IRIS Business Services Limited

01st March, 2022

To,

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

Scrip Code: 540735

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Symbol: IRIS

Dear Sir / Madam,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Ref: CEO Letter dated 15th February 2022

In furtherance to the CEO letter dated 15th February 2022 to the shareholders of the company, requesting shareholders to email their queries relating to Q3 financial results, please find enclosed herewith consolidated answers to the queries received by the company.

This will also be made available on the Company's website at www.irisbusiness.com.

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

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

IRIS BUSINESS SERVICES LIMITED NAVI MUMBAI

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

Encl.:a/a.

Shareholder Queries and Answers relating to Q3 financial results

Sr	Name	Query	Reply
1	Ranjitkumar Vinod Asati	I read the letter and surprised seeing that we have adequate Cash in the books then what is the for right issue?	We have two options. Grow at a sedate pace with just internal accruals or raise some funding and get on to a higher growth trajectory. We have chosen the latter approach.
		If our net profits are falling down then why don't we try to Control our expenses and costs..?	We are already running a tight ship. We are facing attrition with people leaving for better paying jobs. If we do not correct salaries and bring them to market levels, people won't stay.
		Kindly mail me the latest Quarter Results of our company.	May we please request you to download the quarterly results from the BSE website where we have filed it?
2	Kamalanand Nithianandan	For Q3 FY22, Please share the usual data that is regularly shared in the investor presentation like Annual Recurring Revenue	The estimated annual recurring revenue as at the end of Q3 FY22 would be around Rs 46 crore.
3	Seven Canyon	A bit more color on the increase in expenses. For the increase in Employee expenses, is this related to normalizing employee salary to market rate? What was your Sales and Marketing expenses for 3Q22 vs 2Q22 vs 3Q21?	The increase in employee expenses on account of three factors: one, our annual pay increase which took place in Q3 two, some normalization of salary levels and three, additional hires. For the nine-month period, sales and marketing expenses were at about 14% of revenue compared to 10% of revenue in the corresponding period of the previous year. Within this, the sales and marketing expenses were at 23% of revenues in the 'Create' business segment compared to 19% in the previous nine-month period.
		Per my understanding, most of your sales and marketing cost before was partner fee and seminar. Now, with the switch to direct advertising, how should we think about your CAC? How long and how much will current S&M spending translate to growth?	In most markets, our revenues are net of partner fees (i.e. we invoice partners, and they in turn include their mark up and invoice customers) Therefore partner fees form only a small part of sales and marketing costs on our books, a bulk of the costs are the direct salaries of our sales and marketing team. Our CAC varies from market to market, and also depending on mandate. For new mandates, our CAC is typically lower and the acquisition is quicker than compared switching customers out in existing mandates. On an aggregate basis, we expect a 12 month period before S&M spending starts to yield fruit and translate into wins.
		My main concern is the growth volatility in the Create segment. You grew	The 'Create' business segment is driven by the regulator mandates. Normally,

		60% before 2020 and dropped to 11% in 2020 and back to 58% in 2021 and slow down to 13% in 3Q22. Can you help me understand what drove this volatility? And how should we think about growth stability going forward?	the year in which a new mandate kicks sees a higher growth. For example, the growth in 2019 (before 2020) was driven by the new mandate in South Africa which came into effect in 2019 and also from the fact that mandate in India for MCA XBRL filings for 2018 got pushed to 2019 resulting in many companies filing twice in the same year. In 2021, the ESMA iXBRL mandate and Phase 1 of the FERC mandate provided growth in the Create segment. When the first phase of the mandate plays out and before the second phase kicks in (or new mandates emerge), there is a period of consolidation and slower growth – of course, on a higher overall ARR base. To bring in more growth stability we are working on building adjacent offerings for our customer base that are not hinged on mandates alone. Once these offerings start to roll out and pick up momentum, we will see some extent of offset or predictability to the growth in Create revenues. That said, every new XBRL mandate will provide sudden spurt opportunities in revenues, which we always hope to encash on.
		For the slow down for Collect segment, It seems like you are projecting low to flat growth to last until 2023 before growth picking up in 2024. Is this assumption still hold? What needs to happen (both internally and externally) to achieve this target?	As indicated in the press release, though there were no new RFPs, we are now seeing signs of some regulators moving on new initiatives. We are or will be responding to around five - six RFPs over the course of 3 to 4 months, but based on our past experience, this is a long drawn process. As of now, we believe this segment should show better growth in FY23. Now that the regulator market is slowly showing signs of revival, we feel a focussed sales and marketing effort in this segment will start yielding efforts in terms of bringing more regulators under the fold of digital reporting. In addition, we see our existing customers looking at expanding the scope of the current mandates as well.
		Workiva CEO on Nov investor day said that they are doubling down on EMEA. If we backed out of their assumptions, it seems like non-US rev should grow about 50% CAGR for the next 5 years. I wonder how this will impact Iris's strategy in Europe. Do Iris and Workiva target different type of customer or both of you are going head to head on the same customers?	IRIS currently has 200+ customers in the EU region, where we have been going head to head. IRIS made its first foray into the EU markets on the back of the ESMA ESEF mandate, where we acquired over 200 customers in the Create Segment. We do see other opportunities emerging in the EU, and also in the US – so our

			large focus will be on the US, EU and UK. IRIS and Workiva do have an overlap on the customers we target, especially around mandates. Workiva however approaches customers from a complete process streamlining and re-engineering solution side, while we have so far approached customers from a best fit and highest quality solution for meeting the mandate side.
4	Subrat Dehury	Please let us know after posting good result. Why is the stock rate hammered? Any other reason?	We do not offer any comments on the stock price movements especially in the short term. As management, we are focussed on building a company with strong fundamentals which will then reflect in the stock price over a medium to long term.
5	Charu & Manish Manchanda	As you have mentioned in your letter that you are in talks with six regulators who have RFPs for XBRL platform, please tell who are our competitors there?	We do not have any information on who all have bid or are planning to bid on those opportunities. Having said that, with Indian regulators, we have found that their preference for a bespoke solution works against us. Globally, we have found ourselves bidding against one or more of these firms, namely, Corefiling, Invoke, Vizor (now a part of Regnology) and Fujitsu.
		The collect segment which we offer is also Saas (single time use and pay) or a dedicated platform for which regulators pay us fees monthly, quarterly or yearly? And as you said that the complete collect segment was stand still so is it because we have lost some business with regulators or it was regulators who have not used our services in that period but they are very much still with us? please put some light on why we have done badly in collect segment?	Mostly, Collect is not a SaaS offering, except in Mauritius. The covid pandemic has forced many regulators to postpone their plans for implementing a solution like iFile. Growth in this segment depends on the timetable of the regulator to implement an electronic disclosure platform to receive data in XBRL.
		Please tell us What Margins do we enjoy in both collect and create segments ? And we have tie ups with partners in many countries where we do business not directly but through them so how much profit we need to share with them.	We provide segment wise break up in our filings with the stock exchanges which you may access to assess profitability of individual segments. There are various business models that we have when working with partners and no two models are the same. Hence, to give one number will not be very meaningful. The confidentiality clause in our contracts with partners forbids us from giving partner wise numbers.
		We were looking for business opportunities in US for power regulators what is the latest update on it?	The opportunity is not as much with power regulators as with power companies.

		Lately we have conducted many investor meets where big names like Abakkus, negen Pms and many others also participated so are we not able to get funding from them if we need capital for growth and finally we are coming with Rights issue?	We meet every investor who asks for a meeting and not necessarily because they wish to invest or because we are seeking their investment. We also see them as potential customers. Some of them have become shareholders, some have become customers. We also seek out investors to evangelise the benefits of XBRL which is still a well-kept secret.
		We have very low promoter holding of around 38% and with this rights issue further it will be diluted. And there is a concentrated shareholding in our company where only a handful of investors have more than 27% holding. Are they strategical partners? because for minority shareholders it is a bit uncomfortable if they come in the market to sell their holding? What is your take on that? And promoters are also participating in the rights issue or not?	We will address questions on the rights issue only after we receive permission from the exchanges. As for promoters holding being 38%, we do not have the financial resources to increase it, that is the reality.
		As we all know that we should see and compare the results on yearly basis because our business is of that nature where we generate our maximum revenue in final quarter of Financial Year. what is your outlook on that are we on the growth trajectory for this year because we already increased our expanses to 25% in past quarter do we see some fruits of that in the current quarter?	We trust you will understand that we do not make any forward looking statements
		In one of your previous con call, sir you have said that our business is recession proof can you tell me 3 competitive advantages which we have over our peers in the market?	One. Our experience is unmatched. Few companies can match our credentials when it comes to experience. We have not only worked with financial regulators but also gone beyond into other areas of government too. Two, our ability to provide tools straddling the entire supply chain is a big differentiator. There are a handful of players in the collect segment, many more in the create segment and very few in the Consume segment. We may be the only company straddling all 3 segments. Three, we price our offerings competitively, benefiting from Indian cost structures.