"IRIS Business Services Limited Q2 FY25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the IRIS Business Services Limited Q2 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask question 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. S. Swaminathan. Thank you and over to you, sir.

S. Swaminathan: Thank you, Sejal, and Happy Diwali to everyone who's joined the call and thank you very much for joining.

I guess you could see that the last six months have been fairly decent for the Company. I think the numbers are reasonable. We have also been able to attract some good investors. And so, when we were looking at the numbers, I was reminded of a famous statement made by the CEO of Changi Airport when it opened and someone said this is the best airport in the world, so what's next? "So, the next is to try and maintain it, how do you compete with other parts of the world and maintain it." So, I think the challenge for us is exactly similar. So, we have to figure out whether we can maintain it, what will we do going forward.

What we have done over the last six months is to lay the foundation for growth of the Company going forward. You would have seen from the numbers, and Balu will delve into it in much more detail. You would have seen from the numbers that there's not been very significant growth on the Create side. Now, what we have done in the last few months is to get the staffing in place, get the teams in place, we have laid the foundation. Fortunately, the contract that we have from the South African Reserve Bank continues to literally help us grow and again, Balu will talk about it and give some color to it. The foundation that we have laid is more in terms of getting the people in place, whether it be the marketing team, the sales team and the benefits of that will be there to see in the months going forward. So, we have several of my colleagues on the call who can take individual questions on different segments of the business if such questions arise.

But before we get to that, we already uploaded the presentation to the websites of the stock exchange. It's also on our website. We will basically take you through the highlights of the presentation. If you don't have it, you can always please go to the exchange website and download it, but over to you, Balu to give the color before we get started with questions.

K Balachandran: Thank you so much, Swaminathan. Good evening and it's great to once again interact with all of you and thank you for turning up in good numbers even though it is the eve of Diwali.

I will quickly run through some of the highlights of our financial performance for the first half of the current financial year:

As Swami mentioned, we also uploaded an investor presentation on our websites as well as exchange websites a few hours ago. This time around in our presentation, one change we have made is that we have reclassified our reporting segments so that these are in line with the nomenclature which is used globally and Swaminathan did mention this intention in his letter to the shareholders where he said we would be doing that going forward and that's what we have done for the first half of this financial year.

Now, coming to the performance per se, :

You would see that we continue to grow at a good clip. Overall, for the first six months, total income has grown at about 33% compared to the corresponding period.

On a quarterly basis, the second the 2nd Quarter growth over the corresponding quarter is at about 30%, which is a tad lower than that of the 1st Quarter's YoY growth, but still on the whole, we grew at 33% for the first half.

So, a solid top line growth has been the key reason for the corresponding stellar growth in profits. You would see that EBITDA has moved by about 78% for the first six months, while the profit after tax has nearly tripled. But I would be the first person to say that high growth rates on a lower base maybe should not be the right set of parameters for an ongoing trend analysis. Having said that, topline growth typically results in more than proportionate growth in profitability numbers for our kind of business where there exists a degree of operating leverage which you have seen again and again. For example, in the first half, total expenses have grown at about 27%, while the top line grown at about 33%. So, I should again say that our SaaS businesses need further investments, especially in sales and marketing, and that is an element we need to calibrate as we endeavor to scale this part of the business. So, there is a balancing act that we are following and that you could see going forward as well.

So, coming to some of the Key Financial Indicators:

I am happy to report that our return on net worth has moved up from 21% to 22% despite an increase in equity capital due to infusion of money through the professional routes, which came somewhere in June end.

Our balance sheet is obviously strengthened with capital infusion and good collections, etc., And as of September 30th, we are quite comfortable in terms of cash which, is about Rs 31.5 crores. It has further gone up well into the month as collections improved as well.

The SupTech business, which is a supervisory technology business erstwhile what we used to term as the collect business has again turned in a solid performance with top line growth of 48%, which Swami also mentioned in his opening remarks -, that has driven the top line for the first half.

RegTech segment which now includes the IRIS CARBON and IRIS iDeal, which is an automation reporting software for the BFSI segment business line, together recorded a growth of about 20%.

The newly minted TaxTech segment, which has now gone international with our entry into Malaysia, grew at about 16%.

Revenues from Africa now account for more than 36% of our first top line and bulk of it coming from our SupTech implementation at the South African Reserve Bank. So, that's where we are.

That's a quick overview and I think we can discuss more as we delve into questions. Thank you.

S. Swaminathan: Before I hand over for the questions, a couple of things I do want to mention.

So, the reclassification that Balu talked about is not really a reclassification but more a rechristening, it's a rechristening of the segments. The only significant change is actually the division of the RegTech business into what we used to call the Create segment into RegTech and TaxTech. That's about the only significant thing in the reclassification. So, the story is like this, that somebody one day asked me, he said, why do you want to give names like collect, create and consume, why can't you give it names that are accepted by industry so that we can go and Google it? So, if you go and Google SupTech, for example, Supervisory Technology, you actually find a number of companies, so you can immediately find out who are global peer groups are, who our global competitors are. Similarly, in the case of RegTech, similar in the case of the TaxTech. The DataTech business is still in the very, very infant stage. We have high hopes for it, which we will talk about separately when something happens. But the reclassification is more rechristening, renaming except for the division as I mentioned to you.

Two very important news items I across this afternoon, which I think are significant and will shape how we do things going forward. Google CEO, Sundar Pichai has actually made a statement yesterday, saying that 25% of the Google software is now written using AI. And I think that's very, very significant. Similarly, if you take a look at the other statement in the context of Samsung, Samsung has actually been beaten down by the markets for having missed the AI revolution in a very fundamental way. So, I think we are actually beginning to look at how to leverage AI for our own internal work and where all we need to do it. So, we are very, very, very cognizant of that. But I want to draw your attention to this because as investors, I mean these are two news items which I just want you to be mindful of.

Having said that, Sejal, over to you for questions that people may want to ask.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Ankit Manija from ADISA Ventures Family Office. Please go ahead.

Ankit Manija: So, I mean obviously Collect or now the new name SupTech is probably driving growth, and the South Africa contract is driving growth for you over the last couple of quarters. How does the visibility look like with regard to the South Africa contract for the next two quarters and do we anticipate this similar level of 28% to 30% revenue growth that you're seeing on total revenues because of that?

K Balachandran: The base is obviously going up because we started accruing the revenues from the South African contract maybe from late Q2 of previous year onwards. Having said that, I see, there is enough work left in the implementation part. So, the numbers in terms of overall accruals should not change much. In fact, it could go up a little higher as we go along, but the growth from the corresponding quarter to this particular quarter, say for Q3, Q4 onwards, it might not be that high as it used to be in the past. I would say only so much at this point of time, because the base has gone up.

Ankit Manija: Just in continuation of that, what in Collect comes next after South Africa, are you seeing some visibility say even for next year with regard to some larger orders or does next year when the South Africa thing goes away, does that look slightly bleaker?

S. Swaminathan: Everything that goes away usually is followed by something that comes in and there is still about 120, 130 countries, about 1,500 regulators across the world who need to adopt standards based reporting. So, I think there's a huge opportunity still there. Africa is still a virgin territory. Obviously, South Africa has been the biggest growth driver in the last half year and which is also why Africa becomes an important source of revenue for us. We have also been doing extremely well in Nigeria where several banks have actually come to us for solutions. We are also doing some reasonably good work in Mauritius with bank reporting. So, there's a lot of possibilities on the Collect side because we also see a lot of regulators coming up with tenders. We win some, we lose some, these things are bound to happen, but there is certainly an acceleration and also a greater appreciation on the part of multilateral agencies. But this whole SupTech segment is like an elephant that starts moving very slowly. The gestation time is huge. So, from tender to award can be as much as 18 to 24 months and even then some decisions don't get taken. I can give you enough examples of regulators who may have called the tender two years ago but are yet to make a decision. And one of the biggest fears that we have is the multiple tenders that we bid. If they all come together at the same time, then we are in deep trouble. If you see what we won in the last year or so, pension fund authority thing is a huge victory for us and there is one more also, Balu?

K Balachandran: ESG Standard Taxonomy.

S. Swaminathan: And the GRI thing in the context of the ESG reporting. So, these are two big things we won in the last six months or so. and the other thing to keep in mind is for us, the important thing is not whether we win 10, 20 contracts, because we only have so much of a capacity in terms of delivery. So, if we win three or four every year, we are quite happy in terms of going forward. Three or four will be a stretch, two, three is a reasonable number. But we are also looking at alternate business models where we move from a fixed price model to a SaaS model. These are all things in discussions with various regulators and in a way it's good that many regulators don't have money. So, they will look at a pay per use model. So, we are also trying to pivot to a new model so that it increases not a one-time revenue, but actually a revenue stream over a 10-year period. So, the pivoting of the model is also something that we are working on. So, when you look at smaller countries, you will actually see many of them looking at solutions like that.

K Balachandran: I just want to add that I would be greatly surprised if revenues from the South African business diminish over the next one year. I would just leave it at that.

Ankit Manija: Just an extension, the two new contracts that you talk about, are those already reflecting in your revenue streams in the last couple of quarters or are they expected to come in later?

K Balachandran: To a small extent I would say.

Ankit Manija: We came across a SEBI violation which was reported. So, I just wondered if you could just add some color on to that?

S. Swaminathan: January last year, Balu basically made an announcement that he will sell 2 lakh shares within a certain period of time. I don't know of many promoters who basically announce these things in advance in the manner in which Balu announced it. And since then, we have been in through ASM, ESM, all kinds of SMs which basically has curtailed liquidity in the market and affected his ability to sell in the market. And as a consequence, he could not sell the full 2 lakh shares that he committed to sell, but could sell only about 99,000 in the course of the year. As a consequence, that's seen as a violation, it's part of the insider trading rules, and since he could not sell the full amount, he had to basically send a letter to SEBI saying that I could not sell it for these reasons and the Company therefore had to issue him a letter saying, "Bad boy, why could you not sell?" So, it's not really a violation, we have not violated any insider trading rules in the manner in which is often portrayed, it's just his inability to sell because of lack of liquidity in the market.

K Balachandran: I would just say the SEBI rule allows incomplete trading plan. The details to be submitted to the audit committee for audit committee to act on it. Audit committee has sent a letter regarding this.

S. Swaminathan: The rules basically say that as long as the Company condones, then you're okay with it, but this is not a deliberate act or whatever, it's beyond the fact that he could not sell it.

Moderator: The next question is from the line of Mitesh Mehta from Long Term Investor Group. Please go ahead.

Mitesh Mehta: I have a few questions that is regarding TaxTech, the GST module launched in Malaysia as well as other places. So, basically I want to understand how is the revenue model for this TaxTech business and when can we expect breakeven in that segment?

S. Swaminathan: So, when you look at the numbers there, it's because of the overheads that the TaxTech business does not show profits at this point in time. But to answer the revenue model question and all that stuff, Gautam, over to you.

Gautam Mahanti: So, the TaxTech revenue model is purely a SaaS based revenue model. In India, we offer a platform for GST, e-invoicing and eWay bill compliance. Along with it there are additional modules around accounts payable automation and litigation management. So, it's completely dependent on the volume of transactions that the Company conducts, the number of GSTINs and the number of PANs that they have. It's a recurring subscription model and there's a one-time onboarding fees that every Company pays when they come onto the platform. A similar model is adopted in Malaysia also which went live on 1st of August with the first phase of e-invoicing for all companies over 100 million ringgit in which they subscribe to various e-invoicing packs depending on the number of sales and purchases that they have to make in a year.

Mitesh Mehta: The second question related to it is are we planning to expand in other geographies for this GST module or TaxTech?

Gautam Mahanti:: Malaysia was our first international foray and now we are looking at two more geographies. Singapore, which has announced e-invoicing in the fourth quarter of 2025 and UAE which would be in second half of 2026. So, these are the two countries which have announced their e-invoicing mandate and IRIS would be offering the platform in this country. Our primary focus right now is the GCC and the APAC market where we feel e-invoicing and e-reporting is going to come up in a big way in the coming years.

Moderator: The next question is from the line of Rohit, who is an individual investor. Please go ahead.

Rohit: So, my first question is on the RegTech business. We mentioned that growth is driven by new management, but with the new sales side, we intend to convert other clients to our clients. Now my question then becomes, what prevents others from doing that to us as well? So, the beauty

of the SaaS model is the fact that it's very sticky. So, can stickiness be low if in this space is one question I have?

S. Swaminathan: So, is there stickiness? I don't know, I don't think we have enough data to know whether they are sticky or not sticky. See, the thing is if you look at the market, Rohit, in each country, there are basically two sets of providers of solutions. One in a class of their own in America, for example, the Company called Workiva, which is operating at the higher end and we believe that their vulnerability points to want to look at is possibly price and nothing else. Maybe to some extent, some features here and there. Then there is the lower end of the market. This is completely price-sensitive where there are a few dozen amount of providers where the only thing that really matters is price. So, when you start adding price and quality, which is what we are trying to do, then the situation changes. Also, it comes to stickiness in the regulatory space. People enter into a contract that is generally not longer than three to five years. So, at the end of that period they do, they are open to looking at what others have to offer. It doesn't mean they switch. We have had some success with some people switching. We have also lost customers in the course of doing this. So, is there stickiness? Yes. Is there no stickiness? Yes. The answer to both is, yes. It's like a very confusing answer, I realize that. But we don't have enough data to say one thing in a very deterministic fashion as to what level of stickiness exists. Currently, most of our customers have stayed with us. The only customer is we have lost, Rohit, is because we had been working through one of the accounting firms to acquire customers in the UK and if you take a look at our customers in the UK, the customers for our carbon products, we have lost customers in the UK, because a customer who actually brought in all these filers has gradually started taking the work within their own Company, and that's how we lost customers in the UK. So, the lack of growth in the number of customers for carbon, for UK market filings happened because of this. So, the lack of stickiness there is because one customer decided that they're going to take most of the work in-house. I hope I have answered the question to the best of my ability. But Deepta, you want to add to this about stickiness?

Deepta Rangarajan: And just to add to what Swami said, so there are many factors, right, around stickiness. So, one is of course the customer satisfaction, how satisfied they are with your solution. I think your question is if we can steal other people's customers, can they not steal ours, right? And the aspect of acquiring a customer and retaining a customer, it has many dimensions. So, what you're selling to them. So, for example when we talk about XBRL, that's one module, Rohit, like that. When we talk about disclosure management, we are potentially going deeper into the organization or in ESG module we are going in deeper. There are also aspects about kind of the tenure or the term of the contracts that we enter into with the customers as to our competitors, right? So, there are different dimensions to stickiness. Can someone steal customers at any point in time including ours? Yes, of course. I think therefore the idea is or what we aim to do and try to do is try to make sure that we are constantly innovating - whether it is on product, on ensuring customer excellence, on right pricing, on adding modules and functionalities. As I am sure,

others might be doing as well. We have just been successful. We hope to be able to replicate that in the newer offerings that we are rolling out in the marketplace as well.

S. Swaminathan: By the way, Rohit, Anu has just come back from Europe where she's making many customers and try to persuade some of them to switch. Anu, do you want to share your anecdotal experience? You don't need to mention the name of the clients, but generally when you speak to customers asking them to switch, what do they say?

Anuradha RK: I think that there are different reasons why companies switched. I think one thing they see is definitely when it comes to the Carbon product, there's a lot of automation which is there and also there is ease-of-use is also very, very high. So, that way companies are willing to consider looking for alternative options. That's number one. Secondly, we are also trying to overall see how even our existing customer base, companies who don't have products for financial reporting, etc., Disclosure management, definitely, we are seeing as a very good entry into an existing customer base. That we way we are able to solve a real problem. So, in some opportunities, we are replacing another vendor with us, but there is also an opportunity with the disclosure management where most companies, even the large ones do not have technology solutions, they're doing in a very manual way. So, that's where some of the new modules like disclosure management, we are able to kind of get a decent entry and acceptance as such.

S. Swaminathan: In fact, Rohit, when Anu came back from Europe and Servo, came back from Europe, I had some interesting things that I had to unlearn many things and relearn many things. And one of the things that actually happened is Servo has managed to change the way we sell through a more consultative approach, and that's leading to increased realization from customers, Servo, do you want to talk about that?

Servo Sawhney: So, I think as Swami mentioned, what we have been doing slowly and steadily is we have been understanding the real pain points that customers are trying to solve for. So, when they're buying the software, they're not buying just because they like a product, but they're buying it because they're solving a problem either related to the top line or bottom line, right, either helping them make more money or helping them save money. So, we are trying to understand what problem they're trying to solve for, how are they doing that currently, if we solve it for them, what is the value add we are giving them, and on the basis of that value add what is it that we can charge them. So, what this has led to is increased pricing across the board, eventually meaning more money for us and also stickiness because it's a consultative approach. We really feel that we understand what they're saying and we are solving for the problem that also includes giving that feedback to the product team. So, we are very agile. We are giving this feedback to the product team and they're very rapidly building the product based on what's happening on-ground. So, all that collectively is helping us gain momentum in the sales cycle and increase our deal size at the same time.

S. Swaminathan: And Servo, I am not wrong because of improved marketing, the funnels have also become much bigger, isn't it?

Servo Sawhney: Correct. So, we have had infinite focus on increasing the top of the funnel from marketing perspectives. So, we have built structures and playbooks around it. So, the marketing team is starting to fire like an engine where they're increasing their team week-on-week, month-on-month increase in the volume coming in terms of lead. Some of it I will also say is the tailwinds from the ESG mandate being rolled out and as we get closer to the timelines for submission which is next year, there is traction over there, but a lot of it is the focus on numbers driven approach from the marketing perspective leading into the sales funnel and then leading into the customer success and implementation funnel. So, the marketing team definitely is playing a big role there.

S. Swaminathan: We are betting on the possibility that people will get unglued from their existing providers and move to us for which we have a lot more ground to cover, we have a lot more work to do, but we have laid the groundwork to get there, and we are very, very happy. So, there's one market, Rohit, where we actually won a customer who was earlier worth about one-fourth what he's now willing to pay for the larger DM solution that we actually have. So, with realization going up like this, I think it augurs well for us.

Rohit: A few things to pick on that answer. The follow-up questions. One, I mean we have been very excited about disclosure management. So, if you could give more details on how that is shaping up in terms of seeding and realization as compared to the traditional carbon solution we have? That's the first question on that. Second, Servo's answer on pricing increase was very interesting. But where are we seeing this pricing interesting because I assume the contract was signed for a year and you can't increase pricing. So, a little more detail on where is the pricing increase happening and a broad understanding of the quantum of increase would be helpful? And the third question is it's very clear from the balance sheet that IRIS is becoming profitable and generally in a capitalistic world profitability attracts competition. So, given this, do you see increasing competition in your core regions in either SupTech or RegTech in terms of not just new players coming in, but what you are doing or others doing, in the sense, if somebody is providing some sort of accounting software, are they trying to enter into this space and are you seeing increased competitive intensity in the core regions is my third question?

S. Swaminathan: So, in terms of in terms of DM, Anu, you want to take the question?

Anuradha RK: Disclosure management, I think definitely last year was what we call as testing the waters and overall, with new reporting coming up like ESG, etc., In fact, whenever there is an increased regulation which is kind of coming up clearly which it is in countries like Europe, definitely the need for solutions like disclosure management. And there is a large set of companies who need to report in, for example, 2026, that's going to be one of the biggest opportunity in terms of ESG

reporting. So, I think this year and the early next year is going to be very crucial and we can see a very good momentum of requests coming in from existing customers and like Servo mentioned, there's also more enquiries coming in from external sources as well.

S. Swaminathan: Rohit, to answer the question on pricing, it's not necessarily at the end of a contract cycle. When you add additional features to the product, when you say, this product can do this much more and this much more, then automatically gives you justification to add on additional reasons for increasing the price. You don't look at an increasing the price. You basically say that when you're paying me so much for this, now I am going to throw in this much more and therefore for that, you pay me a little bit more and that's really how the whole thing is happening. Servo, do you want to answer the question on pricing?

Servo Sawhney: So, I think pricing the way we see it is the function of what value we are able to deliver to the customer, whether it's an existing customer or it's a new prospect we are talking to. For customers that we are already in existing contracts with, for the same service that we are doing, definitely we cannot change anything because we are contractually bound. However, when we do go back for renewal, there may be some marginal increase in pricing for the same set of services. But like Swami mentioned, we are trying to position an additional upsell or cross-sell to the same set of customers for which we are doing a value-based pricing. As far as prospects are concerned, from day one, we are doing a very deep discovery, a very consultative approach. So, think about it like someone going to a doctor and doctor understanding the true problem and prescribing accordingly, as opposed to, say, take a green pill, take a red pill, or yellow pill, and go for it. So, our approach is very consultative. I don't know what the competitors are doing or not doing. What I will say is we are doing it and we are doing a reasonable job because the prospects and customers are both appreciative of us understanding their problem and trying to work with them to solve for it. They see us as an extended arm of their organization helping solve their problems. So, they're willing to pay a little more for that.

S. Swaminathan: Rohit, on your question on competition, I want to say one thing very interesting here. We recently lost a contract in Sri Lanka. The Company which won the bid with 5% of what we had bid. I just cannot understand how that's possible. I also cannot understand how the regulator accepted a bid like that, which is completely unviable. So, is there meaningful competition? Not really. Instead, what's happening is there is certain consolidation happening in the industry. There is Company called Regnology has quite a few companies and you will see more such consolidation happening going forward. I don't see too many companies coming up as competitors in response to the increased business opportunity, because I think again regulators at the end of the day want to work with tried and tested people, with tried and tested providers of software as opposed to new players. The biggest competition comes from the regulators preference for a bespoke solution for which they may go to a typical software developer and get it done. But the value of the contracts are so small that the big guys will not do it, and the small guys are too risky to trust things to unless as I said in the case of Sri Lanka where the contract was awarded at an abysmally

low price, which is completely meaningless. So, are we having sleepless nights because of competition? No. But to add one more thing to what Servo said a little while ago is when the price actually goes up, when we can charge more, we can also attract better quality channel partners in those countries for whom we can leave more money on the table for them to work with us to make it more attractive for them. So, we currently still follow hybrid model with some direct approaches along with partners, but that's another little benefit that's actually come on account of increase in price.

Moderator: The next question is from the line of Vineet from KRIIS PMS. Please go ahead.

Vineet: My question is with respect to the market size like can you please tell me numbers that what is the total addressable market size and at what rate is it growing?

S. Swaminathan: Sir, I have one request for you. One of the reasons we are providing the reclassification or rechristening of our different business segments is that you can actually Google them. If I tell you the numbers, you will fall off your chair. So, let me not tell you the numbers. Why don't you Google SupTech, why don't you Google RegTech, why don't you Google TaxTech and Google DataTech, you will find estimates of market size on your own and when you find on your own, you will find it much more acceptable than if I give you any numbers. So, I am not going to give you numbers on market size and how fast it's growing. Do a search and get the numbers for yourself. Please forgive me if I don't give it to you, because I really believe the reason why we have actually done the reclassification is to help answer such questions and help investors, find answers on their own for the market size.

Moderator: The next question is from the line of Deepak, who is an individual investor. Please go ahead.

Deepak: My question is related to the SupTech segment. We notice from the presentation that we do provide **taxonomy related services both in development** as well as ongoing modification and I presume this is for the ESG reporting side of things which is a very large focus area for regulator. We have also seen a lot of social media presence by IRIS on tax and related webinars and so on, which is wonderful and very informative and I think that there was a lot of thought, congratulations as well. My questions are two-fold, right. So, the regulators have this focus on ESG, they're supporting institutions and regulators, but given the expanding regulatory focus on let's say, financial crime, digital assets or newer emerging risk, just want to understand this IRIS has any sort of broader plan to support regulators in these areas, which have possibly started or may come up in the future, right? The second question is related to the workflow tool that which is the sort of a new product that we are working on the SupTech segment. I mean will these tools help us establish more sort of key ongoing business, more tighter working relationships with the regulators on an ongoing basis?

S. Swaminathan: Mr. Deepak, you made me very, very happy by pointing out that you've noticed the heightened social media presence. When people like you give such independent feedback, it makes us very, very happy. I just hope our clients also notice it because clients also need to notice it for us to get business out of it. So, thank you very much for noticing it. Now, as far as the product development question that you asked is concerned, we develop products where there's a requirement, where there's a need, where there's a possibility using existing components. We have fairly well defined contours within the Company in terms of what we will do and what we will not do. So, for example, wherever there's reporting in a structured data format, we are very much there. Now, there are situations like in the case of banks where there's large amounts of data being submitted, then there are corporate filing with regulators, with ROCs, business industries, capital market regulators where the datas were presented very, very differently. Now, you talked about anti-money laundering and fraud detection. So, we have done pilots in the past with the Government of India in terms of using XBRL data and using business rules to be able to detect fraud. Some of the work that we have done with RBI, with the business rules that we actually built for them equips them to detect frauds better. Do we have a product for it? No. Do we have a plan for a product at this point in time? I don't think so. Is that a priority for us? Not really because there's enough on our plate right now that we need to focus on and grow the business in. On ESG, I did not understand your question. Balu, you got the question?

K Balachandran: Not fully, but I would just like to say that ESG reporting also is very much on regulators' minds these days. So, since we are working with a couple of global standard setters who work on ESG reporting. We expect to engage some of the regulators on what they should be doing to digitize ESG reporting going forward. So, we are engaging some of our existing customers and I see that also picking up in the coming quarters.

S. Swaminathan: So, one of the things actually see going forward is the fact that we have a huge presence in the Middle East. We are in six countries and as you know, it's an energy-rich area. So, we are trying to see whether there's a possibility of selling our products there for ESG reporting.

Moderator: The next question is from the line of Siddharth Shah, who is an individual investor. Please go ahead.

Siddharth Shah: I think we are talking about sales where of course you built out a team and you're doing this direct sales approach, but you also partnered with to fix where I think IRIS CARBON is being sold as part of a bundled solution to various customers. Can you talk about which segment is driving more growth and do you see kind of one outpacing the other maybe?

S. Swaminathan: I think it's too early to draw a definitive conclusion as to what will actually happen. I think for Prophix too, we start doing customer calls and getting ready for it. It still took a fair amount of time because it's a fairly complicated product. We actually spend time with the Prophix team training them, we participate in Prophix conferences. Now ultimately, while we will also do

direct sales, we also do channel sales through partners. Which one will take over what? I don't have an answer right now, I don't think we have enough data at this point in time. The challenge here is actually to avoid channel conflict to ensure that the two channels don't conflict each other that where we go and sell directly, the partner doesn't show up and say, no, it's my customer. That's one thing we need to be mindful of. But I think that's a good situation to be in if ever it happens. But right now we don't have enough data to give you a definitive view in terms of which one will do more, which one will do less.

Moderator: The next question is from the line of Sunil, who is an individual investor. Please go ahead.

Sunil: I have a few questions about your deal with the Telangana state government. You are enabling the MSME in Telangana. So, what were the IRIS's role, how would you make money from this arrangement and there are something like 26 lakhs MSME is in the state, has XBRL be mandated for them, how will you do this, what are the revenue model based on one state of Telangana and do you expect to strike such deals with the other states?

S. Swaminathan: Thank you, Sunil. Many of you may not be aware of this. I don't know if it's a coincidence, but I think our stock price started moving from the day, Sunil, published a report on the Company almost a year and a half ago. So, thank you for your continued follow up on the Company. I see your tweets and I think having somebody like you follow the Company also keeps us on our toes, Next to Rohit, I think you are the one with your tweets who keeps us on our toes. Secondly, to answer your question about Telangana, when companies make their GST filings, it throws up a lot of data, and we believe that the data that's thrown up in the course of Company filings, whether it be GST or MCA or whatever, allows the possibility of it being leveraged to enhance credit, allows the possibility of many other things based on that data. So, we are actually building data-led applications to help the MSME ecosystem, starting with enabling credit. Will we ever lend? No, that's not the business that we are in. We already have relationship with several FinTechs. Gautam, how many FinTechs are currently using our data APIs?

Gautam Mahanti: We have five Fin-Techs using our data APIs.

S. Swaminathan: So, we have 5 FinTechs using our data APIs to lend money to various MSMEs in the country. Our objective is to leverage the data in a consent-based framework, take the consent of the MSMEs and share the data with lenders who can possibly lend to them. RBI currently is talking about something called frictionless lending. They're asking a very fundamental question as to why there should even be a delay between the time the Company submits data and the sanction. It should happen instantaneously quite literally if all the data streams are in place. So, we are actually working in that direction and we believe that with all the data that's being thrown up, with all the footprints that companies are leaving behind through their economic activity, if we bring all of those footprints together, it's possible to speed up lending, it's also possible to help MSMEs lower their cost of borrowing from various lenders. Our only objective is to try and see

how to leverage the data that's coming out of MSMEs to help them either make it easy for them to borrow, make it easier for them to handle the receivables and so on and so forth. And that's the basic model that we are going to have where we take a little bit from the lender for origination and monitoring and with 28 lakhs MSME's there I think it's a big possibility. You see, the existing system is still chasing the people who are at the high end. So, Micro, Small and Medium Enterprises, that's what MSME stands for. So, micro is below 5 crores, small is below 50 crores and medium is below 250 crores. So, while everybody is chasing us to lend money to IRIS. There are companies who are smaller, who people don't lend money to, because of the transaction cost of lending. So, we are hoping that with the platform that we are trying to create, it will become easier for MSMEs in Telangana to be able to borrow from these existing lenders and improve either their operations or reduce their cost of operations and so on and so forth. These are all possibilities. It's still early days to talk about how it's shaping up. We are rolling out a pilot initially in a few places to take it forward. Our early feedback from MSMEs is that they are thrilled at the possibility of being able to borrow and at a lower cost and borrow speedily. So, the feedback is very, very good. We are hopeful of signing up other states going forward. As I said, none of them have signed up yet, but we are in discussions with several states at this point in time.

Sunil: Just one more question in your cash flow statement, there's a capital expenditure item of 3.78 crores. May I know whether this is a business that has been acquired?

K Balachandran: It's essentially capital expenditure which we have capitalized, we have built software products, one for the Malaysian invoice platform and the other one we are revamping the SupTech platform. So, as we spend it, it gets capitalized because it is the software that is built for revenues, which are going to come across many years. So, most of the money is from there. Some of it is we have bought computers, maybe about Rs 30, 40 lakhs would be from computer purchases.

Moderator: The next question is from the line of Ankit from ADISA Ventures Family Office. Please go ahead.

Ankit: I see on the slide that IRIS CARBON has won a lot of awards starting I think mostly in fall 2024. So, is this a function of some changes in product or are we getting into these places to be visible to award people a lot more?

Anuradha RK: I think these awards first of all are from reputed organizations like G2, Gartner, etc., So, these are awards which actually are given or accolades which are given to us., it's a function of a customer review, customer satisfaction. So, they also contact customers who are giving reviews on the product independently to have conversations, etc., So, it is definitely a combination of the product overall and overall the product experience and the customer experience as well. I think this is one way where we are very unique where from a product perspective we keep bringing in a lot of updates based on customer feedback. So, that actually really helps in making sure the

customers have a great experience. It's a combination of both the product experience and the overall experience the customer gets end-to-end. So, these are badges, accolades etc., it's not that we have applied for them and these are something that is being given to us by G2, Gartner.

Ankit: Has it been because of any changes in the product or it's just probably more customers using it and hence they're getting more feedback?

Anuradha RK: Overall if you see, the product definitely, like I said, we have regular product updates. So, overall if you see from a customer perspective as well, we have a very systematic, what we call as customer satisfaction survey that goes to customers every quarter. So, we actively seek input and feedback for the product and for the overall let's say the customer engagement, support and various aspects of the offering. Feedback is something which keeps coming in, whether it's customers who are new or moved from other products or even existing customers. So, that's how we are able to plan things like the product road map, product releases, etc., So, definitely the product goes through changes by every release and by every release the product actually gets better. Thanks to our customers. We take feedback from them very seriously. We take of course not just the customer feedback, but also the market feedback. When we show demos, etc., also, we get very good input from people. So, we introduce all of that, take all of the feedback, introduce into the product and that way we are able to make sure that the customers are really happy. So, the short answer is yes, the product definitely goes through changes and improvements by every release.

Ankit: Secondly, we had a great milestone of 100 crores in revenue last year. What about the next 100 crores, I mean, are we looking at certain trajectories for us that when do we kind of think about 200 crores?

S. Swaminathan: I do not play guessing games as far as these things are concerned. We also don't do any future projections. We don't provide forward numbers. Obviously, when you are 100, you want to go to 200, when you go to 200, you want to go to 2,000, when you go to 2000, you want to go to 20,000. When will it happen? I have no clue. Do we have plans in place to try and grow to reasonable size within reasonable period of time? Yes, we do. But as I said, to put a precise timeframe on this and say how fast it will happen, I am not going to hazard a guess. So, before we close, I am going to get one of my colleagues into this call to talk about how the technology changes we have brought in since he joined. Thomas, can you talk about the technology changes we brought into the Company in recent times? Thomas is the CTO of the Company by the way.

P K X Thomas: Yes, there was a lot of changes actually we bring in for the technology. The bigger one actually are the processes. We standardize a lot on the processes. We refine lot of processes and ensure that the development happens with the product mindset and that's how the whole thing happened. So, we call it productization of the product. So, we use all the standard productization methodologies to actually improve us on the product, like I have heard many asking about how

product is improved, etc., the kind of how the feedbacks are taken and how it is prioritized and what are the feedbacks which we put it back into the product, that happens through that process. That is one. Second is actually expanding the team in Surat and we are further expanding the team because we want to have the resources who are available wherever in the country. So, we are more open to actually like having more development centers, things of that sort so that actually people can easily work but we encourage people to come and work within the organization like work from office environment, we are pushing forward for that even though we have a lot of people who are actually doing a hybrid kind of work environment. And we added a newer technology and technology tools like for example, I heard someone talking about the BPML that business process workflows. So, those are all like we are using standardized business process works like BPML, etc., to actually implement or more like where the business people or the regulators can actually change the workflows of various systems. So, those things are actually getting ready and it's all near to actually like ready for production. The last but not the least is actually on the AI side. We are doing a lot of AI technologies which we are imbibing it into our product, wherever it is actually required one and that also is improving our technology stance.

S. Swaminathan: One question did not come up about AI. But Gautam, if you can just take my question about use of AI in the LMS in the context of GST?

Gautam Mahanti: So, if we look at AI, I think there are two ways to look at the benefits that AI can give. One is improving the internal productivity which our developers are utilizing. The other is using AI to enhance the value which that can be offered to our customers. And we have a product called Litigation Management System where we are looking at using AI extensively. A couple of use cases, if I can just give example of. One is with GST there a lot of notices which companies are receiving because this is all automated. So, we are using AI technology to actually read the notice and not just read the notice but classify the notice, create a case in the system and create a summary. So, this eases the whole work of any tax person in the organization to manage and replace the box file system which they're currently using. And our next goal is to start looking at auto drafting replies based on the various case laws and the repositories which is available and also putting a layer of understanding the notice and giving a reference to a similar case or a case law based on the repository which is available. So, these are some of the work that we are doing in using AI, especially in the legal tax space.

S. Swaminathan: Gautam, we already have customers of the product, right?

Gautam Mahanti: Yes, we already have customers of the product. We have some large marquee, some of the big groups in the country who really appreciate and like this offering and have started signing up. This is something which we feel is going to be a big value driver for us in the coming years.

S. Swaminathan: So, the point I want to leave you with is we are leveraging AI internally for both internal productivity as well as improving our products. Second message I want to convey from what Gautam said to you right now is we work on a number of adjacencies to our core products and to try to serve those customers and that also goes back to what Rohit asked about how you increase the price. You want to increase share of wallet from a customer by offering them additional stuff over and above what you're currently doing and that's what we have tried to do in this context.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Balachandran for closing comments.

K Balachandran: Thanks, everyone for coming in for this conference call. Really appreciate your time and the questions. There's one question from Prateek Chaudhary. I think we can take that.

Moderator: The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: I had just a few questions. One on the Telangana order that we have got. So, first we'll be building that platform or product for the Telangana government and then thereafter post building as an operator of that platform we charge we may charge a certain fee to whoever is using that, whatever data is coming out of that platform. Is that how it will work in terms of the lifecycle of the product and what we may earn out of it?

S. Swaminathan: We will develop the platform and we will charge on the outcome of the benefit to the lender in terms of the percentage of the loan that the lender provides to the borrower.

Prateek Chaudhary: And when you're building this platform for the government, what is the cost for that?

S. Swaminathan: We are not building it for the government. It's a (PPP) Public, Private Partnership model where we do the investments. The government has a say in terms of the specs of the whole thing. But ultimately it's owned, managed and operated by us. Many of the components are already there. It's a question of bringing in the components together. I will have a more information in terms of how much it costs once we reach a certain stage. We are right now in a discovery phase and we will be able to go with a better cost estimation only in a few months time.

Prateek Chaudhary: You said you'll charge a percentage fee of the loan being disbursed?

S. Swaminathan: Correct.

Prateek Chaudhary: Can this be upwards of 10 basis points or would it be lower than that?

S. Swaminathan: See, it depends on how desperate the borrower is to get a loan and how desperate the lenders acquire a customer. We don't know. Price discovery has not happened. Currently, when you look at the market, I have heard anything from 20 basis points to 1% point on the origination side, nobody is charging on the monitoring side. So, as I said we have to do price discovery before we come to the conclusions. All that I know is the volumes are big, the numbers are big, the need for credit is high. So, we are optimistic that whatever we do, will pay for itself in a reasonably short time.

Prateek Chaudhary: What would be the typical development cycle roughly for this product and when do we see this commercializing?

S. Swaminathan: Maybe a year.

Prateek Chaudhary: And you said there are a number of states who are planning to do something like this?

S. Swaminathan: I did not say that. I said we are talking to a number of states with similar ideas. I don't know who will accept, who will not bite. So, far, we only have Telangana.

Prateek Chaudhary: There are a couple of other companies and websites also which give out such data. So, how will this be different from the other players that are already servicing such use cases?

S. Swaminathan: The market is huge and there is a place for many different kinds of providers for solutions like this. Where we come in is the fact that we are a GSP. There are only a handful of GSPs in the country who are well positioned to take advantage of this. We are also an IRP. There are only four IRPs in the country that gives us a competitive edge and that's what we will basically leverage to try and create a mode for ourselves in those markets.

Prateek Chaudhary: What you had roughly mentioned is that 0.2 to 1% on the origination side, this will be solely given to you or you would have to share this with the government?

S. Swaminathan: At this point in time, based on the discussions we have had, it's for us, but it's quite possible that the government may ask for a share tomorrow and they have a legitimate right to that. We will cross the bridge when we come to it.

Prateek Chaudhary: Last question is out of our current quarter's revenue; approximately what percentage came in from the South African contract?

S. Swaminathan: We don't provide customer-wise breakup. I am sorry about that. Africa is mentioned as an aggregate, but it includes multiple countries, Africa, 36%, that includes Nigeria, that includes Mauritius and that includes South Africa, but we don't provide customer specific count, because

South Africa also includes the ROC filings apart from the Central Bank Board that we actually do. So, I am sorry, but that's not the level of granularity we provide at this point in time.

Prateek Chaudhary: If you could tell the value of the contract that is still remaining to be executed over the next two quarters?

K Balachandran: I think in the last May call we mentioned about 30%, 35% got completed. I would maybe add another 10% to that.

Prateek Chaudhary: Roughly 50% to 55% is still to be completed.

S. Swaminathan: That's a reasonable assumption from an arithmetic point of view, yes.

Moderator: The next question is from the line of Mitesh Mehta from Long Term Investor Group. Please go ahead.

Mitesh Mehta: I have a few small questions. One is regarding the team size of the Company especially how much people are involved in sales part and how much are in admin and implementation part? And the next question is regarding revenue distribution geographically. If you can provide anything regarding geographically which are the parts and what is the percentage of revenue in each geography?

S. Swaminathan: Sir, as far as geographic distribution is concerned, that's already there in the presentation, if I am not mistaken, you can actually see there. As far as employees are concerned, we have 550 people.

K Balachandran: We got a little less than 550 people at this point of time and the sales and marketing together I would say would be about 30-40 odd people.

Mitesh Mehta: What is our expansion plan for sales people?

K Balachandran: The sales, we are giving a lot of focus especially for the SaaS business. So, there is a plan which is getting executed to further strengthen the sales and marketing team. So, the execution is underway. I think we can see that expanded as we go forward.

S. Swaminathan: So, thank you very much for being on the call, Sejal. I think we can wrap up.

Moderator: On behalf of IRIS Business Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.