August 11, 2026

IRIS RegTech Solutions Limited: Long-term rating reaffirmed and short-term rating upgraded to [ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based – Cash credit	11.08	8.18	[ICRA]BBB (Stable); reaffirmed	RBI
Short-term – Non-fund based – Bank guarantee	5.50	7.40	[ICRA]A2; upgraded from [ICRA]A3+	RBI
Short-term – Non-fund based – Forward contract	1.50	2.50	[ICRA]A2; upgraded from [ICRA]A3+	RBI
Total	**18.08**	**18.08**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The short-term rating upgrade for IRIS RegTech Solutions Limited (IRSL) factors in the considerable strengthening in the company's liquidity position in FY2026 and ICRA's expectation of its sustenance going forward. IRSL completed the TaxTech business segment divestment on March 31, 2026, leading to a gain of Rs. 135.99 crore. While the divestment was done in Q1 FY2026, the company has maintained its strong liquidity position, as reflected by cash and investments totalling ~Rs. 152 crore as on March 31, 2026, despite ongoing investments towards business expansion. With this, IRSL's capital structure also improved further following the expansion in its net worth due to the sizeable gain from the above transaction, with a gearing of 0.01 times as on March 31, 2026. While operating profitability moderated in FY2026 due to increased investments towards product development and global business expansion initiatives, it continues to benefit from steady cash accrual generation and limited reliance on external borrowing. The company's sustained net cash position provides it with adequate headroom to pursue growth initiatives and absorb business volatility without materially weakening its credit metrics.

Additionally, the ratings continue to factor in the company's established operational record and extensive experience of its promoters in the IT regulatory technology (RegTech) industry as well as its established relationships with reputed clients across geographies. Since FY2021, IRSL's revenues have increased at a compounded annual growth rate (CAGR) of 17.6% for past five fiscals ending FY2026. The company reported a year-on-year growth of 17% (from continuing operations), supported by steady order book execution, new order wins and rising global penetration. Going forward, the growth momentum is expected to be supported by new order wins in the supervisory technology (SupTech) and regulatory technology (RegTech) segments.

The ratings, however, remain constrained by IRSL's modest scale of operations, despite healthy revenue growth in recent years. The operating margin also continues to be vulnerable to competitive pressure in the industry and wage cost inflation. The company's nature of operations is working capital-intensive due to an elongated receivable cycle, given that a good share of the revenue is derived from public sector clients. Further, its profitability remains susceptible to adverse fluctuations in foreign exchange (forex) rate on account of a considerable revenue contribution from export markets. Nonetheless, this risk is mitigated to an extent, given the presence of a selective hedging policy.

The Stable outlook on the long-term rating of IRSL reflects ICRA's opinion that the company will report steady growth in revenue and earnings, while maintaining a comfortable capital and liquidity position, supporting its credit profile.

Key rating drivers and their description

Credit strengths

IRSL's established operational record and extensive experience of promoters in the IT RegTech industry – IRSL has an established presence in the RegTech and SupTech segments, with a demonstrated track record of operations spanning over two decades. The company provides a wide range of software-as-a-service (SaaS) based solutions built on XBRL and related reporting technologies to regulators, central banks, financial institutions, stock exchanges and enterprises across multiple jurisdictions. Its offerings support regulatory reporting, disclosure management, compliance monitoring, risk management, environmental, social, and governance (ESG) reporting and data-driven decision-making, positioning the company in niche and high entry barrier segments of the technology industry. The business profile is further strengthened by the extensive experience of its promoters and senior management team, who possess deep domain expertise in financial reporting, regulatory compliance, data standardisation and digital reporting solutions. Their long-standing presence in the RegTech ecosystem has enabled IRSL to develop specialised products and establish relationships with regulatory bodies across geographies. The company's established operational track record, specialised domain expertise and proven execution capabilities continue to underpin its competitive position in the RegTech and SupTech industries.

Well-established relationships with reputed customers across geographies – IRSL has developed long-standing relationships with a diversified customer base comprising regulators, central banks, government agencies, financial institutions, large corporates, consulting firms and several Fortune 500 companies. The company's clientele includes reputed institutions across developed as well as emerging markets, reflecting its strong execution capabilities and the critical nature of its solutions within customers' compliance and reporting frameworks. Given the nature of work comprising regulatory reporting platforms and high switching costs associated with such systems, it benefits from healthy repeat business and revenue visibility from a significant portion of its customer base. The business profile also derives strength from its geographical diversification, with operations spanning Africa (39%), Europe (17%), West Asia (10%), Asia-Pacific (9%), North America (7%) and India (19%) in FY2026. The company has successfully expanded its global footprint over the years through execution of mandates for various regulators and supervisory authorities, while simultaneously increasing the adoption of its RegTech products among enterprise customers. Its growing presence across international markets reduces its dependence on any single geography and provides access to multiple growth opportunities arising from rising regulatory digitisation and compliance requirements. Additionally, the company continues to benefit from new customer additions, growing adoption of its disclosure management and ESG reporting solutions and increasing penetration across overseas markets, supporting its revenue growth and business stability.

Comfortable capital structure and coverage indicators – IRSL's financial profile is characterised by a conservative capital structure, strong liquidity position, healthy cash accrual generation and robust debt protection metrics. The company's liquidity position strengthened significantly following the divestment of its TaxTech business, which led to substantial cash inflows. Consequently, IRSL reported sizeable cash and liquid investments, while maintaining a net cash position and very low reliance on external borrowings. As on March 31, 2026, the company's gearing remained comfortable at 0.01 times, with debt levels limited primarily to working capital borrowings and lease liabilities. Going ahead, with limited reliance on external debt, and low utilisation of working capital limits, the overall financial risk profile is expected to continue to be healthy.

Credit challenges

Modest scale of operations – While IRSL has demonstrated a strong growth momentum in recent years, with operating income increasing to Rs. 128 crore in FY2026 to Rs. 109 crore in FY2025 (from continuing operations), its scale of operations remains modest relative to larger domestic and global technology peers operating in the RegTech and SupTech space. The company's revenue base, though steadily expanding, continues to limit the benefits associated with larger operating scale and market reach. Nevertheless, the growth outlook remains supported by a healthy order book, continued execution of key regulatory mandates, increasing adoption of its RegTech offerings, addition of new customers across geographies and recent order wins from regulatory authorities. Moreover, the company's ongoing investments in product development, AI-enabled solutions, disclosure management platforms and ESG reporting offerings are expected to support business expansion. However, successful scale-up of operations while maintaining profitability remains a key monitorable from a credit perspective.

Working capital-intensive nature of operations – The company's operations remain moderately working capital-intensive owing to the nature of its customer profile, with a significant portion of revenues derived from regulators, government agencies and public-sector institutions, which typically have longer payment cycles compared to private sector customers. Historically, IRSL's receivable cycle was impacted by elongated collections from certain large regulatory projects, including mandates executed for central banks and government authorities. However, the receivable profile has shown improvement in recent periods, supported by continued collection efforts and regular engagement with customers. Nevertheless, considering the continued exposure to government and regulatory clients, any material stretch in collections or delays in project-related payments could increase working capital requirements, which shall remain a key monitorable.

Vulnerability of margins to competitive pressure and forex fluctuations – Given the company's modest scale, its profit margins remain vulnerable to competitive pressure in the industry with larger players offering similar services, mainly in the global markets. Despite a moderation in operating profitability in FY2026 owing to increased investments towards product development and global business expansion, it continued to generate healthy operating cash flows and internal accruals. While these investments are expected to support long-term growth, they may exert pressure on operating margins over the near-to-medium term, and the same shall remain monitorable. Further, due to substantial revenue contribution from exports, IRSL continues to be vulnerable to forex fluctuations. However, it uses forex-forward contracts to hedge a part of its exposure, which provides some cushion against the forex risk. Going forward, investing in emerging technology/ solutions in the RegTech/SupTech space and marketing will remain key for expansion of the top line. Consequently, the ability to improve scale while maintaining healthy profitability amid competitive pressures and forex volatility continues to be an important monitorable.

Environmental and social risks

Environmental considerations – Given its service-oriented business, IRSL's direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

Social considerations – Like other Indian IT software solutions/service companies, IRSL faces the risk of data breaches and cyberattacks that could affect the large volumes of customer data that it manages. Any material lapse on this front could result in substantive liabilities, fines or penalties and reputational impact. Managing various facets of human capital, including skills, compensation, attrition rate and training, are also important differentiating factor among these companies. IRSL's track record on this count has been in line with its mid-sized peers in the industry, which mitigates the human capital-induced social risks.

Liquidity position: Strong

IRSL's liquidity position is Strong, supported by its steady internal accrual generation, unencumbered cash and investments of around Rs. 152 crore and buffer of ~Rs. 4.0 crore in working capital limits as on March 31, 2026. While the company is expected to deploy a part of this available surplus towards product development and marketing, its liquidity profile is likely to remain comfortable over the near term on the back of steady internal accrual generation and the absence of debt repayment liabilities as well as major capital expenditure (capex) plans.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates strong growth in revenue and earnings driven by higher adoption of its RegTech and SupTech solutions across domestic and international markets, while maintaining a comfortable capital structure and liquidity position.

Negative factors – The ratings could be downgraded if the company exhibits sustained deterioration in its profitability owing to higher investments in product development and market expansion, without commensurate revenue growth, weakening its earnings profile and cash flow generation.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology IT - Software & Services
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated

About the company

IRSL, established in 2004, provides compliance, data and analytics-related SaaS solutions to regulators and enterprises globally, to help them comply with regulatory requirements, reduce risks, and improve operational efficiency. The company originally operated as a knowledge process outsourcing (KPO) entity before shifting its business to providing SaaS-based IT solutions in the RegTech/SupTech space. Headquartered in Navi Mumbai (Maharashtra), IRSL's operations are spread across India as well as overseas markets such as the UK, Europe, US, West Asia and Africa. The company was listed on the National Stock Exchange in 2021.

Key financial indicators (audited)

IRSL (consolidated)	FY2025	FY2026
Operating income (OI)	109.7	128.5
PAT	13.3	126.5
OPBDIT/OI	17.3%	8.4%
PAT/OI	12.1%	98.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.3
Total debt/OPBDIT (times)	0.2	0.2
Interest coverage (times)	24.3	19.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Aug 11, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	8.18	[ICRA]BBB (Stable)	Jul 01, 2025	[ICRA]BBB (Stable)	Jul 26, 2024	[ICRA]BBB- (Positive)	Jan 12, 2024	[ICRA]BB+ (Positive)
Non-fund based – Bank guarantee	Short term	7.40	[ICRA]A2	Jul 01, 2025	[ICRA]A3+	Jul 26, 2024	[ICRA]A3	Jan 12, 2024	[ICRA]A4+
Non-fund based – Forward contract	Short term	2.50	[ICRA]A2	Jul 01, 2025	[ICRA]A3+	Jul 26, 2024	[ICRA]A3	Jan 12, 2024	[ICRA]A4+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Short-term – Non-fund based – Bank guarantee	Simple
Short-term – Non-fund based – Forward contract	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Fund-based – Cash credit**	NA	NA	NA	8.18	[ICRA]BBB (Stable)	**RBI**
NA	**Non-fund based – Bank guarantee**	NA	NA	NA	7.40	[ICRA]A2	**RBI**

NA	**Non-fund based – Forward contract**	NA	NA	NA	2.50	[ICRA]A2	**RBI**

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	IRSL's ownership	Consolidation approach
IRIS RegTech Soultions Limited	100.00%	Full consolidation
IRIS Business Services (Asia) Pte. Ltd	98.36%	Full consolidation
Atanou S.R.L.	100.00%	Full consolidation
IRIS Regtech Sdn. Bhd.	100.00%	Full consolidation
IRIS Business Services, LLC	100.00%	Full consolidation
IRIS Data Solutions Private Limited	100.00%	Full consolidation

Source: IRSL Financial Results FY2026

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