

IRIS Business Services

RegTech SaaS company

What do they do?

IRIS BSL is a RegTech SaaS company that helps enterprises, business registers, regulators, central banks, stock exchanges, BFSI, and other organizations meet their regulatory compliance requirements.

Business segments:

- **Collect:** Software platform for regulators to collect pre-validated open standards based submissions from entities
 - IRIS iFile: XBRL-based reporting platform may be developed. It features a flexible and modular component design architecture. 20+ clients in 50 countries and 1 Cr filings
 - Clients - Tadawul (Saudi exchange), RBI, Qatar FCRA, Saudi Commerce ministry, ACRA - singapore
 - XBRL and iXBRL are widely used in regulatory reporting, financial analysis, and compliance requirements set by over 200 governmental and regulatory bodies across 60 countries (10%market share)
 - RFP-driven: Attending conference, presentations and bidding on RFPs
- **Create:** Enterprise software-cloud/ SAAS programs to create and file documents with regulators. XBRL/iXBRL Reporting, ESG Reporting, Disclosure Management, GST Filings, and Tax Compliance.
 - IRIS iDEAL: XBRL Reporting Solution. 10 years old with **100** banks, credit institutions, investment firms. *Near monopoly as company handles RBI*
 - IRIS CARBON: cutting-edge SaaS platform – helps companies create comprehensive financial and non-financial reports in XBRL/iXBRL format. Digital filing to SEC, UK FCA, European ESMA, CIPC
 - New disclosure management that works over Office 365 - **biggest future growth driver** (competes with Oracle, SAP, Workiva)
 - ESG reporting with few templates
 - 4.7 rating on [Gartner](#) and 4.8 on [G2](#)

What do they do?

- **Create**
 - IRIS CARBON
 - 5,000+ customers
 - International business is partner-driven, customer testimonials on Gartner and G2 are also obtained
 - Govt. **mandate** (ESG) are important drivers since non-mandate acquisition needs money
 - IRISGST: designated GST Suvidha Provider. GST solutions
 - IRIS is one of 4 IRPs in the country other than NIC (govt.)
 - CBIC mandated e-invoicing for taxpayers with ₹5 Cr+ turnover, however e-invoice is free, revenue will come from value added services (maybe in next 2-3 years)
 - **Growth:** Highly competitive segment, there is a sales team with regional sales heads across India. Also needs marketing spends
- **Consume:** Software tools for data analysis. Plus, APIs to access financial data pulled from public filings
 - IRIS iConnect: exports xbrl/ixbrl data into office 365 formats
 - IRIS Peridot: GST search app with 5 lac+ downloads and 4.5 rating

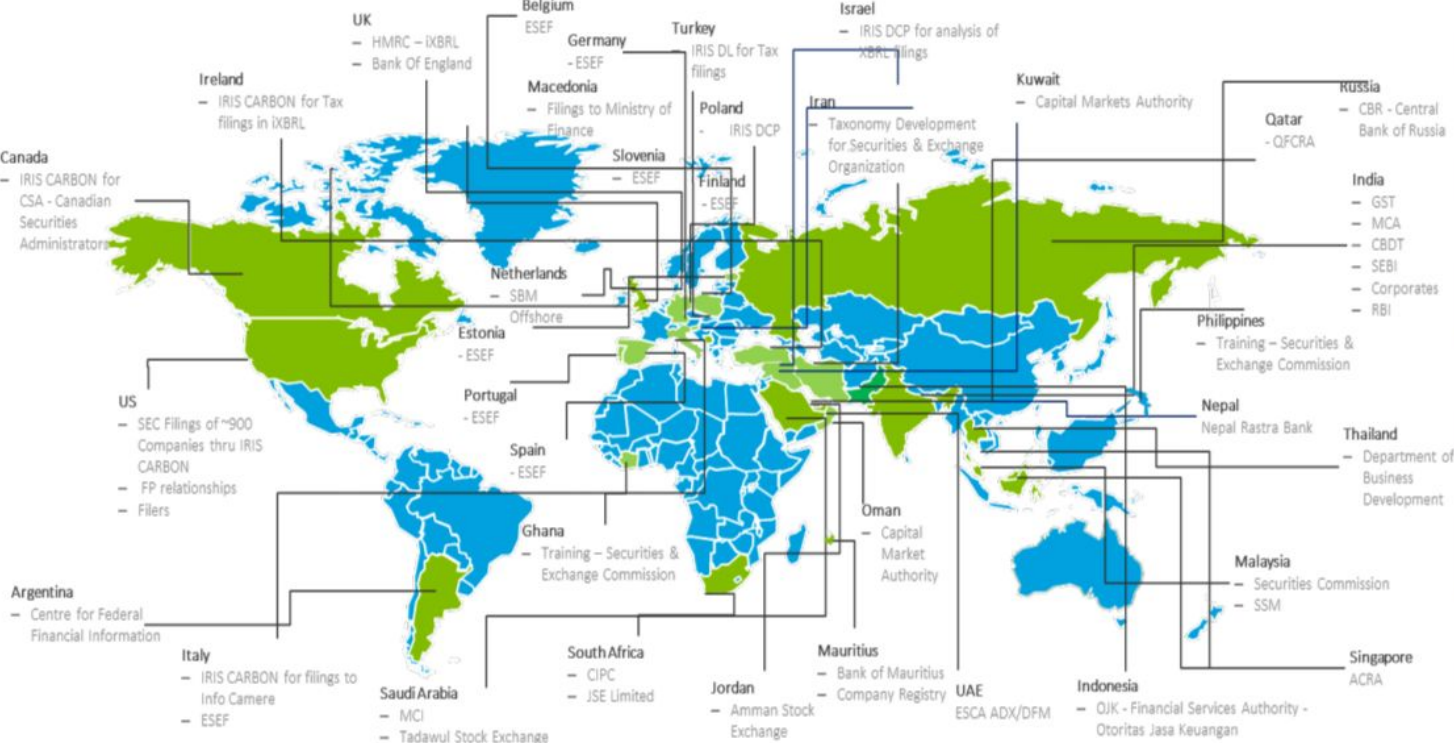
Promoters, Board, other investors

- Promoters (Hold 37.3%, down 0.52% post Mar-23 due to dilution)
 - Subramaniam Swaminathan (CEO) - MA (Yale), BA (St. Xavier's)
 - Salary - 45 lacs + bonus (6.58x median employee salary which is 6.48 lacs)
 - Deepta Rangarajan (HR, Ops, Carbon) - IIM A, IIT D
 - Salary - 45 lacs + bonus
 - Balachandran Krishnan (CFO) - IIM B
 - Salary - 45 lacs + bonus
 - Shyama Balachandran - MCA
 - Salary - 65 lacs + bonus
- Board
 - Vinod (Chairman) - Lawyer Supreme Court, 35 yrs+ exp
 - Bhaswar - CA, Prev Dir HPCL
 - Ashok - IIM A, HBS, ex-Zee MD
 - Haseeb - Economist, ex-Finance Minister J&K

How IRIS can help regulators (Collect segment)

Stage	Stakeholders	IRIS' Offerings
Taxonomy Development	<ul style="list-style-type: none">• Regulators• XBRL Taxonomy Experts• Subject Matter Experts	<ul style="list-style-type: none">• XBRL Consulting – Developing and testing taxonomies, quality review, support for implementing XBRL program• XBRL Training – Create awareness and equip stakeholders to take informed decisions and manage any XBRL program
Applications for creating XBRL reports based on the taxonomy	<ul style="list-style-type: none">• Filers• Software vendors• Regulators (if they choose to offer this facility to filers)	<ul style="list-style-type: none">• IRIS iFILE Client – Spreadsheet and web based offering for creating XBRL reports• IRIS Carbon – Cloud-based disclosure management offering for creating output in multiple formats including XBRL and Inline XBRL• IRIS iDEAL – Connects to and converts the data from existing systems into XBRL format
Filing platform for collecting, validating and storing XBRL reports	<ul style="list-style-type: none">• Regulators• Software vendors• Filers	<ul style="list-style-type: none">• IRIS iFILE Server – Suite of modular components stitched together by a portal solution
Applications for consuming XBRL data	<ul style="list-style-type: none">• Regulators• Analysts• Data Aggregators• Other data users	<ul style="list-style-type: none">• IRIS Data Consumption Platform (DCP) – Repository of structured and globally normalised data.

Global Footprint



23 Years

50+ Countries

30+ XBRL Projects

450+ Experts

6000+ Clients

Millions of Filings

Clients

Business Registries



Companies and Intellectual Property Commission
 a member of the dco group



وزارة التجارة والصناعة
 Ministry of Commerce and Industry



Central Banks



भारतीय रिज़र्व बैंक
 RESERVE BANK OF INDIA



Bank of Mauritius



هيئة تنظيم
 مركز قطر للمال
 QATAR FINANCIAL CENTRE
 REGULATORY AUTHORITY



البنك المركزي الأردني
 CENTRAL BANK OF JORDAN



Nepal Rastra Bank
 नेपाल राष्ट्र बैंक



South African Reserve Bank



SECs & Stock Exchanges

Country SECs & STOCK Exchanges

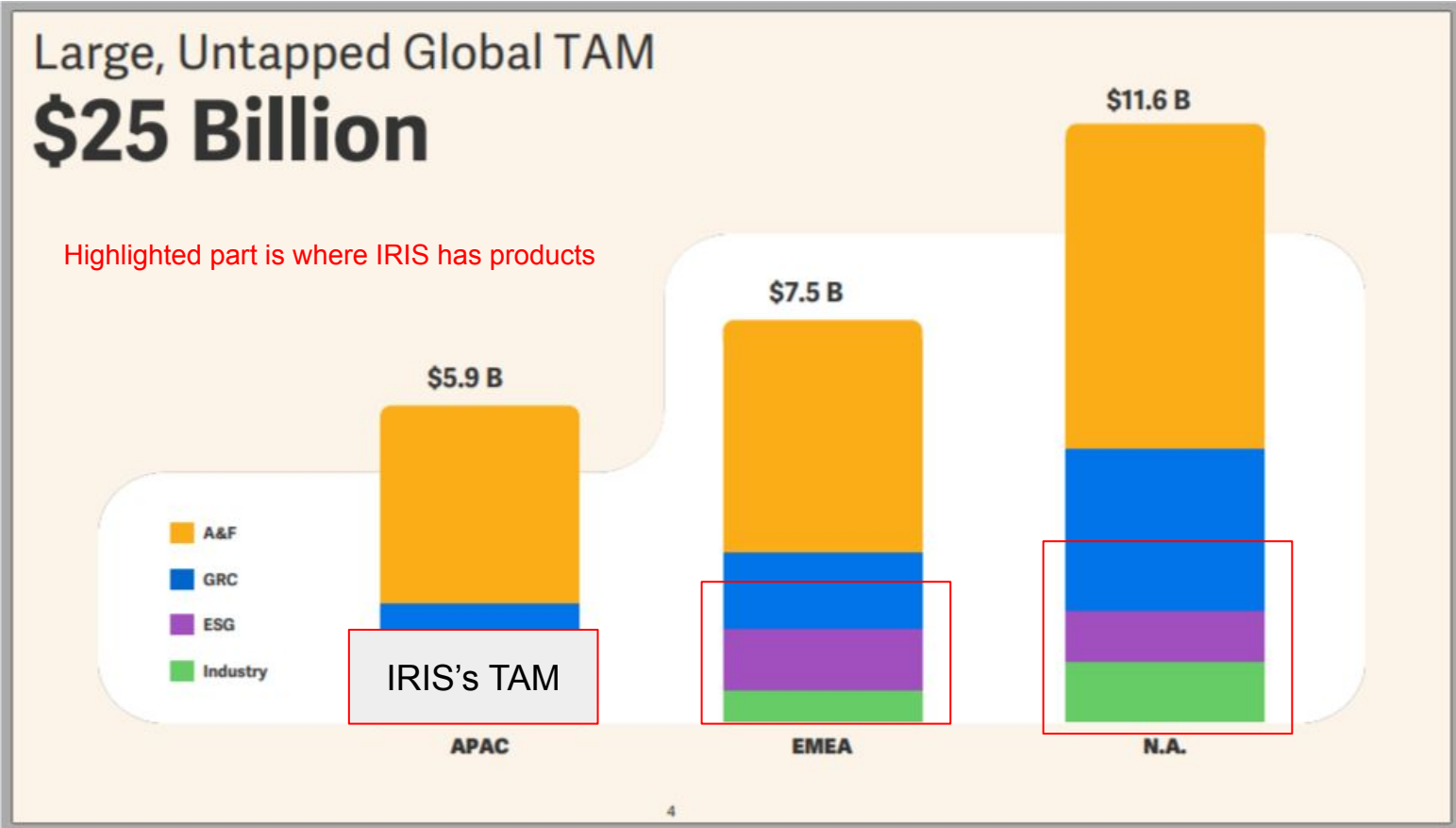


Filers / Others



Market TAM (Create)

(Source: Workiva Sep'23 Qtr PPT. A&F(accounting and finance), Governance risk and compliance (GRC))



Growth triggers

- **Management:** The ESG mandate (to be decided) covers more than 1,00,000 companies world wide. We are confident that many of the 6200 enterprise clients we presently serve would use IRIS Carbon to make their ESG submissions
 - US: SEC proposed law in 2022 but yet to pass. 3,600 might be impacted by 2025 and smaller companies by 2027
 - ESRS standards in EU from Jan-2024 (50,000 companies, constituting 75% of overall EU turnover)
 - UK already in effect for large companies (1,300 companies)
 - Number is a little exaggerated
- The other mandate that they expect to benefit from is the ACFR initiative of the US government. Some 1,10,000 local government bodies are required to file in XBRL once the mandate kicks in. Company has executed pilot projects in several states & expects to grab a reasonable market share
- On the Collect part of the business, company sees an acceleration in the deployment of digital disclosure platforms especially in Africa.
- Company is beginning serving data APIs to MSME lenders in India, we see this accelerating in the days ahead - *very competitive segment, where a lot of fintech startups already operate*
- Co-business head JD gives an ambitious target of 20x revenue in 5 years ([JD](#)). Seems ambitious

Risks

- Company is struggling to raise funds for marketing and branding due to promoters not able to invest capital via rights issue (company had obtained permission to increase paid-up share capital) and not willing to dilute equity at current valuation
- There is no exact clarity of when or if an ESG mandate will be applied by US regulators
- Couple of large competitors are there
 - In US, Workiva (USD 5B market cap) - has 98% ARR compared to 70-75% for IRIS
 - Workiva has a much bigger product offering and IRIS products are a small part of their portfolio which isn't heavily advertise
 - Also, Workiva is much more expensive than IRIS as per Gartner reviews
 - In EU, Regnology (PE acquired)
- Employee costs keep increasing
- Language challenges to win RFPs for collect in Africa
- Company impacted by global recession since countries and companies can't raise funds
- High PE. But company is growing fast, in last 1 year stock price doubled while PE decreased

ESG reporting triggers (Source: Workiva Sep'23 Qtr PPT)

ESG Regulations Gaining Traction Across the Globe



United States

- SEC Climate Disclosure Rule further clarity in October 2023
- Expected Climate Adoption: 2024-2025
- California, SB 253 and SB 261 signed into law



European Union

- CSRD extending ESG scope
- July 31st, EU approved EFRAG's reporting standards
- **Passed into law**
- Scheduled Adoption: 2025 (2024 filing year)
- European Parliament approved ESRS in October 2023



United Kingdom

- Multiple UK Government Regulators
- TCFD in annual report
- Passed in 2021
- Scheduled Adoption: 2022-2024



APAC

- NZ, Singapore, HK, and Japan have adopted limited disclosure requirements
- TCFD across all regions
- More expansive disclosure regulations expected through 2025

Workiva

- Market cap: USD 5.11 B (Rs. 42k Cr) with 6,000 customers
- Revenue (FY 24 TTM): ~600 mn USD (5,000 Cr)
- \$2,20,000 revenue per employee
- 98% gross dollar retention and 112% net dollar retention
- >100k annual contract value - 1,561 customers (26%)
- 17% FY '23 revenue growth

Operating Model

Percentage of Revenue	2019-A	2020-A	2021-A	2022-A	2023 YTD	2027-Target
Subscription revenue	83%	84%	86%	86%	88%	~92%
Professional services revenue	17%	16%	14%	14%	12%	~8%
Consolidated gross margin*	73%	75%	78%	77%	76%	~82%
Research & development*	28%	25%	24%	25%	25%	~19%
Sales & marketing*	37%	38%	37%	42%	42%	~32%
General & administrative*	11%	10%	12%	12%	11%	~9%
Operating Margin — Non GAAP	(3)%	2%	5%	(2)%	(1)%	~22%

Regnology

- German Company owned by Nordic Capital
- 2022 revenue - 1186 Cr
- Revenue per employee is \$203,000
- 7,000 clients globally and 115 projects in 2022

IRIS (Nov-23 update)

- Clients - 6,000+ (5,000 acquired one on one and 1,000 via bulk)
- Revenue per employee - \$23,000 (450 employees)
- High debtor days due to Govt. driven business - 78 (FY 24 H1)
- Recurring revenue declined to 64% from 79% in FY24 H1 (on track for 54 Cr in FY-24) because of Collect implementation which has a one-time implementation fee. **Should hover around 75%**
- Geographic - India (30%) and Rest (70%)
- Revenue segment
 - Collect - 44% from 34% (10% margin, increased from 2% previous H1)
 - Create - 52% from 61% (13% margin, decreased from 17% previous H1)
 - Consume - 4% from 5% (16% margin, increased from 14% previous H1)
- 55-60% revenue is from SaaS (rest is bespoke or service based)
- **Growth guidance - 20% every year**
- Jan-24: Carbon in North America
- Company looking to raise funds, might be via Rights issue
- Order book - Rs. 120 Cr split over 1.5-2 years (Dec-25), both recurring and non-recurring
 - 73 Cr revenue in FY-23

IRIS (May-23)

- Recurring revenue should hover around 75%
- 1,000 companies look for a new vendor every year
- Dev centre in Surat??
 - Apparently skilled labour is there and leadership.
 - People wanted to move home, so instead of WFH, they created an office