



IRIS Business Services Limited

4th June, 2021

To,
BSE Limited
Corporate Relationship Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400001

Scrip Code: 540735

Sub: Transcript of earnings call

Dear Sirs,

With reference to captioned subject, we hereby enclose the transcript of earnings call which was hosted by the Company on Monday, May 24, 2021 at 5:00 pm (IST).

The above is for your information and records.

Thanking You,
Yours faithfully,
For IRIS Business Services Limited

Jay Mistry
Company Secretary & Compliance Officer
(ICSI Membership No. ACS 34264)
Encl: As above



**“IRIS Business Services Ltd.
Q4 FY21 Earnings Conference Call”
May 24, 2021**

MANAGEMENT: **S SWAMINATHAN - CHIEF EXECUTIVE OFFICER & FOUNDER, IRIS
BUSINESS SERVICES LIMITED
K BALACHANDRAN – FOUNDER & CHIEF FINANCIAL OFFICER, IRIS
BUSINESS SERVICES LIMITED
DEEPTA RANGARAJAN - FOUNDER, IRIS BUSINESS SERVICES
LIMITED**



Diwakar Pingle:

Good evening friends, welcome to the Q4 FY21 and Full Year FY 21 earnings call of IRIS Business Service Limited. As a reminder, all lines will be in the listen only mode till the speakers have finished their opening remarks. Post this we will open the floor for the participants to ask questions. This call is being recorded. Joining us on the call today from IRIS are:

S Swaminathan - CEO and Founder

K Balachandran - Founder and CFO

Deepta Rangarajan – Co-founder.

Swami will present investor deck that highlights the business model, products, financials and outlook for the future. Once the presentation concludes, we will open the floor to Q&A, we will request participants to click on the raise hand button or just input the name of the chapter. Before we proceed with the call a disclaimer, during the course of the interaction in our materials, we will make certain forward-looking statements and this must be viewed in conjunction with the risks the company faces and may not be updated from time to time. More details are provided the end to the investor material and other filings that can be found on the website at www.irisbusiness.com. With that, I would like to hand over the call to Swami, to take us through the company's vision and strategies. Over to you Swami.

S Swaminathan:

Thank you Diwakar. On behalf my colleagues and everybody else here, I extend you a warm welcome as well because this is Diwakar's first interaction with us handling our investor relations. So, thank you for Diwakar for accepting the assignment and I'm hoping that with Diwakar's input, we will be able to, you know, literally engage with investors in a much more meaningful manner than we've actually in the past. Not that we've not done it, but I think it's useful to have the professional input from Diwakar. I think many of you who've been to our past earnings calls and seen our annual reports, know that we have three segments in our business what we call collect, create and consume. Collect is basically a software business through which regulators collect data from those that they regulate. Create is a suite of software products used by enterprises to create data for submission to the regulator. So, let me give you an example from both sides, so Reserve Bank of India uses our platform to collect data from all the banks in the country. All the banks in the country submit data to RBI, using our platform, using our software. So, RBI uses our platform called iFile, through which banks submit data to RBI in a format called XBRL, the banks use our software which in some cases has been given free to them by RBI to create the documents for submission to RBI. Many other banks use our priced software as well, which allows them to automate their submission to RBI. So, the software used by RBI is a collect segment, which we have implemented in a few 24-25 countries, with about 30 regulators and the software that we implement for enterprises to create the data for submission to the regulator is what we call the create segment, there are multiple products there. And finally we have the data and analytics segment because there's no point in collecting all this data if you're not gonna analyse it. So, we have a software business sitting there, as well as data as a service business, sitting there. So, what is this thing called XBRL, it's an information standard across the world there are many information standards, you actually come up with. So, if you were sending money to your grandmother or to somebody else across the country, and you had to go and add a beneficiary in your bank account. The banks

would use a messaging protocol to ensure that the money reach the account to which you want to send account, that's a standard. In the securities market there are standards like Fix that are very common that people use. XBRL is now a standard used across the world for financial reporting, some 70 countries in the world have adopted in Asia for example, Singapore, Malaysia, Thailand and so on so forth. Apart from Africa where there only two countries adopting it in every other continent there's a significant utilization of XBRL by various regulators. We one of the early birds in this XBRL space. We stumbled on to XBRL quite by chance in 2005, and we built our business around it, but we also work with standards other than XBRL. So, in the collect business we work with regulators helping them collect data in XBRL and other formats. In the create business we work with enterprises giving them software to submit data and XBRL and other formats, and the consume segment we help with not only analysis of data but also the cleaning of data and also data as a service. You know, people talk about data being the new oil. People talk about AI and ML. If you can't get your data right all intelligence will only be artificial, there's nothing called artificial intelligence. You will need data to be structured properly, you need data to be structured properly in a manner where it can be exchanged with each other. You need data to be structured properly so that it's trustworthy, and only if you structure data, do things downstream like AI and machine learning things actually come into play. Data is ab initio at the beginning itself, not structured properly then what you will get is garbage inputs. What we are focusing on is basically ensuring that the data is structured properly. If the data is structured properly, you can build a AI business around it. If data is structured properly you can build other businesses around it. To come back to my slide here we are around for a long time and we actually stumbled on XBRL as I told you, by mistake in 2005 when a company in America, outsourced their XBRL work to us. We developed the first XBRL filing platform for the Bombay Stock Exchange in 2007-2008, which SEBI made the common filing platform by 2009 and thereafter we won mandate from RBI and from then on, we've never looked back. RBI is one of our favourite clients, we're very happy with the way we worked with RBI. In fact, during the pandemic three of my colleagues have been also locked up with RBI team to ensure that the data that flows into RBI continues to flow into RBI, without any kind of interruption. And today we've also ventured beyond XBRL by creating the GST platform which is now used by some of the top companies in the country. And we basically work around creating products that meet various data standards. If you want to look at the way business is structured in the area of collect, you know, getting the country started, getting the regulators started with XBRL is about giving them a dictionary of data elements that they need to report that's called taxonomy, therefore this is a strong consulting element to the business in the area of collect, where we charge on the basis of the effort that we actually put in. Then we have the product called iFile, which is implemented at the regulator's end to help regulate and collect data from those that they regulate. We are trying to move this on prem model to a cloud model to a SAAS model. You know when you look at regulators, banking regulators are very finicky about data on the cloud, they don't like it in most countries, capital market regulators are less finicky and business registries are the least finicky. So, we've been engaging with regulators to see whether we can take the whole thing from an on prem model to a cloud model to a SAAS model. We currently

have one SAAS model working in the case of collect segment that's in the game that's in Mauritius, where companies file with the company registry, using our software. The create segment is mostly SAAS, except for the product Ideal where we have moved to a monthly billing model, where basically we are charging for software and tools effectively, though it's not on the cloud, therefore there are difficulties in terms of monitoring it, but it's not on a per filing basis, it's on a per unit of time basis. So, carbon which is a tool used for filing to ROC in different parts of the world and capital market regulators, is a completely SAAS based solution. It is used in different markets around the world for different activities for filing fees, for filing the business register, for filling capital market regulators, most recently even for filing to energy regulators in America, and so on so forth. That's a huge growing opportunity we'll talk about it. IRIS GST is a completely SAAS model while carbon works on Microsoft Azure, IRIS GST works on Amazon, where we have some of the top companies in the country using our solution. E-invoicing is a new mandate that's come up after the GST mandate actually came up, where again we have customers independent of just the whole GST solution. Ideal as I mentioned to you is what's used for banks on this on-prem solution where it's more of a rental model. In the case of consume, we have two products that are currently getting us revenue. One is what called a Credixo once peridot, Peridot is not leading too much revenue as a credixo so has right now. Credixo is basically data as a service for digital lending so many new age lenders use us for fetching data about the borrowers, which they then consume in their credit models. IRIS peridot is a free app on the mobile allows you to track compliance of your vendors, at the same time there's also a DaaS model, where people take feeds from peridot into their systems to decide who to actually work with. These are some of the customers that we actually work with globally and these are marquee customers, they're very very big customers. I mean, you will see some top names from India like Larsen Toubro we'll see some great names from UK like British American Tobacco, you will see names from across Europe, Colruyt group is the biggest retailer in Belgium. BMW, who doesn't know BMW, we work with BMW in a couple of countries. We work with entire Bajaj group; Bajaj Auto, Bajaj finance, we work with Reliance Industries. We are a trusted solution provider for enterprises who need to comply. In the compliance space we serve over 6000 enterprises who file the data using our platform. The iFile product that collect segment are the first three columns you see here, so business registers in Thailand and other parts of the world including Singapore, so when people ask me how good we are I mentioned the example of Singapore because of Singapore use your product, that's great endorsement. So, Singapore's company registry called ACRA uses our solution for receiving the filings from the companies registered in Singapore. Among central banks we have Reserve Bank of India, Bank Mauritius most recently we've got the Nepal National Bank and we also have the Bank of Jordan, we're expanding that market gradually and among SECs and stock exchanges we were deeply indebted to Bombay stock exchange for being a first customer and in fact what happened after a meeting with SEBI. Thereafter we expanded our footprint across the world through the entire Middle East and also other parts of the world. This is the some of the customers we actually work with the obviously couldn't fit in names of every customer, we actually have but that's the way it is. And these are all reference customers who are good for us. You know one of the things we actually take

great pride in IRIS is our quality of governance, I don't know how many of you know this, we probably the fastest IPO in the history of India. We filed a prospectus in 18 September and our IPO opened on the 29th of September, not because we knew people, which we did, but most importantly our governance has been absolutely top class from day one, we basically said, if you're creating a company that will ultimately go public we need to pay attention to governance and therefore, while we as founders are certainly on the board the people that we really grateful to are our independent directors. Under the law, we don't need to have a majority independent director but four out of our seven directors are independent. I cannot overemphasize, all of these are friends of mine, these are friends of ours, but at the same time, every one of them when they came on board, they basically said, do you want us to be rubber stamp or do you want us to question you. They question everything that we do sometimes it's very maddeningly so, but we are extremely grateful to every one of them for literally keeping us on our toes. Vinod Agarwala is an eminent lawyer, who many of you may know about he was working with Gagrat and then went to a company called Vigil Juris, he also has set up and now he's on his own. Bhaswar Mukherjee, is an old hand in the world of oil sector in fact we joke about the thing that if you cut his veins will actually find oil in his body. He director finance of HPCL and he knows the oil industry inside out, he's got deep experience the world of finance and accounts, he chairs our audit committee. Vinod Agarwala is a chairman of the board when we have the meeting. Ashok is a brilliant marketeer who works in Hindustan Unilever and work with media for a number of years before he quit and he runs his own startup and in addition to that, he's also on our board. Haseeb Drabu you may know from his columns that he writes. He's a very well-known media personality, he is a very famous economist. He was also recently the finance minister of Jammu and Kashmir, and before that he was chairman of J&K Bank, and he adds tremendous amount of value. He was also very important in the GST Council, where he helped shape the GST policy of the country.

The pandemic has of course affected us. I mean, but for the pandemic hopefully our revenues would have been much higher. The way the pandemic actually affected us was we couldn't travel, you know when you are a company based out of India and when you want to convince people to look at XBRL you need to go and physically meet them. Most of the world still lives in a face to face model where they like face to face meetings. We could not have face to face meetings, that's the reason why you will find that in the collect segment, our revenues actually dropped because there have been absolutely no implementations, and even the existing implementations have got delayed because many offices, in many back office across the world, people have not been coming to office and when people don't come to office, and in those countries where they don't have the facility to work at home and monitor work done by people like us it becomes a problem. So, our revenue drop in the Collect segment is largely because of the pandemic. In the case of the create segment, while we do have two colleagues in Europe one who works out of Barcelona and one is when a new recruit out of Paris are both Europeans. We have not been able to travel to meet companies, whenever we meet companies we've done extremely well. In fact, our experience the pre pandemic days shows that whenever we met companies we've come off as extremely persuasive people with an excellent product, which shows up in

the revenues that we actually got from Europe this year. The second thing that actually happened in Europe was the European mandate got postponed by a year, out of the 27 countries in Europe it was 28 before UK left the EU, out of 27 countries it is almost a 50:50 splits are postponing the mandate by a year and that's led to a deferment of revenues, but those that have actually continued with the mandate have given us a fair amount of business as well and we've not done too badly. It's over a 6% market share in Europe, in terms of the number of companies who actually signed up with us. In the case of consume, there's not been a very major impact because we really have not launched too many products there, and that's mostly a domestic focus. At the corporate level the virus of course affected us, you know I've lost my mother in the course of this virus. I was down with COVID, Balu was done with COVID, Deepta was down with COVID, we've all been affected by it. We've also lost two very valuable colleagues to the virus and we've not kept our office open. In spite of that, you know, for a rat to come into your house you don't need to keep your door open, small hole or a drain pipe is enough. So, we kept the office closed and basically, we be saying that people should not come into work until they get vaccinated and even after that only when the air clears people actually come in. But what we have learned in the course of doing this is the ability to reach out to customers without a face to face meeting. So, we've significantly strengthened our marketing team to deal with the new normal, so that even this pandemic persists for some time we are prepared to launch significant marketing initiatives to be able to acquire customers. Also, at the HR area we realizing that if there are very good accountants, very good Chartered Accountants available in places like Jhodpur we should recruit from there and not get them to come to Bombay. So, we should be able to recruit from anywhere in the world, in a world where people are actually working from home that's been a significant change in our whole approach to life. I will invite Balu to take you to the financial numbers. Balu you want to take over.

K Balachandran:

Thank you Swaminathan. I hope all of you can hear me. It's good to be back here as speaking to all of you. I am happy that all of you have joined in good numbers. We'll go through financial performance of the company, fairly quickly. I trust all of you would have seen our filings with the BSE as well as the press release. In that context, I will try to quickly go through the financial numbers. Before that, let me also say that this which I have mentioned the past, that our business to some extent is seasonal and one reason that we are seeing is that the larger part of annual compliance filings by enterprises, typically fall into the second half of the year. So, having said that, let's look at the numbers, maybe little more in detail. So, you know if you look at the trend in terms of performance as a company post IPO, you can see the trajectory is steadily going up. We had a revenue of about Rs.27 crores just before the IPO and now we hit about close to Rs.57 crores and we have grown at a CAGR of about 15% of course our aspiration to grow at a much higher rate and we have managed that and more importantly we have kept the expense growth low with operating leverage is kicking in to some extent, we have been able to start doing well from FY20 onwards, if you look at our FY20 performance we are an EBITDA of about Rs.8.2 crores, EBIT of Rs.2 crores and from there we steadily grew to the current numbers, about Rs.10 crores EBITDA and Rs.3.8 crores EBIT and from PAT point of view it's about Rs.2.72 crores as well.

This is the typical way you know the stock exchanges want you to report your numbers if you look from this point of view, you will see that on full year basis our top line has grown about 10%, while on half yearly basis the growth is 15% but more important EBITDA growth has been 23% YoY basis, on a full year basis and from a half year basis basis, it is even better at 43% and of course PAT has done quite well as well. And one main reason is, you know, while revenue have been growing we have been able to manage your expenses, contained expensive with the result that you know margins have expanded. So, for our balance sheet a couple of key points I want to highlight here, one is from a debt aspect we have repaid our long term borrowings, the Rs.14 lakhs you see there is an account of a financial lease transaction that we entered, but if you take that out we are repaid our long term debt, and we have now overdraft facility and we changed the bank as well. With this our interest in this year should be at a significantly low rate, we've got good rates, and that should start from FY22 onwards. Overall, our total debt has clearly come down. The other thing I want to mention here is in terms of receivables, we always said, you know, slightly higher receivables partly driven by your regulated customers who takes time to pay and they pay in lumpy fashion, but this time with higher revenues coming from the enterprise segment, we have been able to rein in receivables also to some extent. And we are down to about Rs.13 crores about 25% drop, compared to the number in the previous year on a higher revenue as well. So, these are the two key points I want to mention, when you look at the balance sheet. These are some other points, within our expense growth which have been contained, the employee cost has gone up a little more by 10%. We are grown at 10% on the top line so that expanded EBITDA, and let me say that we have seen quite a significant increase in our cash flow from operations and that is partly because of you know, better receivables management and also, because now we have grown our revenues as well. So, the cash flow from operations were moved up to Rs.11.2 crores from Rs.1.8 crores, which I think is quite remarkable number with the conditions that we operated in the previous year. Now of course, our focus if you look at the previous year was to make sure that we sustain the business number one and number two we enhance liquidity and to that extent, our cash flow from operations increase has really helped us with the result that the cash and cash equivalents moved up substantially to Rs.8.45 crores from a level of Rs.1.69 crores in the previous year. So, these are the couple of key points I want to mention in the financial highlights slide. Now maybe we can look at the revenue little more. Okay, before that just quick onceover on the key ratios, obviously our ratios are improved compared to what the numbers were in the previous year with better performance but it's not where we want to be, we want to of course improve further, but the trajectory is firmly upward that's what I want to say. Within the ratios, I want to also want to highlight the debtors in terms of days, which has come down to 85 from 125 in the previous year and debt equity has come down to 0.22. Return on networth, this is a very important metric and if somebody ask myself, what should I be monitoring, I would say I will look at three things, one is of course the annual recurring revenue and second will be return on net worth and third could be perhaps the cash flow from operating activities. If we look at return on net worth, we have gone into the double digits. But as a company which is, you know fully based on IP, which believes by its software practice products and its IP, we expect this to improve

going forward because that's the nature of the business. Okay, so here is a look at the revenues, trends in the last five years. The key thing I want to mention here is that, look at our recurring revenue, what we call revenue which comes on an annual basis without too much extra sales effort because we have long term contracts and if you look at where we were in FY17, we were at Rs.12.96 crores and we moved up to Rs.40.23 crores and that is a 25% CAGR. So, this is something that we're focused on and this has shown decent growth rates and this is where we want to make sure that we sustain performance in this direction. Coming to the segments, Swami did mention that our collect select segment where we work with regulators, we took a small hit because the public sector spending slowed down quite a bit during pandemic and we could not get any new contracts during the previous year, of course we were implementing our existing contract and managing existing client as well but nevertheless revenue took a hit but to our relief the create segment came to the rescue and in quite spectacular fashion, so you can see the create numbers moving from Rs.18 crores to Rs.29 crores in this year and of course the proportion of create revenues, which has better characteristics in terms of its cash flows, margins, etc, has also been the higher side, it accounts about 52% of overall revenue pie for the year FY21, and in terms of even segment profits, even though the collect segment took a small dip, may benot a small dip, it came down from 33% to 15% of profitability. The create segment, turned around with some good profits in a telling fashion, now we are running in about 20% of margins and with operating leverage yet to be fully played out. Recurring revenues now contribute to 71% of revenue as compared to 60% of previous year.

So here is a geography wise view of our revenues, you could see revenue from India pretty much remain the same and strong. Of course, GST revenues did improve with e-invoicing mandate coming in so that has been helping the overall revenue growth. Outside of that one thing I want to show here, is to point out that the Europe revenues has moved up from Rs.4.7 crores to Rs.11 crores and that is notwithstanding the fact that the mandate for listed companies to file in Europe has been postponed in many countries in Europe, and some countries are doing it voluntarily. So many of the customers that we have are large customers and they were keen to still go ahead and file voluntarily and we did get decent revenues in the reporting year FY21.

S Swaminathan:

So, in the case of iFile, which is a product that we sold to regulators, in the collect segment, our focus is in trying to convert more people to a SAAS model if we can. The problem here is that business is now completely RFP driven. Recently we had a conversation with the CEO of XBRL international, XBRL is an open source standard maintained by a not for profit body located between the US and the UK. We were talking to him and he basically said 70 countries had adopted it. By when will we see a situation where every country in the world has adopted it. It seems to me from talking to a him and from looking at what the World Bank and others are doing, that in the next five to ten years every country in the world will adopt XBRL. When you see the RFPs from different regulators and when you look at the numbers across the world, over the past few years we have won more than half the contracts awarded across the world. We have three other competitors - one a company called Vizor Ireland, the company called Core Filing in the UK and a company called Invoke in France. We also have Fujitsu in Japan and therefore four companies. And

even though there are four other competitors, we did end up winning more than half the mandates awarded globally. Today any regulator wants to implement a regulatory filing platform in XBRL, which is the most preferred standard today we certainly get called and we end up winning more than half. In the case of Ideal, while we had great success in the case of the banks in India, we are now getting inquiries from across Europe as well, because we've created a good brand in Europe. Today we're getting calls from Cyprus and Greece and others where there are banks that need to report under a new compliance rule that's going to happen in the month of September and we have started getting customers in Europe for iDeal. iDeal currently got customers in India and Mauritius and I think it's a good thing for us that there are banks in Europe to look at it. So, our focus therefore is on marketing and communication which will be visible as a reliable provider of compliance solutions to the banking sector in Europe. Our big idea is of course carbon, carbon is now used not only in the US, Europe and India and other countries and there are some big moves happening in the US as well. You would have seen from the numbers Balu showed you that US is still a weak spot, we are not making enough money in the US right now even though it can be a very large market. We were late to the party, about 5-6 years ago at the time we had no funding to go after those market, so now we need to go and compete a little bit harder to be able to snatch customers away from our competitors. We have good reason to believe that we will do that because in quality reports quarter after quarter we come out on top. You may recall that the last three earnings calls I have been talking about how we have been figuring the top of the quality charts that continues and that's a great source of confidence for us. And the other big mandate which has come up is with the US energy regulator, who basically said that all energy companies also have to report in XBRL. In fact, the big move that's happening in America is every state government is now looking at requiring all data to be submitted using a standard that's also a huge opportunity. So, we are now looking to strengthen our US operations. In fact, to forestall a question that you might have asked, I mean even when we throw up cash we will invest in growing our market share in the US market and I'm hoping that shareholders will approve that because I believe the return from that is much much greater than anything else right now at this point in time. So, we are actually going to be investing very heavily in the US market in terms of acquiring more customers. Deepta can you possibly take us through the FERC mandate, (the Federal Energy Regulatory Commission mandate) and talk about how we are approaching it.

Deepta Rangarajan:

Sure. So, the Federal Energy Regulatory Commission governs all energy and utilities companies in the United States and they have mandated now that energy companies need to start reporting in XBRL format. So, this mandate much like other mandates rolls out in phases. So, the first phase which is going to kick in end of this year, November 21 is going to impact over 800 companies roughly about 830 companies and next year that is in 2022 end, it's going to increase to over 3000 companies so it's a new big market or a new big opportunity and this is for listed and unlisted companies in the energy sector of course and we are already beginning to sign up early customers and contracts and we've got a couple of large partnerships as well, specifically around this FERC opportunity.



S Swaminathan:

So we are quite optimistic about making a significant breakthrough in the US in the next one year. And finally of course the GST business, GST started off as the huge promise but it became a damp squib. But even so we are very fortunate to still be among the people standing and making significant inroads in the market and the e-invoicing thing has also given us some tailwinds in terms of getting more customers in. Finally, our IRIS Peridot application which many of you are using is now being relaunched with significantly more features. So, the next time you invest in a company, you can actually verify the GST compliant to the company using Iris Peridot. It's a free app so please if have not downloaded it, please download it and look at the new features there. So, Peridot is getting a lot of significant amount of visibility in the market but at the same time two things are going against us in the GST business. One is, I mean people are dropping price to acquire more customers, there are basically one or two VC backed firms who are basically willing to do it at throw away prices, which are not viable to acquire customers. We have held fast and we said we are not gonna drop our price below a certain level, even though the traditional cloud model may basically not resonate with the approach we actually taking, and people talk about going out and acquiring customers that no matter what the price is, we are mindful of the need to not do something that's ludicrous. Therefore, we have held on and we've not done too badly and when you do a benchmarking of our performance in the GST front compared to our competitors we are not too far behind. So, we are quite happy with that.

So, going forward, how do we see the overall market operating. You know this is a little document that we put together based on what we see around the world and the emerging opportunity. One major thing happening around the world is the following, it's got nothing to do with pandemic directly as far as the pandemic thing will last, digital compliance is the order of the day. Digital compliance is not submitting data in PDF because if you submit data and PDF somebody at the other end so still take out the PDF, pull out the data input it and do multiple things with. Digital compliance is about submitting data and the moment you start submitting data you'll submit data using certain data using certain standards and the most common one that's being used today is XBRL. So, we see this opportunity in the space that we actually occupied as being huge and we actually see creeping regulation happening across the world in so many different areas. So, when you look at countries like Australia Finland, the US where the entire government is moving to adopting data standards. It gives us great hope. We have the products to meet those markets, what we are now investing in is getting the marketing puzzle in place to be able to do that and being out of India we have an advantage that others don't have. That still doesn't mean that we do at the throw away prices, we try to hold our price at the same time we try to do balance between being profitable and dropping the price. So, we drop the price we are not as expensive as some of our western counterparts. We believe that there is a market opportunity, you know a company like IRIS for example has about 30 different compliances and required to meet about 350 forms that you need to fill every year. So, I believe that over the next 1-2-3-4 years more and more of these things will move to digital filing and that's where the opportunity lies and an integrated filing platform could be the way the world will actually go and get ready for that. What we have created is deep domain understanding. You know, there are many of you who might have seen XBRL at play for quite

some time. We actually look at MCA website and talk about the many companies offering XBRL solutions. Many of them use solutions to convert data into XBRL and submitted. But nothing is rocket science except rocket science, but at the same time to be an expert in science requires significant amount of expertise and significant knowledge to be able to deliver solutions. In fact, my mind goes back to the day when RBI has their first tender there were five other bidders, others were disqualified because we were the strongest in terms of domain, even in the current phase of RBI implementation of XBRL. We have partnered with TCS because it's a much larger project that includes hardware and many other things that you don't do. So, the system integration done by TCS, while the XBRL components has been provided by us, but RBI has also added one more data standard called SDMX into this whole grind. So, we did understand SDMX quite well. So, we been building our business on data standards. So, if you believe that the world of data can be powered only if there's an underlying set of data standards, we are extremely well positioned to be able to take advantage of that and increasingly, it will be SAAS driven. Now there will be regulators who will not like cloud based solution but majority regulators will actually also like cloud based solutions for the simplicity it offer as long as issues like data security are taken care of. At the same time in the regulatory world while people in principle do long term contracts, if I made a mistake I could be thrown out immediately. So, customers are very sticky and customers stay with you as long as you don't make a mistake and you are able to meet their compliance requirements on time every time. So, I think we are in the right place and we have turned around. I think we started turning around last year, we did well this year. I hope the trend continues. I hope the pandemic ends soon because I think pandemic certainly will have an impact on how fast we grow going forward because in many countries people have not come back to work. In many countries people have come back to work partially, I think those are all good things. I think in the US, people coming back to work is very good news for us, the US is also a market which can be tapped sitting out of India unlike Europe where it's much more difficult and the conversion rates are much lower. So, we are building team to be able to tap into the US market for. We have a person on the ground in the US that has significant amount of focus on the US in terms of making it happen, and the products that we have are repurposable for different kinds of compliance requirements and that's what we try to do, take advantage of it. I'm going to stop it I can go on and on for the next two hours I don't want to do that because it is a subject of great interest to us, and I'm happy to take any questions that you have at this point in time.

Diwakar Pingle:

Yeah, thank you, Swami. Thank you Balu and thank you Deepta for your opening remarks. We will now start the Q&A session.
So the first question is from the line of Rohit.

Rohit:

Thank you for the opportunity. Thank you, Swami Sir, Balu Sir and Deepta ma'am for a great presentation. First let me convey my condolences on losing people in the pandemic, it's a difficult time. My first question is on Europe, we have done a spectacular performance in Europe but I am wondering if we can have more details, with regards to as ESEF filling how many customers



have we won up till March 31st and what is the average revenue per customer that we are earning over there.

S Swaminathan: Rohit can you tell us where are you from?

Rohit: I'm a shareholder in the business.

S Swaminathan: I just want to be careful that I don't have a competitor on the call to worry about things like that. Deepta you want to take question.

Deepta Rangarajan: Balu, I will leave it to you to take the question.

K Balachandran: Sure. So, we don't normally give very precise numbers when it comes to companies and average yield as it has competitive significance to it. But let me say that we have around 150 customers in the market at this point of time, and the revenue yield it varies a bit based on the size of the customer and the kind of the nature of the contract that has certain parameters there. But I would say that it would be somewhere between 3000 to 5000 euros.

S Swaminathan: Rohit let me add to what Balu said by asking the question slightly differently which I think will give better idea. When you look at the compliance filing, we have companies filing to ROC and the pricing there typically is anything between \$150 to \$300-400 per filing and that happens once a year. In the capital market filing, typically the pricing is anything from \$3000-5,000 on the lower end to about \$10,000-12,000 on the higher end. We have two models that we follow, we have partners whom we do a transfer price and then they do a markup in which case we don't do the pricing. In some cases, we do a revenue share with a partner in this case we do the pricing. So when you look at the total revenues from the cloud offerings, you have the ROC customers who depending on the country could be anything from \$150 to \$300 to \$400 per filing to the SEC customers, the FERC customer and other filing customers who could be anything from, \$3000-5,000 to \$10,000-15,000 depending on what we're talking about. So, putting it all together into one number is often very difficult and I know you asked about the EU and even in the EU for example there are differential pricing depending on which market you're from the capacity to pay and the ability to pay. Countries like Germany and France are very different from the East European countries and therefore we do horses for courses and we recognize this when we do our pricing.

Rohit: That was very helpful. So broadly, I understood the horses for courses bet, so it will broadly be let's say between \$3000-10,000. Am I right it is in euros, right?

S Swaminathan: Absolutely. But please don't do a simple multiplication of number of customers because very often there are many factors that go into it and also, I tell you one thing that is very important. You know, because of the pandemic, we launched a new initiative that we call the India Cares where for small caps we offer the solution for free for one year with no conditions attached. Many of them are signed up for three years but first year was free, so it's traditional, it's normal in the cloud-based solution model to offer freemium approach where you offer it free for one year, with the hope the

customer stays with you longer. So, it a fairly complicated structure which is why, coming up with one single number will end up being misleading.

Rohit: Thank you. I did read your letter on LinkedIn on the India Case initiative and think that a great initiative and Kudos on that. So, my next query is again on Europe. You mentioned you have 6% market share, so could we have more details. So, question number one year is, how many companies in Europe have to do the filing for sure by next year. How many have already done it so far.

S Swaminathan: So, there are 4500 companies in Europe of which about 1000 are from UK where the mandate has not gone live so far. That leaves 3000 and out of the 3000 companies, many companies are from countries where the mandate is still not operational. In the countries where the mandate is operational in the countries where we have tried to do, we have an effective market share about 6-6.5% percent. So that's the broad lay of the land and given the success that we had in these countries, we know how to get to that kind of number. And we are hoping to do the right things to get that get to that kind of number. This is not a forward looking statement it's just basically saying I want to finish my marathon in less than 5 hours, which I've never done in my life, but that's my next marathon goal.

Rohit: Sure. Thank you sir. Again, if you could give us broad idea of how many companies in Europe have already shifted out of 3,000 ex UK that you mentioned. How many have already shifted as on March 31st and how many are still to shift.

S Swaminathan: I don't have that to get numbers right now. I will try and get the numbers but the reason is you see many good companies have gone into what's called voluntary filing, so you need to combine voluntary filing along with mandatory filing, we will try and put something together and have it sent to you.

Rohit: Great that could be helpful. On GST could you help us, I mean with the similar details that we discussed in Europe. How is the pricing structure there. What is the average pricing, etc, and has e-invoicing added a lot to the revenue per customer that we are earning there.

K Balachandran: Second question first, if you look at the e-invoicing part, e-invoicing must have been added I would say about 50% to the top line compared to the previous year. So that has helped quite a bit but in the e-invoicing the competition is even more fierce because maybe it is less complex, of course it is much more critical. But the reconciliation module is not really important there. So, there is lot of competition there but average yield per customer would have come down. We don't disclose the GST revenue separately we haven't done that so far but if you look at average revenue that could be from enterprise, for example, it could be something between Rs.1-2 lakhs. Even in very small companies as well because we do get small companies and some of them come to us because of reputation and because of the parent is using us. So, we have many small companies which come to us for, especially from certain



sectors such as logistics, during the e-invoicing period which started from October 2021.

S Swaminathan: So Rohit, you floating around in the GST space among the vendors, is that very soon you will get the free GST filing coupons with your morning Kellogg's cereals. It's quite honestly possible, that's the way the markets are headed.

Rohit: Understood so that was helpful, I would ask one more question and then I'll get back to the queue for other participants to ask. Just curious to know, one, how is the outlook let's say the coming year and the next year in the collect business and second, I was also curious to know, is our project with RBI, that we did one with TCS has the entire revenue flowed into our P&L already or there is still more to go over the next, and in what time to flow into a P&L.

S Swaminathan: So, the outlook for the collect business next year is a function of how the regulators think. And I think it's only now that many of them have started coming back to their offices. So, I do not have any information available to tell you how that will pan out. As far as the RBI is concerned, yes there is still a fair amount of headroom available and there is still some revenues to flow into the company, on account of the RBI implementation.

Rohit: So will it be over two years or three years. Is that anything you can say about that.

S Swaminathan: I think it will be over next 12 months.

Rohit: Thank you.

Diwakar Pingle: Thank you Rohit. The next question comes from the line of Sajeesh V S. Please state the organization that you represent and then go ahead please.

Sajeesh V S: Hi, I'm individual investor, I work at TCS. I started tracking your company since IPO and then I have been an investor since last year. My question is regarding Credix. So, is it like a credit bureau, something like the likes of CIBIL TransUnion.

S Swaminathan: No it's not, it's simply APIs to fetch data that goes into your digital lending platform. Since we are a GSP or what's called as GST Suvudha Provider, we have the right to fetch data from the GST servers with consent for powering digital lending platforms.

Sajeesh V S: Okay. So now one more question is that, is it correct if I say that the create segment will offer higher growth than the collect segment because you only have around 200 countries in the world, and the number of regulators are limited. And so, what percentage of the total pie has in the world has adopted XBRL.

S Swaminathan: So, 70 countries have adopted. I'm glad you asked this question, let me tell you what's happening in India right now, which I think is a useful indicator. So, India for example Bombay Stock Exchange was the first implemented, followed by RBI, followed by ROC. Very recently, IRDA has started



implementing XBRL and very recently because RBI has issued a circular, NHB has started looking at XBRL. So the moment one regulator does it and others do it in every country. In every country there are about 5 to 10 regulators who could potentially implement XBRL. So, 70 countries if there are 10 regulator per country that is 700 regulators, but only less than half of them are actually implemented it. I think the conservative estimates are that 180 regulators in the world have today gone down the XBRL route. So if you say there are 200 countries and 2000 regulators, 180 is a very small numbers only 10% of the regulators, but 70 countries, but as you can imagine the smaller countries where you may not be able to make as much money will be the ones still waiting to implemented. We also believe that the use case for next year will also expand. So, there is still significant amount of headroom.

To answer other question, Create is where the action lies. In many countries, Create a seeing a lot of action. And since we are one of two companies with a global solution with a cloud based solution and so on so forth, we are well positioned to capture market share. It's easier to do it in markets where the mandate is just starting, as opposed to markets where there are existing players which is why I'm saying it's more difficult to get SEC customers than to get FERC customers, but we are optimistic. Your point is well taken that Create is where significant growth will happen going forward. And that's also largely cloud and SAAS.

Sajeesh V S: Okay, thank you. And one more question that I know that our businesses highly seasonal and we report the financials two times in the year. Is there any plans to go to the main board platform in BSE or NSE.

S Swaminathan: So, once you finish class four you have to go to class five, you can't stay back in class four. Right?

Sajeesh V S: Thank you, that's all.

Diwakar Pingle: Thank you, Sajeesh. Next question comes from the line of Manan Patel. Manan, please go ahead and state your organizations.

Manan Patel: Thank you for the opportunity. Sir, I'm Manan an individual investor. So, I wanted to ask about the opportunity size company that your company has. While you mentioned that 6 billion is a current rec-tech market and it will go to 16 billion but I understand we will not address the entire pie. So, what kind of size of the market are we looking at and I adjacent question is that you mentioned there are four competitors for you. I would like to understand the size of those competitors.

S Swaminathan: So, the four competitors Fujitsu is a very big company where XBRL is a very small division for them. So, looking at the Fujitsu's big numbers is not meaningful, as far as Vizor is concerned, Invoke and Core Filing are concerned they are all around the \$10 million, 10 million pound, 10 million euro range they're not much bigger than us. As far as the addressable market is concerned, I think the market is big enough to support any growth that we may aspire to. So, the question is can we grow at 5% per year, absolutely. Can we grow 100% a year the markets big enough to accommodate that, can we grow 20% a year the markets big enough to accommodate that. what will be

limiting is our ability, what would be limiting is our resources, what would be limiting is our vision. So, I think the markets are big enough to accommodate any aspiration that we have but at the same time, we should chew off as much as we can digest and that's what we're trying to do. So the markets big enough.

Manan Patel: Understood.

S Swaminathan: We are a small company, Rs.55 crores company. I think you know talking about a \$15 billion market is actually meaningless. But we just want to tell you, it is like looking at the sky and saying which the plane will fly to the sky. I mean it doesn't need to fly to the sky, we just need to figure out what we can do profitably to ensure us that our shareholders aspirations are met. I'm also a shareholder.

Manan Patel: The question along with that would be, you said your vision might be the limiting factor. So, I would like to understand over the next three to five years what kind of vision do we have, because opportunity size is huge, competition is also manageable sort of, so what kind of vision do we have for the company.

S Swaminathan: When you are loss making company, I couldn't look beyond my nose and that's what it was like two years ago. Now we are profitable now we are throwing up cash. Now that the throwing up cash the possibility is much more and therefore, we do have serious designs on the world. How much of them will materialize and you know the competitors will not sit quietly, even they are here to try and do something outstanding in the market. So, this is why I believe that now that we are throwing up cash we are in much better position to try and grow faster than we were two years ago.

Manan Patel: Right, and the while size of our cash flow has improved substantially. So, do you think you would go approach all debt or capital markets to significantly like, take a quantum leap in terms of the size of the company for growth or investing in Europe or US.

S Swaminathan: If there's one thing we've learned as a company in the last 10 years is that money is not everything. We been starving as a company, and we have gone to a place where we're very happy. I think, throwing money at it does not guarantee results, so will we raise a significant amount of money or even a small amount of money to grow to the next level. The answer is no. At the same time if somebody wants to come and say you know what, I'll give you a billion dollars valuation and give you this money. Sure, I think it's worth taking it because every shareholder will benefit from that. So, I think we've learned how to grow in a very frugal manner and we will try to continue to grow in a frugal fashion

K Balachandran: You mentioned about competition and said, might not be that intense which might not be the truth, because as the segment is picking up and we do see competition coming in from adjacent areas as the markets unfold, so we need to be prepared for that.

- S Swaminathan:** One more thing which I think we should also add is that our biggest global competitor in the area of Create is a company called Workiva. It's an extraordinary company, it is a brilliant company, you should look at the company and company's performance and see what they have done. They came in, disrupted the US market and walked away with giant market share and that is the company to emulate. If there is one company that I want to follow it is Workiva. So please take a look at Workiva, look at their financial performance and look at what they have actually done, they have done magic.
- Manan Patel:** Understood. So my last question is, in terms of company like us, a very important part of assets is employees and you said, throwing money is not the only thing but obviously having great employees is one thing, so I wanted to understand with the size that we have, what kind of ability do we have to attract talent and how do we incentivize them to stay with us.
- S Swaminathan:** So recently we recruited a CTO who used to be with Accenture for many years. So, we are able to attract good people. See ultimately people go to successful companies, people go to companies which are on a growth path and what we have demonstrated in the last few years is that we've turned around, we were a KPO, we were a services company we pivoted to products and now we pivoted to SAAS and people like things like this, people want to be at the cutting edge of growth, people want to grow, people have aspirations, and people want to be part of a company that's growing. So, we are hopeful that we will be able to attract much better people going forward, not that we have bad people today, we have great people in the company. It also allows people within the company to have a growth path in their own career. So, we do attract people, yes.
- Manan Patel:** Understood and Sir I was going through your Annual Report which is brilliant for the size of the company we are. Very good disclosures. In that, we have payable to promoter and directors amounting to Rs.1.6 crores which essentially means that you and your fellow promoter directors have not taken salary in cash or it's still outstanding. So, I wanted to understand why is that.
- S Swaminathan:** It is still outstanding. The reason why the company is at the stage today where it's growing, is because the promoters and many employees have made tremendous sacrifices. In fact, not only promoter directors even employees are owed money and we have committed to clear up all the dues in the next one year and I have not been taking a salary since 2015 and I will not take a salary until every rupee of every employee is cleared. So, the dues that you see there is because of salary is owed to us. I think because of sacrifices made by my colleagues that we are as strong as we are today.
- Manan Patel:** Great, sir. All the best.
- Diwakar Pingle:** Okay, the next question is from line of Girish.



Girish: Thanks. Hi, Swami. Girish, individual investor and invested for the last two and a half years. First of all my condolences for your personal loss.

S Swaminathan: Thank you.

Girish: Swami, one question maybe more directed towards Deepta, last time in the November concall you did explain about the FERC opportunity. What I want to understand is, are you able to reuse any of your existing products like carbon one of those or do you need to create a completely brand new product for FERC.

S Swaminathan: This is a simple question even I can answer; it is the same carbon. Carbon is used for everything. The only thing that you need to know is that the nature of the filing will be different. So, the forms will be different therefore carbon can consume multiple taxonomies and that's one of the beauties of carbon, carbon can also consume taxonomies in multiple languages. So Deepta, I took the question because it's very simple to answer, you want to add to this Deepta.

Deepta: So, I think, Swami has the answer the question and it's the IRIS carbon itself which is being used for the FERC opportunity. So in fact what happens is, companies in the US that need to comply both with the FERC mandate and the SEC mandate can use the same product for dual filing and we have this kind of situation in many markets. So, ESMA ESEF fillers are also listed in the US and need to do dual filing, use the same product carbon for both the fillings. It can consume taxonomies easily and therefore it's used across multiple mandates.

S Swaminathan: So, carbon can use for ROC filing, carbon can be used for capital market filing, carbon can be used for FERC filing, carbon can be used for German filing, carbon can be used for Hindi filing.

Girish: Swami, does it also mean that companies like Workiva who's well entrenched in SEC filing can come quite easily to FERC.

S Swaminathan: Workiva is a competitor in FERC, of course they are. And they're a very strong competitor in FERC, but what we have done is we have tied up with one of the outstanding companies in this space. So, the whole XBRL movement in the US was led by a guy called Hudson Hollister, who now runs a company called HData. And for those of you who wonder how many people will change

the world, if one check this guy out, he's actually singlehandedly changed the world in America by bringing a level of transparency. www.hdata.us is a website, there are partners and its HData is led by Hudson who made XBRL happen. And that gives us a tremendous advantage in the US markets. So, yes Workiva would be a very strong competitor and we are completely mindful of that. But working with Hudson we believe we have a significant opportunity in American markets for FERC, and thereafter for SEC.

Girish: Swami, my next question is more on the Consume side. Last time you mentioned that he can expect some announcements on the consume side, but I have not seen anything, is it worki n progress or is it delayed, just give some colour to this.

S Swaminathan: It is still work in progress. And I think if you look at numbers of the company over last 3-4 years our losses were because of the investments made in the Consume segment. So, but at the same time by and large we have a complicated business. When you have a complicated business, people say why are you not making profit. So, we said you know consume is still a very important segment and we need to figure out what to do with the consume segment, but we have launched Credixo which is consume segment product. We have launched Peridot which is consume segment product, and you can expect more products to come going forward. We have some ideas, we are working on a few things but at the same time, it will be a function of how much cash we can throw up quickly to reinvest in the consumer segment.

Girish: So, it will be more of like an API based economy that we are targeting.

S Swaminathan: Absolutely right. There will be products but they'll also be API based thing feeding into intermediaries who can serve end users.

Girish: Right. I also happen to see some APIs in the infinite.in site. What exactly is it you're targeting there.

S Swaminathan: No idea what that is, Balu do you know?

K Balachandran: This must be from the Credixo APIs, am I right?, This you are talking from Indian context? NPCI the National Payment Corporation is starting an API kind of exchange where they offered some partner APIs as well. This will be related to this. We have been offering our APIs, especially GST data public APIs to number of digital lenders and products.

- Girish:** I have happen to see this together with Ujjivan bank. Thank you, my questions are answered.
- Diwakar Pingle:** We have a follow on from the line of Rohit.
- Rohit:** Thank you for the opportunity. I just have couple of follow up questions on Europe. I noticed that recently, there is a CSRB directive that mandates ESG disclosure and Europe in XBRL. So, what does this mean for and when will it be implemented by what time period. And what does this mean for us in terms of market size.
- K Balachandran:** So, these are very important initiative and has come at the right time. The ESG reporting in Europe, used to be earlier done in paper PDF mode and that is for a limited number of companies what is called the NFRD directive. Now, the EU has come together and they're looking at the next phase of reporting from an ESG perspective, they have expanded the universe to a minimum of 50,000 companies which includes both public and non-public companies, that's one part. The other part is that they're very clearly and unequivocally saying that, unambiguously saying that this reporting would be in inline XBRL format similar to what is being done for the ESMA companies for financial report. So, both financial and non-financial reporting will come together in an interactive reporting format for ESG. The other important part is ESG reporting would need to be auditable as well. So, companies which are going to report say carbon emissions from plant A or plant B, who need to make sure that it is maintained and it is audited. So all in one it is a very ambitious directive, this would take couple of years to fructify. Our sense is that companies will start looking at it from 2024 onwards. But, you know, the various part timelines are yet to come, but the direction is very clear this is going to be a non-financial reporting in a big way. But there is going to be taxonomy which is going to be developed by the newly constituted international sustainability reporting board, which is analogous IASB for financial reporting. So, they will build the taxonomy and there is also a move to converge, a few independent bodies in this space together. So we have one place where the data for countries is very clearly defined along with that electronic attributes, and that's what not only for countries in Europe, we expect something happening with SEC in the US, next year, and this should also move into Asia as well. With the green financing aspect is linked to ESG reporting, these are two sides of the same coin. So, this is exciting and this is an area where corporate reporting in XBRL is going to play a bigger role.
- S Swaminathan:** Rohit, other message I want you to carry away from the ESG thing is the following. Every country where XBRL is being implemented is now looking at using XBRL for any new reporting. So, there are countries where you will soon see IPO documents being filed in XBRL, don't be surprised to have this soon. Don't be surprised if mutual fund documents are filed in XBRL. So, the XBRL mandates actually expanding gradually all over the world. I'm glad you raised the ESG thing. So the opportunity and account of this new filings will all come from XBRL, and that's where we are extremely well placed and carbon is one product that can take on everything.



- Rohit:** Thank you. That was a very detailed and helpful answer. My follow up question is on UK and as you mentioned that there are 1000 companies in UK. So, what is the XBRL filing status there in UK, and also you mentioned the last concall about HMRC, where we already have some customers and we have seen some progress. So could we speak about that as well.
- S Swaminathan:** So, all ROC filings in UK happens in XBRL. All tax filings in UK happen in XBRL. The new mandate is basically capital market filings also need to move to XBRL, that's the new mandate. So, in the ROC filings we still continue to retain reasonable market share. We work with a partner who delivers customers to us and we are not able to track that but it actually has grown and we are now beginning to work with local partners to try and acquire customers for capital market filing as well.
- Rohit:** So, that is 1000 customers market that is available there and even that has to be done by next year, am I right.
- S Swaminathan:** The filing has to start from January onwards, and we now have people on the ground working, on the ground means working out of India.
- Rohit:** So, do we have market share there.
- S Swaminathan:** Zero, the mandate just come out and we are actually trying to started there and I think with the lockdown happening I the UK more than once, things have been a bit slow. We think the first customers will start signing up by about end of Q2 or beginning of Q3 this year.
- Rohit:** Okay, so far in UK nobody has signed up with anyone yet.
- S Swaminathan:** And nobody has filed either.
- Rohit:** Okay, great understood that was helpful. And my last question is on, one I was surprised to see us throw so much cash because I expected, given we are an ongoing SAAS company, to invest heavily in sales and marketing. So, going forward sales, marketing and R&D, where do you see more of a cash investment, how much will that be and how do you see this going forward.
- S Swaminathan:** So when you look at a lot of the SAAS companies coming out of Chennai, they are addressing markets of different varieties and their approach to whole sales and marketing very different. We work extensively with partners in different countries, especially because we can't get in front of customers. Compliance is very serious business where customers like see your face before they actually sign up with you. So, one of the ways in which we've kept our sales and marketing costs under control is by leaving significant revenue share for our partners, by leaving significant revenue share for our partners and supporting them with through marketing collateral that we deliver from India, our marketing spend has actually been kept under check. When you look at companies like Workiva, they are driven significantly by the marketing spend and are able to acquire customers also because of that in the US



- markets but our approach has been, you know cutting your cloth according to size, work with partners.
- Rohit:** Will that be the same going forward or as we saw you appointing two people in Europe one in US, do you see yourself appointing more and more people on the ground.
- S Swaminathan:** It will be a blend.
- Rohit:** Understood. So, could we maybe in future in the presentation also share the partners we have in each of the geographies that we work with.
- S Swaminathan:** Sure. We can do that.
- Rohit:** Yeah. Thank you. I'll get back into the queue.
- Diwakar Pingle:** We have a follow on from the line of Manan Patel please, Go ahead.
- Manan Patel:** Yeah, thank you for the opportunity again. So, I wanted to understand this year our collect revenues fell down and along with it receivables also came down, well collect is a receivables heavy business, so I wanted to understand what kind of receivable days are sustainable going forward.
- K Balachandran:** So, if you look at numbers for this year, you see that our receivables are at 85 days. So, my target is to bring it down to 75 going forward, it might take maybe a year or two, but I think that is certainly doable with higher revenues in the Create segment. And maybe you know further down the line, maybe in another three, four years it could be even much less.
- Manan Patel:** Even if the segment Collect bounces back after the pandemic.
- K Balachandran:** That's right.
- Manan Patel:** Understood and my last question is with significant AI capabilities and like softwares available which can read PDF. So, can they disrupt our business in any way or I might not know more technologies but I wanted to understand are there other things that can come up which can disrupt and read data directly from a PDF and file it with the regulator. So are there any risks within that, which can obsolete our business.
- S Swaminathan:** In a world where man can send a craft to the moon. In a world where we can send Mars rovers and monitor them from here. You know, one can never rule out any possibility but you know, every company which gets into a certain space keeps adapting constantly to ensure that has a growth story. You know I was watching a BBC serial, some years ago where it said that every company reinvents itself every 20 years, we're very mindful of that. We started as a company with myiris.com with an information portal, we then said let's go back into data standards, we metamorphose and we transformed into a software company. Now, we started with KPO, then we went into products. So companies that recognize that I see the writing on the wall, keep modifying it so that they stay relevant to the market and I'm hoping that we do the same.



- Manan Pate:** Understood. Thanks a lot.
- S Swaminathan:** Thank you.
- Diwakar Pingle:** Next question is from the line of Gaurav Singh.
- Gaurav Singh:** Yeah, this is Gaurav from Subline capital. So, I missed the initial bit of the presentation. So, pardon me if I'm repeating the question. So, I just wanted to know what is the stickiness of, you know once you sign up with the customer. What's the stickiness of your business, because it's a SAAS model so what's the stickiness?
- S Swaminathan:** Unless I screw up royally or you come an offer it for free to the customer, the stickiness is very very high. If you see we only been growing the number of companies who are signing up with us. We haven't lost a company yet; touchwood and I hope it stays that way. Also, we've not had the SAAS offerings, long enough to come up with data in terms of customer churn. The big risk that we actually see and I think it's a great question to ask and I'll tell you why, you know ROC filings happen once a year and it's quite possible that by the end of the following year people forgot which software they actually use with the once-a-year thing filing, so that the need to stay abreast of the customer and to stay in touch with the customers fairly high. Fortunately, we've not lost customers. We've lost a few here and there, but nothing significant for us to worry about. So, the stickiness as of now is fairly high.
- Gaurav Singh:** And what's the cross-sell opportunities like once you sign up with the customer probably in the UK in the US. So, what's the cross-sell opportunity there
- S Swaminathan:** Again a great question. See there are different kinds of customers, in the ROC customers the cross-sell opportunities are very different from the capital market customers, in the capital market situation for example there is something called MIFID 2 which has come up in Europe, which requires companies to look at Investor Relations very differently, where we see some opportunities. So, there are some cross-sell opportunities and like the example I just gave you, in the case of ROC for example in certain markets will combine ROC data (for example in India) with the GST data that can support digital lending. So, there are some possibilities and we are mindful of that but at the same time for that to happen certain other things in the ecosystem have actually got to fall in place.
- Gaurav Singh:** And what if you were to sort of sell all your suite of products so particular customer in country like Europe. What's the ticket size you'll be able to generate on a SAAS revenue basis per customer.
- S Swaminathan:** I have never done the calculation; therefore, I don't have an answer to question of hand.
- Gaurav Singh:** And one final question, what's your competitive advantage since you're working out of India is there some competitive advantage you have visibly with all your competitors working out of US.

- S Swaminathan:** Cost, cost is a significant advantage. Also, the fact that there's one example, so we recently acquired a company in South America, who wants to do a filing locally, who also needs to do filing in the US. So carbon can address both possibilities and these are the advantages we actually see. So we are able to offer one platform, the question that somebody asked earlier, do you need to have a different product for different filings, the answer is with minor repurposing carbon can deal with multiple things and people like to have one platform for multiple things.
- Gaurav Singh:** That's it from us, thank you.
- S Swaminathan:** Diwakar there are couple of question on chat box can I take it.
- Diwakar Pingle:** Yeah sure.
- S Swaminathan:** So Rishabh, you asked a question about status and migration to SME and main board. And you also asked why we had to pass a resolution again? Well, the last year, we had a resolution passed for BES migration, the reason we did not do it at that point in time it's because we had a change in the auditor. Our statutory auditor at the end of 10 years had to move on to a different statutory auditor and we basically said that we now be are moving to IndAS, let's give the statutory auditor time to settle down before we actually move, because auditor the plays a very important role in terms of conversion of the accounts to IndAS, which is now happening but the resolution was valid for one year which is the reason why we had to take a resolution again to get the permission from the shareholders. Now, after that there is a process to be followed. The process includes submitting the documents to the stock exchange for their approval, that typically I think takes about a month or so but we've initiated the IndAS conversion, working with auditors right now. So once these things happen, we hope we will come to a situation where we can migrate. That's Rishabh question.
- The question from Rahul. I think the bulk of the customers actually came from the UK we had a significant jump in South Africa, we actually had jumped in many different markets across the world. So, we've actually done well in South Africa, we've done very well in Europe, we've got significant other customers in in the UK as well, significant number of customers in India also for GST also for our ROC. All in all, there has been significant improvement the only market where the growth was still very modest, where we went from 6 customers to 15 customers was in US where we are hopeful that we can take it to a much larger number.
- The other question from Rahul and reading it, understanding that these are pay per use product can roughly quantify how much of realizations have increased in usage. Rahul these are once a year usage and it's not that they use it every day, they use it once a year, but the bulk of the growth in the case of our Create business has actually been from carbon and from GST more than from iDeal. So, if you're basically saying is carbon the reason why it's increased significantly, the answer is yes.
- Rohit:** Thank you for the third opportunity today I really appreciate it. So, my question is on R&D. So, you mentioned Workiva, and I did spend some time on Workiva directly, and I noticed that they moved and XBRL is probably one

of the most basic things they provide. And they moved on to a lot of other similar software where they offer much more value-added services to the customers and thereby increasing stickiness and yield per customer. So, I mean how big is a product pipe and you mentioned we've hired a CTO from Accenture. So, could you speak about the R&D and the product development pipeline going forward.

S Swaminathan:

Just a small correction. We hired a CTO who use to work in Accenture and then started his own start-up, which he didn't fold up and joined us. So he did not come directly from Accenture. My point was that he was with Accenture and therefore we were able to attract good people like that and that's number one. Number two, in terms of value-added products just like others we also have a disclosure platform, which we have not launched in a big way in Europe just yet. You know to do complicated products requires that you win the trust of the customer and that's the first step to win. Once you have the trust of the customer you can pretty much sell multiple things to him. It's also important to have feet on street, you can't sell complicated product, you can't sell aeroplane sitting in India and on the phone, you can't sell disclosure platform sitting in India on the phone, you need to have somebody on the ground. So, it's been a slow arduous process, maybe Deepta can you just answer the question about the disclosure platform.

Deepta Rangarajan

Sure. So, on the R&D side you talked about Rohit. So, one thing that we're doing is that carbon a SAAS product, has a basic disclosure management platform. So, disclosure management essentially allows people to collaborate and create reports right not just XBRLise them if I can call it that, and that disclosure management platform is being used but in a limited way, at this point in time. So, one of the big focus area is actually getting a comprehensive disclosure management platform in and that's one of our targets for this year, which will also mean that if we're able to upsell the disclosure management platform to our existing customer base carbon will also start getting used on a more even basis, not only during filing time basically. So, that's one let me call it big area of focus. There are also a lot of other projects which are in the area of automation, you know so automation I think somebody asked about like the complexities of XBRL and would there be ways that people can hide it and that's something that we ourselves are working towards, to bring in more automation to make it easier and simpler on the margin. The third is of course, working across kind of consuming different kinds of formats basically so it's not only XBRL as an output but other output format that we see being required and other input formats. So, there are a couple of like R&D pieces going back from apart from a whole range of product and enhancements.

S Swaminathan:

To answer your question about where you will get the presentation, it will be posted on our website and also filed with the Bombay Stock Exchange. You know what's fascinating for me is that we have 62 participants on this call and not long ago our market cap was Rs.62 crore. So I am grateful to everyone for being on the call and it put things into perspective in some ways.

Gaurav Singh:

Thank you so much for giving me another opportunity. So just wanted to know since you are into SAAS business, so there is a fixed cost that you're

working with, basically over and above everything sort of goes down to the bottom line. So, you have not taken any salaries for the past few years, so once you onboard all of that, what's the fixed cost that you're working with on that.

S Swaminathan: The fact that I'm not getting a salary doesn't mean it's not provided for. It's provided for in the books, it's expensed every year. I'm just not taking the money from a cash flow point of view, it has an impact in cash flow and not the expenses of a company, it is fully provided for.

Gaurav Singh: And one final question is since you have sort of accrued a lot of cash this year, so what's your stated growth target since as far as the top line is concerned, okay there's some bit of the fact that the on-premises business or the non SAAS business was quite heavy, so the SAAS business didn't show up as much on the revenue side, right and the total revenues was looking a little depressed optically. So now that SAAS is probably 70% of your top line and it will show up now in the coming future. What's your stated growth targets with the cash that we have and the marketing dollars that we have in hand.

S Swaminathan: Small correction when I say 71% recurring revenues, it has two components to it. It has a SAAS component to it and it also has a component that's not SAAS which is not recurring. So, there are multiple kinds of recurring revenues, a significant portion is SAAS that's fact, number one. Number two, as we are now generating cash, you know, small companies can grow any percentage and it's actually meaningless you talk about percentage, when you talk about small companies. So, I think our focus going forward will be the US market in a big way, and the EU market in a big way. See we are at the mercy of a regulator when it comes to their priorities, from the point of view of launching a XBRL or some other platform that we really cannot predict, but we see opportunities in America, we see opportunities in Europe and we see opportunity in a couple of other places which we're going to focus on going forward.

Rahul you are talking about which annual report, annual report of last year perhaps or two years ago. I don't which annual report you are talking about. FY20 annual report has 1200 customers, I'm not sure what it says. Okay. FY20 had 1200 customers how did it suddenly go to 6095. Excellent question.

When we contract with customers say for example, in Europe we have several partners, the partners contract with customers and over the last one year, we actually started getting into tripartite agreement with the customers. So, the customers are as much our customers is that of a partner for example, South Africa, the big jump and actually come from South Africa. So South Africa we have a partner called XDS, who we've been partners with for a number of years. While there are certain customers who XDS has given to us. We've also got customers who we hooked through XDS to get into our system. So we've now started recognizing every one of our customers and not just our partners and that is the reason why you will see a significant jump. In addition to this, we've also added customers. Thank you Rahul for pointing it out.

Rohit: Just one last question. I'm not very clear still on the pricing model in the GST product that we have. So, could you explain that.



- S Swaminathan:** It depends on number of GST IN that the company has, it depends on number of invoices of the company to file. It depends on the complexity of the filing. It depends on how often they need to raise invoices, so we have a fairly detailed model that we use individually we plug in all the data for a company and outcomes a certain price. And finally, after we come up with the price, the customer will still negotiate it downward and lower.
- Rohit:** Okay, thank you. That was helpful.
- Diwakar Pingle:** Right now there are no other participants in the queue. You want to give closing comments please.
- S Swaminathan:** Sure, I mean I want to thank every one of you for participating in this. Rohit are you still there.
- Rohit:** Yes.
- S Swaminathan:** So, I have a question for you now. May I?
- Rohit:** Yeah please.
- S Swaminathan:** So, I recently had an exchange with two sets of investors and I am left flummoxed. So one investor who came into the company at a price of Rs.12 said, you know, great company you given the six bagger another investor who bought at 79 said what sir we are losing money and when will your price increase. As a promoter as a CEO of the company I'm focused only on fundamentals, I'm mindful of the price I knew what the prices is, but I mindful of fundamentals. Which investor do I serve, do I serve the investor who got six bagger or do I serve the investor who's lost money because price actually went down, or do I basically say sorry you know what, I stay focused on fundamentals. Now, what should I do.
- Rohit:** So, I can speak only for the way I think, so I generally look at companies for a period of 4-5 years at least as a holding period. So you can't predict the short term movements of prices because you can't predict the behaviour and the emotions of investors, you can, as you say, focus on the long term fundamentals of a company and as long as you're doing right over a 5-7 year horizon. That's the best thing that can happen for all shareholders, my opinion.
- S Swaminathan:** My answer to my shareholder, saying that I focus real fundamentals is that the correct answer.
- Rohit:** I focus on growing the company for the next 5-7-10 years and that's what I would think.
- S Swaminathan:** That's all I do, as a company internally for example I don't have trading account. So as a company internally we basically focus only on fundamentals, we are mindful of the stock price, we are mindful of returns to shareholders, but at the same time our focus is only on improving company fundamentals.



- Rohit:** That's the answer I would love to hear from any company as investor.
- S Swaminathan:** Thank you. Balu any closing comment?
- K Balachandran:** No. Except we would express our gratitude for people to come for this conference and listen patiently to what we have to say, and making it a very meaningful discussion. Thank you.
- S Swaminathan:** And again the last word from me. I really am grateful to every one of you for spending as much time as you've done, it's almost 93 minutes since we started the call. I warned Diwakar that our calls go very long and that we get more people than we seen in many larger companies. And I think that our experience in the market may either get a few more SAAS companies coming in or not coming in. So, I basically grateful that we went public when needed. Many people have come had comments about how small we were, we had no option but to go public at that point in time because our shareholders wanted it at the point in time. We're glad that we did it and the money that we raised we used it well, to grow, to where we are today and that's where we are. So I'm grateful to you for your participation here and feel free to ask any questions. I'm very active on Twitter, though I don't talk about company price and other things on Twitter. I talk about the company too broadly in terms of announcement that we make. We also make filings on time to the Bombay Stock Exchange when something material happens. So, once again, thank you very much. Diwakar do you want to close it?
- Diwakar Pingle:** No, that's fine Swami. Thank you.
- S Swaminathan:** Thank you all. Be safe stay safe.