narrowing. We have turned EBITDA positive. Our order book at a very healthy Rs 58.5 crore puts us within striking distance of our revenues of FY 2014. Moreover, we have turned the composition of revenues on its head. If in FY 14, 92% of our revenues came from our services business, today over 90% comes from products. There is still much to be done. For starters, we have to turn profitable. We have to generate enough cash to clear employee dues of the past. And I too need to start getting paid.

Over the last five years, we have established a presence across the world, with one or more of our products finding customers in some 25 countries across 5 continents. We now serve more than 1000 paying clients worldwide, with direct visibility to most of our customers, much unlike the pre 2014 days when one client gave us to most of our business. In each instance where our products are being used by the regulator, our work has been transformational. Our work is helping build the foundation for a viable fintech ecosystem. It is a matter of great satisfaction that we are more than just an essential cog in the wheel that moves these countries forward.

## The Business

IRIS has 3 business divisions.

**Collect** is our Suptech business<sup>2</sup>, where we work with regulators, helping them collect pre validated data in XBRL or other formats from those that they regulate. iFile is the flagship software product of the Collect Division through which we also offer Taxonomy consulting apart from software tools for taxonomy development. We have served 25 regulatory clients across 5 continents in 17 countries around the world, from Singapore to Argentina and from India to South Africa and from UAE to USA. We have been adding 1 or 2 clients every year but the recent pick up in XBRL adoption around the world bodes well for our fortunes given our proven credentials. I should also tell you that some 1.5 million filings go through our iFile platform every year. That is huge.

**Create** is our Regtech<sup>3</sup> business serving Enterprises. IRIS CARBON, our main offering, has won customers from the USA to the UK and from South Africa to Italy. In most cases, the filing happens in XBRL though the product can support other data formats too. iDeal, another software product of this division is used for bank reporting in India and Mauritius and has even found clients for tax filing in Turkey. In our GST division, we have a fairly impressive list of clients to show with all of them using the IRISGST cloud platform to generate filings in a format called JSON to submit to the GSTN. We expect the Regtech business to be the big driver of our growth and hence the value driver in the immediate future given the emerging opportunities in Europe, Malaysia and South Africa.

**Consume** is our data and analytics business. It is still in the investment phase. Through this division we offer software tools for data analysis, apart from Data as a Service (DAAS). It complements the Collect and Create divisions of IRIS nicely, strengthening our competitive edge in them while, at the same time, drawing sustenance from them.

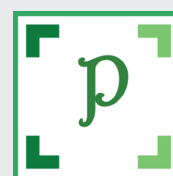
### In India

XBRL has already made a huge impact in India at the RBI with all banks reporting to the banking regulator through our iFile platform and in the case of many banks, using our iDeal tool. Also, some 30,000 companies file with their annual returns with the Registrar of companies in XBRL. In contrast, the filings to GSTN happen in another format called JSON.

While most of our revenues comes from overseas, we have successfully positioned ourselves as a premium software provider for GST filings and RoC submissions in India aside from deploying iFile at RBI. Much of the early work on taxonomy for XBRL filings to RoC and RBI has our stamp on it.

Another area where we have made a huge impact in India is through IRIS Peridot, a free to download mobile app that helps users verify the GST compliance status of any business. I encourage you to download it by scanning the QR code that is provided alongside. The next time you buy anything or visit a restaurant to eat, scan the GST number of the establishment to verify if they are generally compliant. You can also use it to see whether a company you have invested in is generally compliant as it is safe to assume that there are issues with those that are not. I am told that the app is popular even with the government's CBIC which has oversight responsibilities in respect of GST.

Download the  
IRIS PERIDOT App



## The importance of IRIS

We may be a small company in terms of revenues but our impact on the system has been far reaching. For example, in India, our XBRL software deployed at RBI has made it imperative for banks to report their NPAs truthfully or else invite the regulator's ire. In Macedonia, our solution catapulted the country to the top bracket in the ease of business rankings. In a market in the Middle East, we managed to stave off a possibly catastrophic market meltdown by helping the regulator spot it sufficiently early leveraging the data submitted through our iFile platform. Our products are making a difference, in each of the countries we operate, we are helping build the foundation of data to build a viable fintech ecosystem. We are fintech, And within fintech, Collect is Suptech or Govtech, Create is Regtech and Consume is Datatech.

**“Those who rule data will rule the entire world.”**

*- Masayoshi Son, Softbank*

## Peer group

There is no other company in India in a business similar to ours what to speak of a listed one. Even globally, in the Suptech area, there are just a handful of product companies, none are listed and none from India, IRIS aside. Many regulators like the Registrar of Companies in India prefer to have a custom solution built to meet their requirements.

There is much more competition in the Regtech space, there are even a few listed companies, both in India and overseas. What sets us apart is the fact that almost all of our products are built for the world and in many cases, not for the Indian market. Indeed we make in India for the world.

While the competitive landscape of the Consume segment may seem crowded, there are not many players even globally who are working with XBRL data like we are and who can connect the dots like we can.

“Those who rule data will rule the entire world,” says Masayoshi Son of Softbank. From the creation of data by the enterprise, to its collection by the regulator and to its consumption by whoever may have use for it, we straddle the length of the information supply chain. In the rapidly digitising world, data needs to be structured ab initio for it to be used sensibly and that is the raison d'être of our business. Or to put it simply, we help connect the dots, which is the theme of our annual report for FY 2019.

## On being listed on the SME platform

Come October, we would have completed two years on the SME board and will therefore be eligible to migrate to the main board of the BSE. Whether we do it or not is a decision that will be taken by our board of directors at the appropriate time and will be subject to shareholder approval.

The last year has been bad for stocks listed on the SME board. Stocks on the SME board have been battered and the entire segment has got a bad name because of mischief by a few. One point of view shared with us is that given that we score very high on corporate governance, simply migrating to the main board will help our story resonate that much louder.

It has also been argued that with the reduction in the size of the market lot, the stock could be more liquid than it is now. We have also been advised that the problem that we face today of inadequate appreciation within the investor community in India for the significance of our work and the enormity of our impact on each of the countries where we operate will simply go away.

On the other hand, the nature of our business is such that it is difficult to come up with a meaningful quarterly forecasting model as analysts would want to do if we were to move to the main Board. In the Collect segment, it is the regulator's time table that drives business to us. And when it comes to revenue recognition on existing business, even though we link it to deliverables, we still need client confirmation. Which, for most clients, is a challenge given that an electronic disclosure platform is a new animal. This has a bearing on when we may book revenues and there are situations where revenue may end up having to be recognised a few months later for want of client confirmation. This makes forecasting tricky. Also, we do not view the IRIS stock as one that can give short term trading returns. We feel that long term investors will be rewarded if the company's growth continues. All of this provides sustenance to the view that we may be better off being on the SME Board atleast until we turn profitable and can show quarter on quarter growth.

In any event, it is our Board of Directors who will decide the way forward.

### Looking ahead

I started by pointing out that it has taken us five years to get here. Until now we were weighed down by the burden of our losses. Last year we turned cash flow positive. Our aspiration for this year is to turn profitable. Once we are out of the red into green territory, our efforts will be to get on a trajectory of rapid growth, subject to availability of sufficient resources. When we compare ourselves with our global competitors, we find that we have much going for us, not the least of which is the Indian cost advantage. Our products are ready and proven in the world markets. The opportunity in each of the 3 segments we operate is big enough to support aggressive growth. But the fact remains that we are under-resourced at the present time to dominate the market by capturing a significant share.

Truth is, we have never felt better about our future. It is a great feeling to be where we are today, back from the brink. Through these tense years, we took inspiration from the many companies who have had similar stories to tell. Companies like Apple, Delta, IBM and GM, to name just a few.

I want to leave you with a comment that BSE MD & CEO, Ashish Chauhan never tires of making. Only SME stocks can give investor non linear returns, he says. We hope we can prove him right for your sake.

Thank you for giving me a patient read. If at any point in time, you feel like reaching out to us to understand our business better, please feel free to do so. Please email your comments and suggestions to [cs@irisbusiness.com](mailto:cs@irisbusiness.com). I would love to hear from you.

June 27, 2019  
Navi Mumbai



**S. Swaminathan**  
Founder & CEO

- 1** XBRL: eXtensible Business Reporting Language has emerged over the last decade as the preferred enterprise information reporting standard of regulators from around the world.
- 2** Estimated conservatively to be a US \$ 2 billion opportunity
- 3** The global RegTech market is expected to grow from USD 4.3 billion in 2018 to USD 12.3 billion by 2023, at a Compound Annual Growth Rate (CAGR) of 23.5% during the forecast period. Source: ResearchandMarkets.com