



IRIS Business Services Limited

15th February, 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: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

We hereby request you to take the above information on your record.

Thanking You,

Yours faithfully,

For **IRIS Business Services Limited**



Santoshkumar Sharma

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

Encl.:a/a.



15 February 2022

Dear shareholder,

Since we do not plan to host an earnings call this quarter, I thought I would write to you to help you decode the results we announced yesterday.

The bad news

The headlines that stem from the financials do not present a pretty picture, I admit. Revenue growth is a poor 10%. But with expenses jumping by a whopping 25%, Ebitda has almost halved while PBT is down to a fifth of what it was. At the PAT level, we are barely profitable. If you were to think that your company has had a bad quarter, you would be right.

& the good

As you know, most of the company's revenues historically have come from our Collect and Create segments, with the split between the two being almost even. Through the collect segment, we offer filing platforms to regulators. This business has come to a total standstill. It is only now in the last few weeks that we see some sign of it coming to life. Today, we are engaged with six regulators who have RFPs out for XBRL based disclosure platforms. But let me caution that with regulators, it is a long drawn out process. But you can take comfort that the outlook is certainly improving.

With the Collect segment nearly shutting down, the burden of generating revenues was that of the Create segment through which we serve enterprises with our filing software. Being a low ticket item, this is a numbers game. Our whole focus is on increasing the number of users for our offerings. If we manage to get a customer for one offering, we may be able to persuade them to consider taking another of our products for a different filing. To acquire a customer, the customer first needs to know that we are a credible provider of filing software for which we need to get the word out. We need to advertise, we need to host conferences and seminars, we need to engage with them too. Constrained by resources, the sales and marketing efforts by us has been very poor compared to the competition who run high decibel campaigns.

Focus on sales & marketing

Turning profitable in recent times means that it is no longer a struggle to make two ends meet. But with resources still tight, we had to decide where we wanted to focus our efforts. You would agree that weaning away a customer is more difficult than acquiring a new customer. In the end, we seem to have done well with the meagre resources at our disposal. We added 357 clients on the whole. More than a third came from India but in terms of revenues, the US and EU markets contributed the most.

We have started spending more on sales and marketing, it is important to see this as an investment that will generate revenues going forward. Today, our marketing team and inside sales team are supporting our frontline sales folks in their quest for customers. It is paying off in the EU, in the US and elsewhere. The investments that we are making in people should start bearing fruit once we give them reasonable marketing budgets to work with.



Digging into the numbers

But there is a lot more that you will see in the numbers if you dig deeper. Our cash and bank balances are higher, our finance costs lower. Trade receivables have dropped and we have also used the cash generated to pare down dues to employees.

Order book has gone up. While contribution of recurring revenues is higher, please bear in mind that the degrowth in the Collect segment is a factor contributing to this.

You would also be aware that following the move to the main board, our accounting practices have changed. We have moved from Ind-Gap to Ind-AS which has changed the way we account for some part of the revenues. If in the past, we could account for certain revenues at a point of time, we now have to spread this across over a period that all too often spills over into the next financial year.

Rights issue

All of this brings me to the rights issue that we are planning. As you may be aware, the board has approved it. A merchant banker has been appointed who is helping with the paperwork. We expect to be able to file our papers seeking regulatory approval soon. Once we have all requisite approvals, we will present to you our plan for the money we hope to raise through the rights issue.

If you have questions

If there are unanswered questions about our performance that you would like me to address, please mail them to our company secretary before February 22. His email address is cs@irisbusiness.com. We will consolidate all questions and send a reply.

Thank you for your attention.

With warm regards,
Sincerely yours,

A handwritten signature in black ink, appearing to read "S. Swaminathan".

S. Swaminathan
Chief Executive