

November 21, 2025

To,

BSE Limited

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

National Stock Exchange of India Limited

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

Scrip Code: 540735

Symbol: IRIS

Dear Sir / Madam,

Sub: Disclosure of Material Event / Information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of earnings call with the Investors / Analysts.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we hereby submit the transcript of the earnings call held on **Friday November 14, 2025**, at **04:00 p.m.** and the same is available on the Company's website.

This is for your information and records please.

Yours faithfully,

For **IRIS Business Services Limited**

Santoshkumar Sharma

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

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“IRIS Business Services Limited Q2 FY-26 Earnings Conference Call”

November 14, 2025



MANAGEMENT: **MR. K. BALACHANDRAN – CO-FOUNDER AND CHIEF
EXECUTIVE OFFICER, IRIS BUSINESS SERVICES
LIMITED**
**MS. DEEPTA RANGARAJAN – CO-FOUNDER AND
WHOLE-TIME DIRECTOR, IRIS BUSINESS SERVICES
LIMITED**
**MR. PKX THOMAS – WHOLE-TIME DIRECTOR AND
CHIEF TECHNOLOGY OFFICER, IRIS BUSINESS
SERVICES LIMITED**
**MR. VINEET KANDOI – CHIEF FINANCIAL OFFICER,
IRIS BUSINESS SERVICES LIMITED**



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Moderator: Ladies and gentlemen, good day, and welcome to the IRIS Business Services Limited Q2 FY '26 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Asha Gupta. Thank you, and over to you, ma'am.

Asha Gupta: Thank you, Ishan. Good evening to all of you. Welcome to Q2 FY '26 Earnings Call of IRIS Business Services Limited. The Results and Presentation have already been mailed to you, and you can also view it on our website, www.irisbusiness.com. In case anyone does not have the copy of press release or presentation or you are not marked in the mail, please do write to us, and we will be happy to send you the same.

To take us through the results today and to answer your questions, we have the top Management of IRIS Business Services Limited represented by Mr. K. Balachandran – Co-Founder and CEO; Ms. Deepta Rangarajan – Co-Founder and Whole-Time Director; Mr. PKX Thomas – Whole-Time Director and CTO; and Mr. Vineet Kandoi – Chief Financial Officer.

We will start the call with a brief overview of the quarter and half year gone by, and then it will be followed by a Q&A session. Before we proceed with the call, I would like to remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance or achievements to differ significantly from what we have expressed or implied by such forward-looking statements.

Having said that, I will now hand over the call to Mr. K. Balachandran. Over to you, sir.

Balachandran Krishnan: Good afternoon. I hope all of you can hear me clearly. Welcome to the IRIS Earnings Call. We are grateful for the good turnout and the time you are spending with us. This time we have advanced the call to 4:00 p.m. instead of the usual 5:00 p.m. slot. If that is inconvenient, please let us know, we can revert back from next time onwards.

From IRIS, as Asha mentioned, we have Deepta, Thomas, Vineet and I, along with our senior management team. We have uploaded investor presentation on the exchanges and our website today, a couple of hours ago, and we hope that some of you had an opportunity to go through it. This time in the investor presentation, we have disclosed additional information related to the product line revenues, and annual recurring revenue trends.



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As you are aware, during our conference call in July, we had spoken about the impending divestment of our TaxTech business. I am happy to report that the transaction has been consummated, which we have also mentioned at our AGM, and you would have seen the exceptional income in our income statement in the Q2 results.

Now coming to the First Half Results:

The SupTech segment of IRIS has given a boost to our revenues while in the RegTech segment, we have made significant progress in expanding our offerings in the non-mandate areas, which is all about going deeper in the reporting supply chain of enterprises from a financial reporting point of view and now going forward even from the ESG reporting point of view, which is nonfinancial in nature.

Now let me dwell a bit on our RegTech segment:

We have articulated in the past that our intention is to invest and grow this business. Our focus is unequivocally on growing the ARR of this business line. Within the RegTech segment, we have IRIS CARBON and IRIS IDEAL, which is automated bank reporting solution as our main business lines.

I am happy to report that IRIS CARBON's ARR, annual recurring revenue has grown 14% in the first half compared to the ARR figure as of March 2025. We are happy to note that the bulk of this ARR growth has also come through our Disclosure Management offering, which is, as I mentioned earlier, it's all about going deeper into the enterprise.

On the IDEAL side, we experienced a revenue drop, though not ARR and it was mainly due to delays in purchase decisions by prospective banks. A good part of IDEAL revenue, which we have mentioned in the past is coming through license and implementation. And therefore, there's a bit of lumpiness associated with the revenue recognition in this particular business line.

However, we are increasingly offering IDEAL through subscription model. We are, cautiously optimistic that this postponed purchase decision would come back to the table and in fact it is already starting to happen from the second half of this year onwards. So, we are not really troubled except that there has been a bit of a blip when you look at the revenue accrued in IRIS IDEAL, but not necessarily in the ARR. ARR of IRIS IDEAL is going up as well.

Coming back to IRIS CARBON. This is a business where we are gearing up to scale substantially. We are ramping up sales, marketing and product development front as we prepare to move to the next level. Now we are confident of making solid progress over the next few years to capture share in this market, which is at an early stage of growth.



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One industry report, which we recently subscribed to is talking about a \$7 billion market over the next 5, 6 years, growing at about 16%-17%. This is an early stage, and we want to make sure that we make the best of this growth in this market. Now we will spend in a measured and well thought-out manner, which is what we mentioned in the past as well, while we increase investments in key areas such as sales and marketing, along with the product enhancement is also a very important area because things are changing fast and need to make sure that we are keeping up with what is required in the marketplace.

Coming back to our SupTech business:

We are happy to report that we have added 2 new logos, which we reported as well in the first half of the year which is the Qatar Central Bank and the Qatar Tax Authority. And the pipeline going forward is looking quite interesting as well.

Our foray into the direct tax return with Qatar Tax Authority should help us to expand our offerings in similar areas. And this is analogous to what we have seen in the deposit insurance management space, where we are currently delivering in South Africa, and we see this vertical is something which is again looking promising when we look at authorities in other countries as well. Of course, early days, but the idea is to build expertise in verticals within the SupTech space.

Now on the financial side:

Our balance sheet has strengthened considerably post the divestment of the TaxTech business. And investment and cash right now in the books is at around INR 170 crores. Net worth has moved to INR 189 crores from INR 76 crores as of March 2025, and the book value has shot up to INR 92 from INR 37.

So, this is a small summary of what we have done in the last 6 months. We will not go through the numbers line-by-line since they are already with you. The management team is here to answer your questions.

Thank you so much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha:

Hi, good afternoon. My first question is with regard to the margins that you kind of seen in H1 of this year. I mean it's a drastic drop. I understand it's because of investments. Do you see this kind of margin trajectory? I mean even if I look at 8% operating margins that you reported in



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Q2, do you see this kind of margin trajectory for H2 as well? Or do you see a strong recovery coming ahead because of some reasons?

Balachandran Krishnan: As far as margins are concerned, we don't really give any forward-looking statements. However, as you have seen in the past, the second half is usually better than the first half. Having said that, we will continue to make investments in our RegTech space and the benefits of these investments will flow through with a lag in terms of revenues. That's what I can say at this point in time.

Ankit Minocha: Okay. So, was there any rationale kind of behind such a sharp downtick in these margins and such a sharp ramp-up in investments? The point being that our profitability has dipped so significantly and there wasn't even any sort of warning to the markets that this could happen. So, I just wanted to check that, was this a course of action which was kind of planned in a certain way that such a sharp downtick would come in.

Balachandran Krishnan: No, we have mentioned in the past that our focus is to grow the SaaS business, and we will make investments to grow the SaaS business, which is in sales and marketing primarily. And that we have started doing because we have rolled out the Disclosure Management offering, and we need to make sure that we reach out to the market and there is an initial period before the momentum gets built. And that all is happening as we speak. And if you look at the sales and marketing expense, it would have gone up and that is mostly in the SaaS business.

Now we are trying to play a balancing act where we feel the SupTech business would compensate to some extent in terms of its growth and margins. In fact, the margins have slightly improved in the SupTech business. But having said that, we will need to make the investments for ARR growth. And we are very clear that ARR is what we need to focus on, and that would take the company forward. That's the trajectory we want to pursue.

We will try to play it in as balanced as fashion which is possible. But now with capital at our disposal, we have to make sure that we make the right moves to grow the ARR.

Ankit Minocha: And any indication till what time could you kind of remain in say the single-digit margin ARR's again? How long could this take in terms of the investment that you are looking at?

Balachandran Krishnan: It's a tough question to answer. I think we have to cross a threshold in terms of our SaaS business. And threshold, I would say, is maybe some time away. To give you some indication, if you look at the global SaaS business, what we have seen is typically people spend for \$1 of net new ARR, they spend maybe \$1.5 to \$2 on sales and marketing. We are much below that. But having said that, we have to increase our spends.



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And we are looking at growth, and we are looking at making sure that we come to a point when SaaS business reach some scale. And once the scale comes through the threshold levels, then overall, there's a lift in profitability.

Ankit Minocha: Okay. Sure. And you were talking about the SupTech business earlier. If I look at the SupTech business in terms of how is the pipeline ahead. So, how does kind of growth look at for the SupTech business for the, say, the next 1, 1.5 years versus your current pace? And are there any major contract rundowns, et cetera, that we should be aware of?

Balachandran Krishnan: Are the contracts getting run down? Is that what you are saying that we are utilizing the SupTech. But we are constantly looking at building the pipeline, the pipeline building process is on, and we remain optimistic for a decent growth in the SupTech business for sure.

Moderator: Thank you. The next question is from the line of Rahul Bhansali from Parami Capital. Please go ahead.

Rahul Bhansali: Hi, thank you for the opportunity. I just wanted to understand on the Disclosure Management, could you please give us an update on when we can see revenues coming through from there?

Balachandran Krishnan: We have mentioned that our ARR for first half has grown by about 14%, and we have given the numbers in our slides as well. If you look at the overall ARR for the company, IRIS CARBON has moved from INR 28.4 crores to around INR 32.4 crores, and this is net new ARR. The bulk of this has come from the IRIS Disclosure Management, which was rolled out in the marketplace. Early days, but it has given us net new ARR.

Rahul Bhansali: And the number of clients, I guess, is much lower because remember in the AGM, we mentioned that the pricing is an order of magnitude higher than the XBRL pricing that we have, right?

Balachandran Krishnan: The average ticket size is certainly much higher.

Rahul Bhansali: Understood. And could you speak about Board International, please?

Balachandran Krishnan: Board International, I would maybe request Anu to give some color on the Board International partnership. Anu heads our IRIS CARBON business line. Anuradha is here. So, over to you, Anu.

Anuradha RK: Very good evening, everybody. So, Board International is a very key player in the EPM space. They have solutions around consolidation, planning, budgeting. And they have customer base both in Europe, UK and also U.S.A. So, we are seeing this to be a beginning of a good partnership where we are also in the space of the office of the CFO offering solutions and Disclosure



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Management seems to be a very good aligned solution that they can offer to their existing customers.

Rahul Bhansali: Any data on what the contract terms are like and duration is the go-to-market together? Or is it that they take over the go-to-market? Will our products branding be separate?

Anuradha RK: So, overall, unfortunately, on the contract, we are not in a position to communicate anything. But overall, both the IRIS CARBON and the Board platforms are integrated. So, that should give a very powerful value proposition for customers. So, it's early days. We just signed the partnership, and we need to kind of work between both organizations to set out the modalities and the next steps around this.

Rahul Bhansali: Understood. Thanks. My last question is, it's very heartening to see the increase in sales and marketing and our aggression there. I mean, where are we in the time line in terms of investing there? Are we done with our investments? Or do we have more ahead?

Balachandran Krishnan: You mean the investment in sales and marketing?

Rahul Bhansali: Yes. I mean we have seen our employee expenditure increase sharply by around INR 7 crores. So, are we done with our investments? Or do we expect more going forward?

Balachandran Krishnan: We need to invest more. We are very clear that we need to invest more, because we are looking at a very significant ARR growth rate going forward. And for that, we need to keep on investing.

Rahul Bhansali: Thank you. Looking forward to the journey ahead. Thank you so much.

Moderator: The next question is from the line of Yash Naik from KamayaKya Wealth Management. Please go ahead.

Yash Naik: Thank you for the opportunity. So, as we already mentioned that we are sitting on the cash balance of over INR 170 crores, so could you outline your capital allocation strategy for this? Are you prioritizing any acquisition or new product development or any other specific initiative? And also like around INR 95 crores is under the noncurrent assets. So, could you explain the nature of that amount?

Vineet Kandoi: On the noncurrent asset parked in the FD for the time being, since investment in mutual funds, which was in the current asset. But I think noncurrent assets especially is where we have invested in fixed deposits with banks for more than 12 months.

Balachandran Krishnan: So, we use this cash to build our business organically. From an inorganic perspective, early days, but we are just speaking to a few people to understand other possibilities where we can look at



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opportunities in a very prudent manner. But these are very early days. Right now, the focus is to build the business organically. And we are in a position to do that, because we have comfort on the balance sheet.

Yash Naik: Okay. And sir, looking ahead, what do you see as our 3 key growth engines like with the primary thrust come from the CARBON or maybe ESG function or from the RegTech offering or the data analytics that we are currently in. So, could you share some light on that?

Balachandran Krishnan: CARBON is a priority area for us, and we are looking at growing the ARR in a robust manner there. The DataTech part is still pre-revenue, and we are rolling out an offering in the market, and we will be in a better position to talk about this maybe in the next conference call after the next 6 months. SupTech is a business which is growing at a good pace, and we continue to nurture that as we go forward.

And IDEAL as well is a business which is now expanding in markets outside India. And we are trying to deepen the offering by also looking at an end-to-end solution, which includes extraction as well as analytics on top of the basic XBRL-based regulatory reporting. So, these are the areas we will continue to invest and nurture.

Yash Naik: Employee costs have increased significantly in this quarter. And also, could you please share the headcount increase in the H1.

Balachandran Krishnan: Headcount increase will be about 8% roughly.

Yash Naik: Okay. And is it related to the new hiring or maybe senior level hiring or it's for the increase of the existing employees?

Balachandran Krishnan: There were a few hires at the senior level as well. Senior and I would say, middle level, we have hired, because there are requirements especially from IRIS CARBON point of view, so that we have done.

Yash Naik: Is it related to the marketing or for the product development?

Balachandran Krishnan: I would say it's a combination of both sales and marketing, delivery and product development.

Yash Naik: On the Peridot side, could you share the commercial roadmap and the scaling for that? So, are you planning to capitalize that or you are planning to go free of cost?

Balachandran Krishnan: Peridot at this point of time, we are trying to enhance the offering. We already enhanced it. And now we have an invoicing solution on top of Peridot. We have the MSME TV, which is a channel



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for offering content and tools for the MSME to build awareness expertise, etc. We have another layer for matching government schemes.

And the fourth layer, which we will be introducing in a pilot manner by end of this month or early December, would be a lending layer. So, in which MSMEs should be able to access a lot of potential lenders through our platform. We are not a lender, but we will be able to offer lenders lending products through the platform.

So, these are the 4 layers we are building and these are at a pilot stage. And once we run it and we understand the whole process and how the MSMEs are reacting to it, we look at a scale up. So, towards that, I think we will be able to give you more details maybe in the next time around

Yash Naik: Are you planning to capitalize that or giving for free.

Balachandran Krishnan: It's a little early at this point of time. Having said that, this is a business with a different set of characteristics. We would like to definitely run it in a compartmentless manner going forward.

Yash Naik: Okay. And sir, given that we are the data-rich company, so what concrete steps are you taking to monetize your data asset and build the scalable data-led revenue stream going ahead?

Balachandran Krishnan: See, we work with data. We are not working with proprietary data. We work with data. We build solutions using data and logic and set of features. So, that we will continue to do. Even in the MSME space, since we are a GSP and IRP even at this point of time, we will be looking at how we leverage that in offering solutions, both the MSMEs and the lending community. So, that angle will continue.

Yash Naik: And since the ESG Sustainability reporting remains a strong global thing, so with what new development of product enhancement are you pursuing on the ESG side? And has this started contributing meaningfully to our revenue or any color.

Balachandran Krishnan: On the ESG side, Deepta, you want to comment and give some color on that?

Deepta Rangarajan: On the data collection side, Sustainability reporting, also, of course, integrating with the core Disclosure Management platform plus integrating and aligning several global ESG frameworks.

So, we have rolled it out in conversation with various prospect customers to be able to get our own customers on the ESG side. So, advanced stages of conversations with both customers and partners. We have what we believe is a pretty strong MVP product on the ESG side. We are in the process of building the sales pipe.

Yash Naik: Sir, do we have any current revenue from that or it's currently in annuity...



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- Moderator:** Sorry to interrupt. Mr. Yash, may I request you to join the queue. Thank you. The next question is from the line of Lakshminarayanan from Tunga. Please go ahead.
- Lakshminarayanan G.:** Hi. A few questions. Just want to understand how many permanent employees are there on roles for us and how many are non-permanent?
- Balachandran Krishnan:** Permanent employees would be about 440, and about 60 could be non-permanent.
- Lakshminarayanan G.:** Okay. So, there has been a reduction from the March end, because of some reallocation of people to the other company, right?
- Balachandran Krishnan:** That's right. That's right.
- Lakshminarayanan G.:** Okay. Now what is the mix between SupTech and RegTech, in terms of, you said 440 employees, right? Want to understand what is the mix? How many of them are in SupTech business and how many of them are RegTech and how many of them are in TaxTech?
- Balachandran Krishnan:** Okay. So, TaxTech roughly about close to 100 people had moved out. In RegTech right now, we might be having close to 240 people. And SupTech would be about 150.
- Lakshminarayanan G.:** And TaxTech?
- Deepta Rangarajan:** TaxTech is a business that was divested, that had about 100.
- Lakshminarayanan G.:** I think, any small business we still have it or it's everybody has actually kind of moved out?
- Balachandran Krishnan:** Everyone from the TaxTech business has moved out.
- Lakshminarayanan G.:** Got it. Because it appears in the segment results. So, I was just pondering whether any employees still have been salaried in this quarter. I think that's the reason why I asked this question. And in terms of sales and marketing, what is the number of people we have and how many people we have increased in the last 6 months over the previous year 6 months.
- Balachandran Krishnan:** So, we will be able to come back on the increase part, I am not having it right away. But if I include the marketing team, which we have a good marketing team now based out of Hyderabad for CARBON. If I include that and if you include the overall numbers across different divisions, we will be having around 50 people in sales and marketing.
- Lakshminarayanan G.:** Okay. And there was a senior person based out of Delhi. Apparently, after he left, has that post been filled? Or how are you thinking about it and what happened to the Delhi office?



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- Deepta Rangarajan:** Not yet, sir. We are in the process of filling the post, and we are actually looking to get someone here in Mumbai.
- Balachandran Krishnan:** It will be Mumbai based. That's what I hear. And the process is on to replace with the right senior here.
- Lakshminarayanan G.:** And Delhi office is still on, right? How many we have in Delhi office?
- Balachandran Krishnan:** It has been downsized, but it's still there about 4 to 5 people.
- Lakshminarayanan G.:** Okay. And outside India, what is the number of people we have?
- Balachandran Krishnan:** Outside India is about 2 to 3 people. Even now at this point of time, the sales and marketing is primarily operated out of India.
- Lakshminarayanan G.:** Okay. Sir, when you say you are investing more, what does that actually mean in the business? Is it more to do with the tech team in India? Or are you attending some conferences? Or when you say you are investing more, can you just help me understand what does that mean?
- Balachandran Krishnan:** Okay. So, there are 2, 3 elements to it. One is, of course, we added people in sales and marketing, and of course, in product development as well, because we have built ESG modules and further enhancements.
- Coming to sales and marketing, people do travel quite a bit. They go for conferences and the impact with customers. So, that is something which has been happening quite intensely over the last few months, and that will also lead to increased costs, which you have seen in our numbers. Outside that, we are looking at placing a few people in the markets abroad as well. So, that work is in progress.
- Lakshminarayanan G.:** Got it. Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ankit from Adezi Ventures Family Office. Please go ahead.
- Ankit Minocha:** Hi. My question is with regard to the South Africa contract that you had in SupTech. So, how long is that contract still scheduled to go on? And when do you start seeing a dip in revenues coming in from that contract.
- Balachandran Krishnan:** The current contract should be completed in this financial year. Having said that, which is something I mentioned in the previous call as well, we are in discussion with the client in terms



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of going deeper into the additional requirements. And we hope that this will be something we will continue going forward.

Ankit Minocha: Okay. And secondly, I understand you are investing in employees and the business. But could you help us with what exactly happened in RegTech, because it seems like a business which was doing, say, INR 7.5 crores to INR 8 crores EBITDA last half of the year is currently in loss and even sales have degrown slightly. So, what exactly happened here? I can understand investments in employees, but I don't think that would be to the tune of this number.

Balachandran Krishnan: Yes, there are 2 parts to it. First, as I mentioned earlier, IDEAL revenues saw a dip of about INR 2 crores, which is highlighted in the slides which we uploaded. This resulted in a decline in top line and therefore RegTech revenue for the first 6 months has shown a drop.

While CARBON has shown a small increase, it is still fairly flat. In addition to that, we have spent on sales and marketing and product development in CARBON, which would be maybe as much as 50% more than what we have done in H1 FY '25.

So, the combination of this would have reduced the margins for the company on the whole and obviously for RegTech as well. SupTech remains profitable, but RegTech has incurred a loss in the first 6 months. I would, however, stress that this is temporary. We need to build the book and expand ARR. Once we cross the threshold scale, the operating leverage will start kicking in and margins will improve.

Ankit Minocha: Okay. And with regard to the cash that you have in hand, any discussions on inorganic acquisitions or any concrete movement on that? Or do you plan to kind of use that to invest into the business?

Balachandran Krishnan: Inorganic, we haven't initiated anything right now, very early days. Having said that, we are speaking to few people we know personally and trying to get their views as well, what kind of strategy we should formulate here. We are cautious, we are frugal and we want to make sure that we build the whole thing in a very sensible manner. But we haven't definitely ruled this out and early stage at this point of time. Because if you look at the whole thing, that cash came to the company only by end of August or middle of August. So, we are just starting the whole thing and looking at how this can be managed.

Ankit Minocha: Is there also a chance that some of this cash is used to invest into the business directly rather than inorganic acquisitions?

Deepta Rangarajan: Absolutely. As Balu mentioned earlier, we are definitely going to continue investing in organic growth, and we believe there is enough headroom for that. So, I think we mentioned this earlier. Having said that, I think someone else had also asked a question around possible inorganic



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opportunities. it is still a early days to comment on that, but we will definitely be using the funds to invest in the businesses to drive organic growth.

Ankit Minocha: Okay. Thank you, and all the best.

Deepta Rangarajan: Thank you.

Moderator: Thank you. The next question is from the line of Sidharth Shah, an individual investor. Please go ahead.

Sidharth Shah: Hi. Thanks for taking my question. One was, I think overall, our ARR revenues seem to be slightly more than 50% of our total revenues now. Is that geographical split very different from kind of the split you have given in the presentation where about 50% is Africa?

Balachandran Krishnan: Yes, you are right. Africa would be more one-time in nature at this point. The ARR revenues would be more from Europe and U.S. and some extent from Middle East as well.

Sidharth Shah: Okay. So, as expected, predominantly the U.S. and Europe?

Deepta Rangarajan: Correct.

Balachandran Krishnan: Especially from the RegTech point of view.

Sidharth Shah: Yes. And secondly on the question of cash, you had done a preferential issue earlier and then you sold the business and now you have a large amount of cash. If no inorganic opportunities arise, would you consider like doing a share buyback at some point?

Balachandran Krishnan: I suppose. It's too soon to say. I think right now, this is definitely not on our minds, because we feel if you want to grow at, say, 35% ARR in the RegTech space, you need to make sure that we have enough ammunition kept dry with us.

Deepta Rangarajan: I will just add to what Balu said, if you take a look at the SupTech space, if you take a look at CARBON, which is enterprise SaaS, and if you take a look at IDEAL, which is BFSI and we map the competitive landscape. Most of our competitors are international, and they have a lot of gun powder. So, we believe that there is headroom to grow, and that we would like to use this to grow the business line. And while we will not rule out anything, of course, at any point in time, it's very soon.

Balachandran Krishnan: It is too soon to think about this. What I can say clearly is that we will invest in the existing business lines and grow it to a level where it start generating good profits and healthy margins, especially the RegTech. Then I think this question will be more germane.



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- Sidharth Shah:** Understood. That is very helpful. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nimish Goel, an individual investor. Please go ahead.
- Nimish Goel:** I have one query, like you have said that this is your first supervisory data collection platform project from the State of Qatar. Are there further similar kind of projects which are lined up for like in discussion stage?
- Balachandran Krishnan:** From a tax filing point of view, of course, this is a first project, and we are hoping to get the initial set of filings completed this financial year itself, post which we will be approaching other prospects. Of course, we are initially discussing some of the stuff we are doing in Qatar. But right now, we are keen to make sure that the platform is functional, and this is something we can start showcasing. But this is an important opening for us, and we hope to build on that.
- Nimish Goel:** Okay. Like you told that there are 2 contracts you have won in this quarter. So, how many long-term contracts you are currently having? And like how many further are in pipeline discussion?
- Balachandran Krishnan:** In our annual report we mentioned this in the founder's letter that this year we are looking at 4 new logos to come in or 4 new contracts to come, out of which 2 have come in.
- Nimish Goel:** Okay. And like recurring revenues currently, I see that there is slight growth in recurring revenue. So, can we expect similar kind of growth or it can be more from next financial year?
- Balachandran Krishnan:** For CARBON, our internal target is to grow ARR at 35% for this financial year. So far, we have achieved 14% and we are hoping to reach 35%. I am just sticking my neck out and saying that this, but these are internal targets for CARBON for the year. And for others, we don't want to give a number right now. But you have seen for 6 months how SupTech ARR has grown.
- That said, we should not look at that business in a similar way in such as a SaaS business which CARBON is. Even the IDEAL business, we have mentioned that there is a combination of license and implementation sale. At times, on subscription basis. It's all contingent upon how the banks want to structure the purchase process. So, those 2 businesses are different, while CARBON is a proper SaaS business where we are looking at a very good ARR growth rate.
- Nimish Goel:** Next thing is like currently, we see a lot of uncertainty from some policies like on CARBON and ESG. So, can you give a color like how things you are looking to pan out in near-term future like next 5 years, both things for either it's CARBON business and other ESG initiatives of IRIS.
- Deepta Rangarajan:** You are talking about policy uncertainties globally, right? And therefore, the impact on the businesses?



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Nimish Goel: Yes.

Deepta Rangarajan: There has been an impact which already has happened. So, for example, some of what we were expecting to have rolled out in the ESG space in Europe, I think we have spoken about this in the past. They slowed it down. They had this thing called Omnibus. So, a lot of ESG mandates started kind of slowing down. There was a bit of a cascade effect. There was also supposed to be an ESG mandate rollout in the U.S. that has also slowed down.

From an overall mandate perspective, there could be a bit of a slowdown that we see as a consequence of this. I don't know that we can say what will happen in 5 years, but this is certainly true for the near term. I think having said that, some of the solutions or modules that we are offering even in ESG and also in Disclosure Management are not necessarily very tightly coupled only in the context of a mandate. So, we are already beginning to kind of decouple from some of the mandates. There are, of course, modules that support mandates as and when they come. So, we have seen headwinds. And I think we have talked about it as well, especially in the near term.

Balachandran Krishnan: But our focus has been to also make sure that we build value for the customers outside of meeting the mandate requirements, and that is starting to bear fruit.

Nimish Goel: Expenses have been climbing quarter-on-quarter like from last year. And sales are not improving in tandem. So, is this like you are doing some employee hiring and expenses and R&D. Are these one-time expenses? Can you give a color like what is happening and when we can see stabilizing margins.

Balachandran Krishnan: No, these are not one-time expenses. What happens is you, of course, you spend so that you get customers, you build the ARR. But the ARR actually then starts getting reflected in the coming months in your revenue, while your expenses gets immediately captured in the expense statement. So, if you look at the first 6 months, we might have grown our employee expenses by 26%.

The ARR growth in CARBON has been 14%, but 14% is not getting reflected because there's a time difference and it will come as and when the accrual starts that will be spread over the next 12 months. So, there is a timing difference part. But one thing I mentioned in the early part of the conference call as well, the industry standard in the SaaS business, that people spend say upwards of \$1.5 in sales and marketing for \$1 of ARR

Of course, we want to be much more cautious, but we would still spend so that we build our ARR growth, which usually gets reflected in the next year or even sooner than that. But typically, suppose you have say a 30% growth, that 30% is fully captured in the next year. That's the way the whole math works, **Nimish Goel:** Okay. That's great. And can you tell like what will be



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the operating margins normalized when all these things have stabilized? What we should be expecting from the company?

Balachandran Krishnan: Maybe on this particular point, I would come back, because we need to cross the threshold. And once we cross the threshold, I think we will get better visibility on operating margins. Right now, I don't want to talk about. You can look at some of the companies in the global marketplace.

Nimish Goel: So, it is just for understanding like what should we be expecting in the future when everything has come into place, like you said that front-loading of expenses is happening right now and it will catch up with the business. So, if a calculation or something like what is the range we should be expecting in the future, maybe 6 months or 1 year after like what should be the range we should expect the business should be.

Balachandran Krishnan: I don't want to give any explicit answer on this. You would have seen our Suptech business runs about 30% operating margin. For the SaaS business, we need to come to a higher scale before we start talking about this.

Moderator: The next question is from the line of from Raghav from Kamayakya Wealth Management. Please go ahead.

Raghav: Hi, thanks for the opportunity. Sir, about 56% - 58% of your revenue is recurring in nature. So, how do you see this proportion trending over the next, let's say, 2 to 3 years? And are there any specific segments where you expect the recurring shares to structurally increase? And in addition to that, if you can give some top line guidance, like how are we going to see that trajectory for the overall business?

Deepta Rangarajan: You are asking about the percentage of recurring business and how we are expecting to see a trend over the next 2 or 3 years in the context of the overall revenue? Was that your question, Raghav?

Raghav: I am asking about the recurring revenue first in the coming next 2 to 3 years, like how do we see this proportion trending? And then I asked about the total revenue growth that we are projecting or we are targeting.

Balachandran Krishnan: Recurring revenue should trend up because the RegTech business share would start going up, and that is mostly recurring revenue. The SupTech business does have a lumpy element in terms of one-time sales. So, we will keep on growing that business. So, the pace of growth at that business could be less compared to the pace of growth in the ARR-driven business. So, the assumption is that slowly, but surely the recurring revenue percentage in the overall pie should go up. That's the first point.



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We don't give guidance for the top line. So, that is for sure. I will give some idea of what kind of ARR growth we are looking for this financial year from the CARBON business. So, that's what I can say at this point of time.

Raghav: Understood, sir. And sir, building upon the last candidate's question, do we see any revenue booking from the ESG and Sustainability reporting.

Deepta Rangarajan: We are working towards it Raghav. So, obviously, there is a pipeline and several interesting promising conversations underway. We certainly hope that by the time we come to the next call, we will be able to share with you that we have acquired our first batch of customers on the Sustainability reporting module side as well.

Balachandran Krishnan: There's a clear synergy between the Disclosure management for financial reporting and ESG reporting, because if you are a large enterprise, you can use the same module in a very meaningful manner. And you tend to get very solid productivity improvements, efficiency improvements, accuracy, etc. So, this story is compelling, and we hope to get this story communicated to our software customers going forward. It's already happening. Now we need to see the results come out.

Raghav: Understood, sir. And sir, as you venture into new geographies, what is your growth strategy for acquiring new clients? Specifically, like how are you approaching go-to-market in these new geographies.

Deepta Rangarajan: Did you say new geographies?

Raghav: Geography, new geography.

Balachandran Krishnan: No. In the SupTech space, of course, we do look at either new logos or new geography, that's an ongoing process. And that happens because we interact with regulators across the world in multiple forums, and we offer workshops, we offer pilots, etc. That's an ongoing process, and we hope to do this more in Asia and Africa, where we have a very good presence and list of testimonials. Not that we are not looking at other markets, but these are good markets for us.

As far as CARBON is concerned, of course, we have presence in countries through our SupTech offerings in Asia and Africa. So, going forward, we would also offer CARBON through partnerships in those markets as well. But right now, our focus is to build the book in Europe and U.S. where the value proposition is quite compelling.

Raghav: Okay, sir. And is there a good market for CARBON in India?



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- Deepta Rangarajan:** We are beginning to explore the opportunity. In theory, yes, Raghav, there should be a good market because India also has a lot of large companies, a lot of large groups that would be able to benefit from solutions, both in the Disclosure Management side and Sustainability side. So, we have early conversations with some of these larger groups in India as well.
- Raghav:** Okay. Thank you so much. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Yash Naik from KamayaKya Wealth Management. Please go ahead.
- Yash Naik:** You have written like a number of products IP over the years. So, could you walk us through your accounting and amortization policy for that IP.
- Vineet Kandoi:** We amortize the IPs over a period of five years from the date they are put to use. That is the current policy.
- Yash Naik:** Okay. Thank you. All the questions have been covered. And just one suggestion, there is very much disturbance from your Management, so could you please next time do the adjustment from that side?
- Deepta Rangarajan:** I am so sorry. Did you say that there's a disturbance from our side, that you are not able to hear us clearly.
- Yash Naik:** We are unable to hear you madam properly.
- Deepta Rangarajan:** Sincere apologies. We will definitely get it corrected.
- Yash Naik:** Okay. Thank you.
- Deepta Rangarajan:** Thank you for the feedback.
- Moderator:** Thank you. As there no further questions, we have reached the end of the question-and-answer session. I would now like to hand the conference over to Management for closing remarks.
- Balachandran Krishnan:** Thank you very much once again for joining this conference call in such good numbers, listening to us, and posing your questions, which are very important for us as well to understand your thoughts and your perception of the company.
- What we can say with confidence is that we believe we are on a strong footing, and now we are creating conditions for sustained growth over the next coming years for IRIS, which can lead to



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next scale of business and higher value creation. And we expect to meet you again after 6 months. Thank you so much.

Moderator:

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

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)