

19th November, 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 earnings call with the Investors / Analysts.

The Company organized an earnings call with the Investors and Analysts on Monday, November 14, 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

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“IRIS Business Services Limited's Q2 FY'23 Earnings
Conference Call”

November 14, 2022



**MANAGEMENT: MR. S. SWAMINATHAN – CHIEF EXECUTIVE OFFICER &
FOUNDER, IRIS BUSINESS SERVICES LIMITED
MR. BALACHANDRAN KRISHNAN – FOUNDER & CHIEF
FINANCIAL OFFICER, IRIS BUSINESS SERVICES
LIMITED
MR. DEEPTA RANGARAJAN – CO-FOUNDER, IRIS
BUSINESS SERVICES LIMITED
MR. P. K. X. THOMAS – WHOLE-TIME DIRECTOR AND
CHIEF TECHNOLOGY OFFICER, IRIS BUSINESS
SERVICES LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the IRIS Business Services Q2 FY'23 Earnings Conference Call. As a reminder, all participant 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 E&Y. Thank you and over to you, sir.

Siddesh Chawan: Thank you, Lizann. Good evening to all the participants on this call.

Before we proceed to 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 risk that will cause future results performance or achievements to differ significantly from what is expressed or implied by such forward-looking statement.

Please note that we have mailed the results and the same are available on the company's website. In case if you've 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 Services Limited represented by S. Swaminathan -- CEO and Founder; K. Balachandran -- Founder and CFO; and Deepta Rangarajan – Co-Founder.

We will start the call with a Brief Overview of the Quarter gone past and then conduct a Q&A Session.

With that said, I will now hand over the call to Mr. Swaminathan. Over to you, sir.

S. Swaminathan: Thank you, Siddesh. Thank you, everybody for coming on the call.

We're quite happy with the way quarter has actually gone. And its par for the course if you look at it. The numbers have shown a significant improvement but between Q1 and Q2, there's not been that greater improvement in Q2 as we thought it could be. That's particular seasonality revenues, last quarter filings, and yes, we really don't have any control over when the filings happen, and so on and so forth. But there's been a significant number of additions to the customers in the last six months or so.

I think the first you will actually see is looking at our business from a half-year to half-year. From a quarter-on-quarter may not be the best way to do it. Half-year-to-half is slightly better. Year-on-year is even better. There will be no significant gains on the filing platform side. I think customers are still waiting to evaluate. Regulators finally come back to the office and have



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started issuing tenders and so on and so forth. So, the process of screening vendors have just started as far as many RFPs are concerned by many regulators. It's really a matter of time when this will happen and how it will happen. So, if it all comes together, I think it's good for us. But I hope it happens gradually so that we have the bandwidth to be able to handle it.

The highlight in the last six months that I wanted to mention, which is in the press release as well, is attrition. While we are losing people at both the senior level and junior level, the senior level loss is really the one that bothers us greatly. Because unlike a body shop,, unlike a service companies, you can't really replace them in terms of skill, there's a lot of knowledge that goes into it. So, we've lost a number of people at the senior level, who have experience of more than five years, and they've all gone to excellent paying jobs elsewhere. So, the challenge that's in front of us, if you look at it this way, is how to fill the gap on account of people leaving us. That's certainly the thing that keeps me awake at night.

The other big news is we've hired a gentleman called P K X Thomas, who was with us for many, many years. Thomas is a star act. He has joined as CTO and now coming on board will hopefully infuse a lot of new energy into the company on the technology side, will also help us recruit significantly better people than we ever had. So, I think there are some significant positives on account of Thomas joining us. That's a very, very big decision for us. I mean, Thomas spent as much time interrogating us as we would in hiring him. So, basically, much of the time actually went in his interrogating us to see what sort of a plan we had and what if he really had a role to play? Because after his initial stint at IRIS, he was actually working with very big companies, and coming to IRIS is a complete cultural shift for him in some ways. So, we are grateful to Thomas for joining us. I think Thomas is on the call, and he will talk about what he's done and taking questions.

We are also really happy to welcome Thomas on the board of the company, I think Thomas coming on the board of the company is a significant addition in terms of the technology side. So, we are again coming to the shareholders very shortly seeking your approval for Thomas joining the board. It has greatly strengthened the company's management; it will also greatly strengthen the company's technological approach and we'll us on top of new things happening so on and so forth. So, the two big highlights are how to deal with attrition, and the fact that Thomas has come onboard.

The third thing that I want to highlight is finally we're getting recognized. We won India's Best FinTech Award, for which we got an award from Nirmala Sitharaman, is a very, very big thing. It's one thing for customers to know about us. It's yet another thing for juries with eminent people to know about us and give us awards. I think this year, it's really been flowing. We got this award in the month of September, declaring us to be the best fintech.



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Following that, we got an award declaring us to be India's Best Tax Tech. That's an award that came from (TIOL) Tax India Online, which is a highly respected tax publication company. The team consisted of about four Supreme Court judges; it has retired SEBI officers and IAS officers from the finance ministry who retired. And I think getting an award from such eminent people is huge.

The third thing that actually happened is getting an award from Dainik Jagran, basically declaring us to be the best technology company. I think each of these awards attracts a different audience. It gives us visibility in front of different kinds of people. And between these three, it boosts us to do much, much more. And I hope on account of that, we will be able to scale much bigger heights going forward.

We are still waiting for regulators to start scaling up the plans in terms of the new mandates. However, the good news is that following the CAG's recommendation, asking that the government of India start moving towards data standards, states like Tamil Nadu, have actually issued document saying that we need to move towards data standards. So, the Tamil Nadu document talks about JSON being used, if not XBRL. The document mentions data standards by name. And I think it's a very, very positive sign. We've also found one state starts the whole process; other states will also follow suit. I keep repeating this all the time... ad nauseam, that the work that we do is long gestation when it comes to regulators. So, once the regulators actually come in and start implementing the platforms, that's when the regulated entities come in by other solutions. So, it takes a bit of time, but I'm happy that it's going in the right direction. On the Chorus call, I've told there is no facility to make a presentation of that. It's only been keep talking.

So, I'll now hand over the call to Balu.

Balachandran Krishnan: Thank you very much, Swami. I will make it very short, but good to meet with all of the investors after a gap of six-odd months. I hope some of you would have seen our investor presentation that we uploaded on the exchange websites a few hours ago.

I will quickly run through the highlights of financial performance for the first half of the current financial year. I will talk more from the moment of the six months numbers than the quarterly numbers in our kind of businesses which we have been saying again and again, is more appropriate to look at a longer timeframe.

Now, coming to the numbers per se, you will see that we grew at a good clip in the first half of the year with top line moving up by about 27%, while overall expenses increased by about 22%, which led to a sharp EBITDA growth of about 74% with EBITDA touching around Rs.4.4 crores for the first six months.



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If we look at expenses more closely, you will see the employee expenses moved up again the corresponding H1 period by about 17%. While we saw a reasonably good jump in other expenses, mostly due to an increase in partner costs, the partners help us in execution. travel costs, because we saw traveling much more compared to the previous year, and finally hosting charges because our applications on the cloud is getting more and more used and the charges are going up as well. So, this has to be seen against the rather subdued numbers in the corresponding half period a year ago, because those were again COVID years and we were very conservative in spending.

Let me now come to a segment revenues. You would see that the Collect segment revenues grew in single digits this year as well, while the Create segment did quite well, and continued its robust growth by clocking as much as 46% growth. The profitability also of the Create segment is much better compared to other segments. That's because we are slowly getting the economics of scale, more and more people are using the platform, and therefore, our margins are improving as well, at the same time, we are spending on sales and marketing product enhancements. But having said that, the profitability is quite decent.

The annual recurring revenue is now at about Rs.50 crores, while the share of recurring revenue is quite flat at 79%. And this particular point we mentioned in the press release as well, that as and when we get lumpy orders on the collect segment, this particular metric would go down a little bit as well.

So, that's pretty much a story from an overview point of view in terms of numbers. I would say that the trend is pretty good. The growth numbers and trajectory is something we can manage well. It's a matter of executing getting and riding with the demand conditions, which are expected to improve. So, that's from my side at this point of time. Thank you.

S. Swaminathan: Deepta, can you please bring your perspective, add some color?

Deepta Rangarajan: Thank you so much, Swami. Nothing dramatic to add except that it's been a good first half, a long way for us to go of course, but both in terms of the performance if we compare with the corresponding half of last year as well as in terms of the growth in our customer base, the awards we have received, overall, it's been a satisfying first half. We, of course, recognize and keep stating that there is much that we need to achieve, but pleased with taking a pause for a moment and pleased with the performance. Thank you. Over to you, Swami.

S. Swaminathan: Gautam, can you talk about legal software?

Gautam Mahanti: At IRIS GST, we've launched a product called "IRIS Litigation Management System." It's an application which actually helps large corporates to manage their entire GST litigation lifecycle, starting from the time and audit is initiated through various stages. So, it's a very custom-built



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application because GST itself is new, and it basically helps especially large companies, which have got a large number of GST to centrally manage all the litigations. And with five years of GST, now the compliance pieces are sorted out, people have a well-established process in place. The next big jump or the shift that's been seen is in the space of litigation. And that's where we feel this solution is going to play a big role. It's been really appreciated well. We have got started getting some confirmations on orders. And the next phase after this would be adding some additional intelligence and tagging it to various case laws and various repositories, auto drafting replies and all. There is also a requirement that if this can be extended to include direct tax litigation, which we are actually considering.

S. Swaminathan: Gautam, can you also throw some perspective on what's happening in the IRP license that we got? We talked about it last time, but what has been happening?

Gautam Mahanti: We are one of the four license holders for IRP which is an Invoice Registry Portal. So, we along with an NIC the four private players authorized to generate an E-invoice. The current mandate for E-invoice is taxpayers who have a turnover of more than Rs.10 crores. This mandate is going to come down to Rs.5 crores from 1st of January. And from 1st of April, threshold is expected to be lower to Rs.1 crore. So, a significant number of new taxpayers are going to come under the re-invoicing mandate and that's why the government is looking at additional private players to build capacity as well as build resiliency. And as private IRPs, we will be also allowed to provide value added services on top of it, which can be charged. Right now, the integration with GSTN is completed, we are in the UAT phase, stress testing, load testing is happening. We expect the private IRPs to go live sometime in the first week of December.

S. Swaminathan: It's been delayed significantly. Could you please state why?

Gautam Mahanti: There are multiple stakeholders and multiple requirements. So, the existing process had to be merged with the new process. So, NIC had to do the deduplication set up, while the private IRPs were ready, GSTN had to build some new systems and applications, some new APIs to test ensure that there is complete reconciliation and the DBU system is able to handle this kind of a load. So, there were multiple, I would say, stakeholders and multiple participants. So, the whole integration testing has taken time.

S. Swaminathan: Moderator, I believe my colleague, Thomas, has joined but he is there as a participant and not a management. Can you please upgrade Thomas can talk? So, Thomas, welcome aboard. Can you share with the audience your first impressions as to where we stand as a technology company?

P K X Thomas: Well, actually, yes, Swami. On the technology point of view, actually, like the company, yes, the maturity level is pretty high. And what I've seen is the level of maturity, where each of the teams actually resolve their own problem rather than escalating them just in many other companies, that is a great maturity level to be in, and which actually I would like to continue



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and inculcate and move forward. It's that level of maturity or that level of independence with the technology team is not commonly seen. That is one. Second is the kind of technology platforms which we use, which we upgrade and we take it forward, which is we use the latest set of tools and the latest set of technology platforms like Java, exactly very stable, high-end platform, or whatever is required, the level of Python, which we use for automating things and doing things. So, we take the best of technology and mix it in the right proportion. So, I would say more appropriate technology platforms everywhere, pretty good.

S. Swaminathan: Thomas, can you please share with us your career, background, because most of the people here don't know your background, your career I do, Balu does, Deepta does.

P K X Thomas: This is my second innings with IRIS. Actually, I was there when IRIS was initially started. So, that is how I know all of them and all of them know me, that is one. So, having said so, from IRIS I have moved to the e-commerce world, like the company called Cleartrip which is now the business is with Flipkart, cleartrip.com, which is actually in the travel space. From the travel space, I moved to Reliance. So, the learning of the e-commerce in Reliance was done along with my team there and like we started with few of the high-end brands and grocery. I was there in Reliance. Now we have more than 15-odd mono brand high end websites, plus multi-brand websites, etc., That's actually I have been in that e-commerce space. And from the e-commerce space, we've done a lot of automation including the entire automation of ERP plus website, Hamleys UK, and then now back with IRIS to take the technology forward.

S. Swaminathan: One thing that appeal to us when Thomas was back on board is that he's not only a digital technology person, he is also very strong in commercial orientation, which I think will hold the company in good stead going forward. And I think that came through in some of the business he ran earlier. Balu, do you want to talk about Thomas also?

Balachandran Krishnan: Sure. Wonderful to have Thomas back. He brings in tremendous technology, understanding, strengths, ability to choose the right technology. Not only that we feel having him also who inspired our team members to what they're currently doing and to make sure that we build strength to innovate on what we already have. So, I think it's a combination of bringing solidarity to the technology stack that it has, and bringing in, of course, the commercial angle as well. Because even we actually build products, we have to do it with a commercial acumen, which I think Thomas is bringing in ample.

S. Swaminathan: Deepta, do you have any views on Thomas? You actually wooed him and brought him back?

Deepta Rangarajan: One is maturity and huge experience and the commercial bent of mind. But already, kind of some of the early things that I think Thomas himself mentioned, the teams work tremendously independently, which is great on the one hand. The other thing that Thomas is already beginning to bring in is a level of synergy. One of the things we have already seen, nicely complimenting



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the independence and the style of each of our business, is drawing synergy, into the different business units and teams. I think that's definitely going to yield results. I think the other is adding the layer of maturity, and processes and those additional things that are required for scale, because the businesses that Thomas has been involved with outside of IRIS, have all been scaled from small to very, very large. And as we are on the journey, I think that that will add hugely. We're already beginning to see early signs. So, very excited and I think with time, all of this will start unfolding... we're already seeing it internally, but as you plan to see that it takes a little time for it to blossom and bloom. I think, we'll start seeing that more tangibly in the months to come.

S. Swaminathan: Thomas, one question that I keep getting asked all the time is that most of the companies in India, IT services companies, which basically do provide the time and material kind of work, body shopping, and so on and so forth, and also the projects of different kinds. Are we in the wrong place? Are we in a niche area? How should a company in a niche area be looked at? The technology bets that we're making, are they right or wrong, how we'll be able to get to know? So, when to IRIS, what message do you want to convey to people on these questions?

Moderator: Sorry for interrupt, but the line from Mr. Thomas have got disconnected.

Moderator: Ladies and gentlemen, we will now begin with a question-and-answer session. The first question is from the line of Rohith Potti from Marshmallow Capital. Please go ahead.

Rohith Potti: My first question is on the rights issues. So, we've talked about attrition being a pain point for us and I believe that the rights issue was to address the funding shortfall that we have to retain employees and to invest in growth in terms of marketing personnel, etc., So, what's happening in the rights issue end?

S. Swaminathan: For the second half, you said what about the rights issue, you talked about raising money to deal with attrition and then afterwards I completely lost you. I think attrition of your voice.

Rohith Potti: Just curious to know the updates on the rights issue, because I believe the primary reason for that was to manage attrition and to drive growth.

S. Swaminathan: So, I think that rights issue for us, the last call that we had, if you remember what I mentioned, is that many shareholders basically say that the promoters don't subscribe to the rights issue, it's very bad news. I don't have the money, Balu doesn't have the money, Deepta does not have the money. The promoters cannot subscribe to the rights issue. We have assiduously built a company which has a certain level of integrity, which I think is second to none. We have built a company where people do not have to worry about us being on the wrong side of the investors. We are here for the shareholders. At the same time, I'm also mindful of the perceptions of sense on account of things like this. The very same people who initially said, it's okay for you to not invest



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in the rights issue, later turned around to be invested. If you don't invest in the rights issue, then you're sending a very bad signal, especially with the lack of thunderous growth in the company, and so on and so forth. So, I said, okay, that's the way it is. We already have permission from one stock exchange. The other stock exchange actually we're waiting for it. They're also asking the same question about why the promoters are not subscribing to the rights issue. We've given them answers. So, technically we're still waiting for approval. That's the technical answer. The truthful answer is, well, I think if market perception is going to be very negative because the promoters don't subscribe. Even after my mentioning ad nauseam over the last five years, we have no money to subscribe. I'm finally getting a salary after so many years. We don't stash anywhere else. I don't know what else to do. But, the truthful answer is, I think we're in a quandary bordering on saying, well, we will not do it. I'm very careful about what I said. We are still in the quandary. I said bordering on tilting towards.

Rohith Potti:

Thank you for the candid answer. I've been with you guys for a brief while and I'm very happy with how you conduct yourself and how you communicate with everybody in the world. It's uncommon to see the candor and transparency that we see at IRIS. My next question is generally on growth, sir. We've seen decent growth in Create. Collect has been stagnant given what you said about the regulators not opening up. We spoke in the AGM about four tenders probably opening up by December. So, what is the update here, when can we know, because it's been quite a while, when do you think in high probability we will see something moving here?

S. Swaminathan:

Your guess is as good as mine. Yes, we mentioned that there are possibilities. There are clarifications going back so on and so forth. The good news is we've not lost anything. The bad news is we've not won anything. So, I think to use an example, "*Trishanku is still hanging in the sky*". We don't know and I certainly do not want to hazard a guess as to when it will happen. Will it happen tomorrow? Highly unlikely. Is probably will happen by December fairly high? Yes, but we should also know that many of the Christian countries go into limbo and go into vacation mode from say 15th December. So, if at all something has to happen, it has to happen before that. Otherwise, it will happen only after about 7th or 8th of January. We are optimistic, we are reasonably confident, we have a good value proposition to share with people. I think a proposal has not been rejected as I keep saying. So, to that extent, we are happy. When will it happen? I really have no idea, Rohith.

Rohith Potti:

Is it very difficult to give an outer timeline, the outcome whatever will be visible to us in this financial year or will it move to the next financial year or is that also a little too difficult to say right now?

S. Swaminathan:

So, now I mentioned of iFile project, that collect project is such that we initially sell the product to the customer. So, we sell iFile it to the customer, and book the revenues based on the accounting norm. So, to the extent that we're able to sell iFile to the customers, we will book those revenues if we make a sale. If we don't make a sale, well, we don't know. And to answer



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your question, what timeframe? So, there are countries which work around January-December, budget cycle... government, I'm saying, because all regulators are all government bodies as you know. There are governments that work in the April-March cycle, and there are governments that work in a July-June cycle. So, there's a mix. I don't know the specific cycles for the four projects where we're bidding right now. I don't know the answer to this question. But having said that, typically, because there are more people in January-December than other cycles, what impact will it have on decision-making? So, typically if the budgets carried over to the next year, so on and so forth? So, do we have an answer? No, we don't have an answer. Do we have some guesses as to when it will happen? But as I said I am not for guesses in open forum or even in the private forum. We shared internally within the company. We keep chasing people, I mean, people constantly calling those. We recently hired a very senior colleague called Rajesh Srinivasan who basically has been hired to choose the potential if iFile implementations. Balu, do you want to talk about Rajesh Srinivasan for as second before I get on further, what is Rajesh's role.

Balachandran Krishnan: Yes, Rajesh primarily is looking at business development in the Collect segment. He brings in lots of experience in selling BFSI solutions, especially the Basel III kind of software solutions to Middle East, Africa and India. He was with 3i before, then after that he was with a firm which is specialized in this kind of software. He does have the right connects and we feel right now the way this have vocal up, they are looking at how to look at the next round of tech refresh in their platform. And he is just getting oriented. He has already started talking to a few potential clients as well.

S. Swaminathan: Also, one more thing, Rohit, I must tell you is the next XBRL Asia Conference is being held in Bombay. About 20 countries from around the world are participating, SEBI is participating, RBI is participating, certain agencies of the government are participating. And I think that will shine significant amount of light on Xert implementation in India. And I think that can augur well for us. Again, Balu, will you talk about the XBRL Asia Conference? Balu also serves in the board of XBRL India. So, maybe, Balu, you can talk about the impact XBRL will actually have in India?

Balachandran Krishnan: It's a program which has been running for the last five, six years. Of course, because of COVID, there has been a hiatus. But this is across Asia regulators come and share their experience in working with the information standard and look at how to take it forward and whatever can be done going forward. So, here, this time, the Institute of Chartered Accountancy is hosting it and it's a prelude to the world conference for accountants which is again just after the close of Xert. So, we see many Asian countries participating. Some of them are our clients as well, they are also coming. We are also sending some of our experienced in solutions, etc., This is a two-day conference. We see that again giving some investors the talk in terms of what to do next and we want to be there in that audience, we want to be talking to them and we are there.



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- S. Swaminathan:** Rohith, I am sorry if you couldn't get the answer that you are looking for, but that's the best we can do.
- Rohith Potti:** No, this is very-very helpful, sir. Thank you so much for sharing -.
- S. Swaminathan:** One small thing, Rohith, which might interest you, is at the XBRL Conference, SEBI is presenting data on ESG filings from about 200 companies. So, SEBI is actually ratcheting up, from our understanding, ratcheting up XBRL implementation in India as next gear. So, you will actually see some happening from there going forward.
- Rohith Potti:** Could you speak about the create segment, because I think for the last many calls we were very excited about the growth in the segment driven by ESMA and US CIPC filings. So, what will drive growth here in the next couple of years?
- S. Swaminathan:** We are on to customers on ESMA in the last one year, which I think is quite satisfactory. We also have 100 something customers in South Africa for the CIPC filings. So, I think the next mandate has not come yet. Deepta, can you take the question on create?
- Deepta Rangarajan:** Good question, Rohith. So, I think like we mentioned on one of the calls sometime back, normally when there are mandates, we get like a tail wind of growth. So, when we don't have mandates or in the phase when mandates are still not rolled out or announced... we are in the replacement market, right, so, we have already seen, for example, some early movement in the replacement market space in the case of FERC. So, what we're kind of doing is going after existing customers and who already are using other solutions, perhaps not as efficient, perhaps more pricy, and then looking to see whether we can switch them over to us. So, that is kind of the strategy. You may also remember that we talked about disclosure management solution the last time around, and that is mandate non-specific I mean, it is not linked with any mandate as yet. And we had kind of talked about rolling out the disclosure management solution. So, now we have a couple of early customers. And as we already mentioned, and as you know, what typically happens is, when we roll something completely new out, there is a curve, so the early customers take it adopted, we get rapid feedback, agile, build and rollout basically. So, we already have pipes building in that kind of area. Now, when that starts in new markets where we have gone the Carbon, we've seen, it almost takes a year to stabilize once we roll **(it out)**. But once that starts, we think there's an opportunity in spaces not necessarily related to that sudden tailwind of mandates. So, I mean, there are both; there is a replacement market, waiting for the new mandates that are to be announced, and adjacencies like the disclosure management market. I said, there are basically three things therefore. When we don't have new mandates, so when we don't get the tailwind of mandates, there is the replacement markets that we go after. The second is the adjacencies, like the disclosure management which we have launched. But like I said, normally these things take a while as we have seen from chasing after new opportunities, it almost takes us a year to stabilize an offering, but the early customers really give us a lot of ramp



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up. In a market like the disclosure management, we already have a larger pipe. But once we nail it, then we can kind of start looking to ramp up irrespective of mandates. So, that's what we would look at. And, of course, I think we also mentioned the newer mandates that are on the horizon like ESG, like for Phase-II as and when they get announced. So, those are the kinds of things that would give us growth going forward.

Rohith Potti:

A follow up to the answer that you gave, two, three questions. So, number one, so like you are trying to bring customers in the replacement market, I'm guessing that the competition would be trying to win customers from our customer base. So, are we seeing any attrition there? How are we positioned there? Second, you mentioned a disclosure management platform and we have initial customers, etc., So, what is the pricing there and what can be the potential market size and what is the go-to-market strategy? Similarly, on the litigation management system as part of the GFC segment as well, so what is the pricing there and how is the traction and what is the go-to-market strategy that would be great to know?

S. Swaminathan:

On DM, we will not talk about for obvious reasons. As far as the question about attrition on our customers, if you look at the last six months or so, we've not lost a single customer in Europe, we've added 44 customers. So, that probably answers the question that you asked. It doesn't mean that we don't have sleepless nights, worried about losing customers. On the litigation management side, if Gautam wants to share any pricing information is welcome too. But on disclosure management, we don't share because of international implications. On lease management, we are the only company in the country right now offering solutions like this from what I know. So, Gautam, do you want to take the question?

Gautam Mahanti:

Yes, so, we have actually a differential pricing model. So, the pricing for banks is the highest because of the need, we see their ability to pay for this kind of solution is also there, followed by the BFSI, basically, the insurance companies and the pricing for the corporates is the lowest tier, and within the corporates, the pricing is dependent on the number of GSTNs and average number of cases that they have actually received in the last two years and going forward, what's going to be. So, in terms of traction and go-to-market, our first initial approach in the last three months has been doing a direct reach out to all our customers and all our direct clients as well as our prospects. This product has been built along with a partner firm called DAA. So, they are the actual domain experts. So, they are the ones who have been actually giving the inputs for the solution. So, DAA customers and IRIS customers have been reached out to in all the prospects. Now that we have kind of started talking about it, there is news in the market. We are also going to the market through various other partner firms, other CA firms outside of the big four, who have their own set of customers.

Interesting proposition from partners who have asked if we can white label the solution, with their branding, and with their logo, which they want to offer it as a platform, because the CA firms offer advisory services and litigation services on a case-to-case basis. So, for them, it gives



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an opportunity to actually also sell a platform, which they have access to. With a model that they do manage services on top of the platform, or the client actually uses the platform directly. So, for them, they would like to position it as a tech platform along with litigation services. So, that's a second go-to-market, which now we have started talking to a couple of the CA firms.

S. Swaminathan: Gautam, any competitor for the product?

Gautam Mahanti: EY has more of a generic product. The big four have built something over the last couple of years. But the feedback that we have been getting so far is that because we've built this product completely keeping in mind the GST regulation and the GST flow, if the other products don't come as close to this, we have gone far more deeper into it. On the other hand, the other big four offer a more generic GST litigation product along with direct tax litigation also. So, companies are interested in taking a solution which can actually take care of both direct and indirect tax. So, obviously, for us, we would actually look at having the direct tax module also built sometime soon.

S. Swaminathan: Rohith, to add to what Gautam just said a little while ago, is that typically when the big four build their own products, they're able to go after the big enterprises, and they don't actually go to the smaller companies. That's one part. Secondly, the smaller chartered accountants play very important role, CA firms play important role, the law firm that play an important role. They will not necessarily go after the big four products from what we've seen in the past. Therefore, there is a large market outside the big enterprise market, that's still waiting to be served. It does not mean that we don't compete with the big four, we will compete with the big four, and we will also offer a large enterprise market. But just to say that there is a large market out there which is still untapped.

Moderator: The next question is from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi: Sir, about one year ago when we were discussing the Q2 call of FY'22, I had actually suggested that you go for a rights issue, and then subsequent to that, I'd also e-mailed you giving some reasons for that. And I only wish we could have brought in a strategic investor or something like that one year ago when our prices were double of what it is now, I mean, you could have raised a lot more money by diluting the same amount of equity. So, I think we missed that opportunity. That's just an observation. Now, you have many products in the correct, create and consume segment. So, which product would you say is your Trojan Horse, which will sort of get you an entry into the client organization and after which you can then position the products? Would it be the IRIS carbon?

S. Swaminathan: It's interesting. As I said, no point crying over spilled milk or lost opportunities. I remember that you mentioned this. So, thank you very much. I think shareholders like you who are constantly thinking of the welfare of the company, I think, add a huge amount of value to the company, for



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which I owe you a deep debt of gratitude, so thank you very much. We lost the opportunity. But as somebody said, in the market, you can buy at the lowest point and sell at the highest point. It doesn't really work like that as you know. But as I said, we continue to persevere. I'm not sure so much with the strategic partner, at least not in India, that could be overseas, I don't have an answer. There are discussions that keep happening from time-to-time, but nothing actually comes to fruition, because it's a very complicated business to understand. The next point you mentioned Trojan Horse. I think everyone one of the products has got its own dynamics and deals the different segment of the market. So, I think today, for example, recently we launched a product, which allows you to download an XBRL document into your excel sheet. It may seem like a very small product of no consequence, but actually be surprised how many people have started using it. So, getting into people's minds is literally what some of these products do. So, I have a thought for example, Peridot our application, which verify counterparty compliance for GST, is a hot product. So, Gautam, do you want to talk about Peridot? Gautam is the brain behind Peridot. And Peridot is a huge Trojan Horse for us in terms of capturing significant mindshare in the GST space, and all compliments to Gautam.

Gautam Mahanti:

Yes, so actually, when we launched Peridot, we had no idea what shape it will take. So, we've actually let the users actually dictate, and it's completely grown organically, word of mouth. We've kept it very simple. It just allows you to scan or check any GST number or any company by a voice or just by typing the name, it tells you the overall compliance status of it. And as the users have grown, we've added more features. Now, we've added features like, you give consent, and you give access to your own GST data, your reports and dashboards and stuff like that. At any point of time, there are more than 400,000 active installed base and we have more than 200,000 monthly active user base. So, we actually look at the install base rather than looking at the downloads and about 50% of the users are small merchants, SMEs, traders, small businessmen, who actually want to check the genuineness of the counterparties or the people or the vendors from whom they're actually dealing with, because it actually helps them manage their input tax credit. There a lot of government officials who actually use Peridot and swear by Peridot, because it helps them track and manage the SSCs in a very seamless and very easy manner. There are a lot of chartered accountants who use it for the customers. There are a lot of people working in the procurement department, people working in accounts department –

S. Swaminathan:

Gautam, I'm going to interrupt because we're getting off track here. So, can you talk about Trojan Horse? I did not realize when we launched Peridot got as to what all it can actually do. So, today, Peridot is the reason why many companies come to us to basically take data APS from us for promoting digital lending. So, every business segment, every product in a certain way, is a Trojan Horse, which has potentially huge multiplier effects for us. But we have to capitalize on most of them as of now. Peridot is capitalized on, but not monetized it to the extent that we possibly should going forward. I mean, just think about this way. If we have four lakh installed base today, and say two lakh very, very active users and 90,000, people are using it literally on a



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monthly basis, there's 90,000 MSMEs, who are right to borrow. So, just do some simple calculation in terms of what will happen if they start borrowing and if we come up with a model where we're able to leverage that. So, the possibilities simply are endless when you start top line in your mind to it.

Vikas Kasturi

Yes, sir, I agree. There are a lot of possibilities in your line of business. And I really wish that... because every time we started discussion, it always ends with the company equally had more resources. And so, yes, sir, I'll go on to my next question. Could you just tell us your client retention numbers in percentage terms? I know you've said that it's a very, very sticky kind of business, but would it be in the high 90s?

S. Swaminathan:

It's much higher. But the point is, in the case of create, for example, we lost one client who took away a significant number of customers, because we went through them. We learned a lesson of trying to ensure that we don't have customer concentration. But, generally speaking, I don't think we've lost too many customers. In the case of iFile, which is the Collect space, I think just one or two people after the five year contract was over, decided not to renew it. That was long ago. Thailand was one of them I don't remember who else is there. In the case of create, on carbon, I think it's still very early days to lose customers. I believe it's something we should see over the next two, three year period. In the case of MCA filings, again, as I said, which again use carbon, did not lose too many customers. In the case of GST, we've gained more than we have lost. And one of the reasons why we lost some customers in GST is because of absolutely predatory pricing that happens in the market, rock bottom pricing. But I think these awards, like Best Tax Tech Award help us in terms of conveying a message to the market, that we are a very serious player. So, generally, when you said 90%, that's on the lower side and our target is much higher than that, except for that one aberration of one customer in the UK, who would pass on a significant customer and therefore we've lost some customers there.

Vikas Kasturi

Sir, earlier, I noticed about a year ago, there were a lot of online demos that Ms. Anuradha would do. I would attend those. But have those demos not been happening of late, sir?

S. Swaminathan:

It's Happening. I think somebody needs to put you on the mighty list. I think there are demos that happen almost every other day. Just to give you a sense as to how active we are in terms of demos, it's not only the Indian market, but also the overseas market. So, maybe Anu on the call, please send him invitations to demos that may be of relevance to him so that he will know what's happening. Anu, are you on the call? Please ensure that people know that you're inviting people, even if there are that competitors, doesn't matter,

Anuradha:

Yes, definitely. I think one of the reasons why you don't see any of those online ones as much often as you do is because now post-COVID everything has opened up. So, like, conferences are happening physically instead of virtually. So, that could be possibly one of the reasons, external one, but internal one, yes, we kind of organize more webinars and seminars on these topics.



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- S. Swaminathan:** Anu, since I'm also a shareholder, I'll ask you the question. I think, is it smart to basically say, since things are opened up, let's go to Paris and do it there or instead of doing online demo, so much cheaper. As a shareholder, I'm actually worried that if that's the approach we take. I hope that's not what you meant.
- Anuradha:** No, we get invited to speak at the seminars as well. We are going to start doing our own seminars, and we are also being invited by, for example, we are expecting one webinar to come in December from Italy, that's going to be an online one. So, I'm sure on our social media you can be updated for more webinars and seminars coming up.
- S. Swaminathan:** I think shareholders like you keep us accountable and also give suggestions, which I think are extremely valuable. We can't always act on every suggestion, as you can imagine, but we pay heed to every suggestion, we evaluated some variable to act on, some we're not able to act on. So, please bear with us if not everything gets acted upon.
- Moderator:** The next question is from the line of Rohith Potti from Marshmallow Capital. Please go ahead.
- Rohith Potti:** I just wanted to hear from Balu sir. Given how we do not have as concrete scenario for growth as we had in the last one, one and a half years from Europe and US, I was just curious on our cash flows and our intent for growth. So, with us being on borderline in rights issue and us hiring senior resources, how are we played on cash flows, and how do we think we are geared for growth there?
- S. Swaminathan:** Let me take the question slightly differently. It's not that we don't have a strategy. For example, the US government reporting is opening in a very big way. And I think we have a very conscious strategy for US government reporting. In fact, my colleague, Anand, who heads the US Operations actually coming down to Bombay, I think this week, where he will be actually spending time talking about how to deal with this whole government imposing thing. So, there are specific initiatives we're actually looking at or the ESG initiative in Europe which kicks off next year. So, it's not like we don't have a strategy, it's not like there is not much happening, there's a lot that's happening, and some of these things can actually happen without too much of a capital, as we muddle along. Let me also add one more thing here. A lot of people talk about Infosys as a great company. What really made Infosys a phenomenal company is the day Narayana Murthy basically said, I will not do the GE work anymore. He actually walked away from the GE project. That led to some serious problems as far as finances are concerned. I think in our company, the fact that we've hired somebody at this kind of price tells you that we are brave, and gets very strong confidence in our future, and the fact that I've started giving salary. So, my point is that for us, this could be the aha moment that takes the company to the next level of growth. Balu, over to you.



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Balachandran Krishnan: Yes, put it very succinctly. But from a numbers perspective, Rohith, I want to mention that we are operating cash flow positive, we continue to be doing that. And I don't see too much of a problem in managing our cash flows. Having said that, we don't have the luxury to spend too much at this point of time. I think even that situation could recede if we're able to start getting some traction in the collect business. So, of course, if your capital and if you have the next array of planning your sales and marketing spend in a much more aggressive way, you could grow at much higher rate than what we currently aspire to. But even at this point of time, it is not that we are not looking at a decent growth, we are, and we can continue to grow at this rate as well. And there could be some bylaws coming into our ship if we're able to get some collect customers as well.

S. Swaminathan: Balu, I'm worried. Rohith just said, we are all at sea and you gave ship example. So, what did Rohith said like? But that apart, Rohith, the point is that we are not fully utilizing our ICICI bank limits. That's also a source of great comfort. So, I think there's enough headroom available. And please also know that what is luxury for IRIS is usually necessary for many other companies. So, we are frugal, and I think that really helps us grow the way we have grown, and I think it'll keep us growing. As we said, we are still throwing cash. And please also note that given the way we've structured as the products company, I think every even 2%, 3% 4% growth in revenues, will actually throw up a disproportionately higher amount of cash. So, I'm not terribly, terribly concerned about that. But your point is well taken, but there is a strategy, there are growth opportunities, and there are mandated latching onto like the US government one. I know since, Anu, can you just share with us something about the US government opportunity?

Anuradha: The US state governments are requiring various other local agencies, what they call state agencies to start reporting in XBRL. We are seeing some early momentum around this, for example, states like Florida, Michigan, etc., So, some early traction, we are able to kind of see. I'm sure each of these states will kind of pass laws, release taxonomies, etc. Of course, it's too early to share any numbers, but we definitely are seeing newer opportunities in the US beyond the SEC mandate and the energy mandate.

Rohith Potti: This is helpful. I asked Balu sir, because it was a financial-related question and I thought I will address to him and know the reason. And my last question is for Mr. Thomas. It's interesting that he was in IRIS early on, but later on, it does seem like he spent a lot of time in B2C businesses. So, I thought it would be great to hear from him. He did explain his views on the tech maturity that the company enjoys. But what from his vantage point does he be on the commercial side? Are we making products which are beautiful, but we're not able to sell for some reason. What would he wants to improve in the commercial side maybe in the next two years and what would we as shareholders look out for on that front?

S. Swaminathan: Rohith, the only thing I will not plead guilty to is that our products are beautiful. I think our UI has a problem. And I don't think our products are beautiful at all. I think we focus on



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functionality. So, please don't accuse us of having beautiful products... or beautiful looking products. Thomas, over to you.

P K X Thomas:

So, one of the key things we need to actually invest some money exercise on the user experience of the products. We need to add next level. The current level may not be that great in the near future markets. So, we need to actually improve upon that. That is actually one of the focal points. The second one being actually like slightly turn the current development process to a more product-driven process where when we actually add functionalities, etc., each of the functionalities is actually debated upon the commercial success of it, or why should we have a functionality Even a simple smaller functionality to a complex functionality, just give a little thought about the commercial angle to it and usability angle to it. It's not only how do we commercial. Sometimes, feature could be a becoming much better, user-friendliness and much better ease to actually navigate or use a product, which could actually have a value much higher than a commercial value also. So, have a product-driven approach that is actually the next level of maturity of the technology, take it to that kind of implementation. We already started driving on both on the user experience as well as on making it a more product-driven organization. The organization needs to be more productive.

Rohith Potti:

Just curious to know from your angle, among the opportunities that might have possibly been available to you, how come you chose IRIS, I mean, this pivot from a B2C to B2B business, Reliance is a very large organization with a lot of entity, so movement within also would have been possible and IRIS is a smaller B2B organization? And at least I've seen among my colleagues that and friends that as people become senior in organizations, they try and move to more mature organizations, but you come back to effectively a startup I would think. So, just curious to know your thought process behind this decision?

P K X Thomas:

I'm saying that is what my feeling is. It could have some impact on what my personality could be. The reason being like, I love being in the startup organizations. If you look at even at Reliance, what I've done is Reliance is not what was existing there. Actually, what I did was actually introducing e-commerce and learning the entire organization, do the e-commerce way of doing things. That has a different level of commercializing, in the sense that, for example, a product could be sold in different parts of India at different times, perfectly fine, but when it comes to e-commerce, it is not fine. So, those kind of commercial differences actually happens, and that is actually driven into the organization. Staying there when I was actually talking to Swami and the team, Deepta, etc., I realize that there is a lot which I can do and implement there. And adding to my nature of being in a startup organization, I know that IRIS is a much better organization. But the scope actually the changes, there are scope of things which we can execute there and actually little back, that was pretty interesting. So, maybe I don't like a cushy job, I would like a little turning the hands, etc., on my personal.



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Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

S. Swaminathan: I think it's a bit of a hyperbole to basically say that everything is wonderful going forward. We still continue to be at the mercies around the decision-making timeframes that regulators actually take and we still need to get of us funded properly. If you want to look at signals as far as the company is concerned, whether it's the hiring of Thomas or whether it's the change in the composition...when we were a completely iFile driven company, you would see the lumpy revenues in the second half and not the first half. If we see this time, Q1 was good, Q2 was not so good, let's see what Q3 holds, I have no idea. I think we are trying to even out things over time... the company is in transition. The fact that we are getting recognized with these awards it's a huge thing. And I think what we are now trying to do is to ensure that we have stability of revenues and predictability of revenues from our investor and analyst point of view. It's not going to be easy, but we are going to try. Also, we are plugging away by fixing all the gaps in the hiring with the Thomas's efforts and bringing in good people at the senior level. But when we get someone like Thomas, what happens is, he raises everybody's level quite literally. And I believe that's what's happening as far as the company is concerned you can see some extraordinary things happening. Just to give you one small story, Rohith. This will appeal to you. In the earlier compensation that we had, when Thomas was there, we had a guy who blew up Rs.7.5 lakhs one night on data downloads. Those days data downloads were very expensive. We did not sack him. But we were amazed that the guy would actually do it. Of course, he got review, he got a slap and resistant, all that stuff. But the fact that people were willing to pursue their own knowledge was a great positive sign. I mean, it also taught us a lesson about checks and balances and all that stuff. But that's the kind of stuff that we want to encourage. We want people to innovate, we want people to discover new things, we want people to keep adding value to the company. And today, for example, the improvement in the products is led by people down the line, not by me, not by Balu, not by Deepta. I think very often we don't know all that's going on. We know most of what's going on. And of course, Balu knows everything it's going on from financial point of view. But, I think, we are quite happy with the way things are going, and I hope with your support, I believe even better days would be ahead for us. Thank you very, very much. On that note, bye now.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of IRIS Business Services Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines.