



IRIS BUSINESS SERVICES LIMITED

IRIS BUSINESS SERVICES LIMITED
17TH ANNUAL REPORT
2016-2017



IRIS BUSINESS SERVICES LIMITED
BOARD'S REPORT

To
The Members,

Your Board of Directors ('Board') is pleased to present the Seventeenth Annual Report of your Company, IRIS Business Services Limited, for the financial year ended March 31, 2017. In line with the requirements of the Companies Act, 2013 and the rules framed thereunder, this report covers the financial results and other developments during 1st April 2016 to 31st March 2017 in respect of IRIS Business Services Limited ('IRIS').

1. SUMMARY OF OPERATIONS/RESULTS

| Particulars | Standalone for the year ended 31 st March | |
|--|---|---------------|
| | 2017 | 2016 |
| | (Amt in Rs.) | (Amt in Rs.) |
| Turnover | 27,17,11,979 | 32,10,38,969 |
| Other Income | 1,67,47,17 | 66,15,005 |
| Total Expenditure | 38,47,03,272 | 40,93,53,298 |
| Operating Profit | (11,13,16,576) | (8,16,99,324) |
| Exceptional Items | 43,76,928 | (2,18,93,846) |
| Net Profit before tax | (11,56,93,504) | (5,98,05,478) |
| Provision for tax | - | - |
| Deferred Tax Liability | (1,56,42,720) | (23,30,871) |
| Tax expense/(income) for earlier years | - | - |
| Profit for the year | (10,00,50,784) | (5,74,74,607) |

2. PERFORMANCE OF THE COMPANY

In the reporting year, although the turnover and the operating profit of your company have declined as compared to the previous year, the rate of decline has been arrested. In the reporting year, the company has also made substantial progress in its transition from an outsourced service oriented business model to a product driven business based on in-house IP.

3. STATE OF COMPANY AFFAIRS

Your company continues to execute its strategy to offer a suite of IP driven software products and solutions built around structured data. Your company continues to enjoy a leading position globally in reporting solutions built on the XBRL information standard.

The market for your company's structured data based offerings is clearly witnessing significant interest across segments such as regulators and enterprises. Countries across the world are in the process of adopting XBRL as the reporting standard for external reporting. Regulators across capital markets, banking, business registries and taxation are at the forefront of XBRL adoption. Adoption paves the way for your company to enter the emerging markets through filing solutions and associated offerings to a range of filing



IRIS BUSINESS SERVICES LIMITED

entities. Your company's regulatory filing platform, iFile already has regulator clients across South Africa, Macedonia, UAE, Qatar, Thailand, Saudi Arabia, Singapore, Mauritius, Kuwait and India. Malaysia and Jordan are recent additions to the list. Multiple types of regulators and geographies have given your company an unparalleled depth of knowledge in the XBRL domain, which is leveraged in driving the software product strategy as well. Your company is also represented at various XBRL international forums through representations at the board level, steering committees and working groups that set the specification and direction of the structured data standard.

Your company's XBRL filing report creation business that cater to the USA, UK, Italy and Indian markets has largely moved to our collaborative cloud (SaaS) based XBRL reporting solution named 'Carbon'. This enables your company to move up the value chain and build global scale while mitigating customer concentration risks. Your company is also in the process of building comprehensive corporate fundamental datasets for a range of potential customers, leveraging its global XBRL data consumption platform. Your company is also happy to state that we have leveraged our well recognised strengths in compliance reporting platforms to enter the nascent GST compliance market in India. This newly emerged market has significant potential and offers interesting adjacent opportunities too. Your company has been empanelled as a GST Suvidha Provider (GSP) and offers an integrated SaaS based GSP and ASP solution for enterprises. Within a few months from the launch, Your company has notched up a marquee list of customers in the GST compliance space as well.

4. TRANSFER TO RESERVE

The Company does not propose to transfer any amount to any reserves.

5. DIVIDEND AND TRANSFER TO IEPF

The Board of Directors does not recommend any dividend on equity shares.

The Company was not required to transfer any unpaid/unclaimed amount of dividend to IEPF during the financial year ended March 31, 2017.

6. CHANGE IN THE NATURE OF BUSINESS

There are no changes in the nature of business during the financial ended March 31, 2017.

7. MATERIAL CHANGES AND COMMITMENT, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There were no material changes and commitment affecting financial position of the Company between end of the financial year to which this financial statements relate and the date of the report.

8. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year there are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.



IRIS BUSINESS SERVICES LIMITED

9. RISK AND CONCERN

In a fast changing enterprise market for financial reporting, your company would need to build adequate marketing spend and product differentiation to establish presence and build market share for its cloud based reporting solutions. In the regulator market, smaller regulators have in the past, adopted simpler non XBRL filing platforms and though XBRL adoption gathering pace across the reporting world, competition is likely to intensify in the broad area of electronic filing platforms. In addition, many regulators initially prefer to offer free tools to enterprises to create the regulatory filings which hamper market growth. Migration from free tools to paid platforms is a journey that takes time as well in select markets. The GST compliance business is also likely to witness intense competition from large accounting firms (who are also offering technology solutions) at the higher end to technology start-ups and smaller companies at the lower segments. Your company, however, is confident of the robustness of its product and its strategy that includes a marquee partner network with the ability to build white labelled solutions.

10. RISK MANAGEMENT

Your company is aware of the risks associated with the business. The company is in the process of institutionalizing a mechanism for identifying, minimizing and mitigating risks which will be periodically reviewed.

Some of the risks identified and which will have the attention of the management are:

1. Securing critical resources including capital and human resources;
2. Ensuring cost competitiveness;
3. Building product differentiation and the appropriate value proposition
4. Maintaining and enhancing customer service standards.
5. Need to step up marketing and branding activities

11. DEPOSITS

The Company had not accepted any deposits during the financial year ended March 31, 2017 nor there were any unpaid/unclaimed deposits at the financial year ended on March 31, 2017. Further as the Company has never accepted deposits there have been no defaults in repayments thereof nor any non compliance thereto.

12. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has the following subsidiaries:

1. IRIS BUSINESS SERVICES (ASIA) PTE. LTD.
2. IRIS BUSINESS SERVICES, LLC
3. ATANOU SRL

The Company has not entered into any Joint Venture and doesn't have any Associate Company.

The Audited Consolidated Financial Statements pursuant to Section 129(3) of Companies Act, 2013 of all the above subsidiaries forms part of Annual Report



IRIS BUSINESS SERVICES LIMITED

13. PERFORMANCE AND FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES AND THEIR CONTRIBUTION TO OVERALL PERFORMANCE OF THE COMPANY

The consolidated financial statements of the Company, forms a part of this Annual Report. A Statement containing salient features of the financial statement of subsidiaries pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 are enclosed as "*Annexure A*" to this report.

14. SHARE CAPITAL

Following changes were made in the share capital of the company between end of the financial year to which this financial statements relate and the date of the report:

The Authorized Share Capital of the Company has been increased from Rs. 8,00,00,000 divided into 80,00,000 equity shares of Rs. 10/- to Rs. 25,00,00,000/- divided into 2,50,00,000 equity shares of Rs. 10/- in the Extra Ordinary General Meeting held on 13th September 2017.

Further, The Company has issued and allotted 6937581 Bonus Shares of Rs. 10/- each in the ratio of 1:1 i.e. one bonus share for every one share held to equity Shareholders of the Company.

- i. **Issue of Equity Shares with Differential Rights:** The Company has not issued any equity shares with differential rights during the financial year ended March 31, 2017.
- ii. **Issue of Sweat Equity Shares:** The Company has not issued any Sweat Equity Shares during the financial year ended March 31, 2017.
- iii. **Issue of Employee Stock Options:** The Company has approved IRIS Employee Stock Options Scheme at the Extra Ordinary General Meeting held on 13th September 2017. However, as the options have yet not granted the Options hence the details of Employee Stock Options scheme as required under rule 9 of Companies (Share Capital and debentures) rules, 2014 are not provided.

15. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has internal financial control and risk mitigation system which is constantly assessed and strengthened. The Company also conducts an internal audit from time to time. The Audit Committee actively reviews the internal audit report, adequacy and effectiveness of the Internal Financial Control and suggests the improvements for the same.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Swaminathan Subramaniam (DIN - 01185930), Wholetime Director retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.



IRIS BUSINESS SERVICES LIMITED

During the year under review i.e. from 1st April 2016 to 31st March 2017, none of the Directors were appointed or resigned from the Board.

Further Mr. U.R. Bhat (DIN- 00008425) and Mr. Rakesh Kathotia (DIN-00165880) Resigned as a director of the Company w.e.f. 03rd September, 2017 and 12th September, 2017 respectively.

Mr. K Balachandran was appointed as Chief Financial Officer of the Company w.e.f. 11th September 2017 and Mr. Rajesh Singh was appointed as Company Secretary of the Company w.e.f. 11th September, 2017.

The current composition of Board of Directors is as follows:

| Sr No | Name of Director | DIN | Category |
|-------|-------------------------|----------|-------------------------------------|
| 1. | Balachandran Krishnan | 00080055 | Promoter, Whole Time Director |
| 2. | Deepta Rangarajan | 00404072 | Promoter, Whole Time Director |
| 3. | Swaminathan Subramaniam | 01185930 | Promoter, Whole Time Director & CEO |
| 4. | Sanjoy Bhattacharyya | 00059480 | Non Executive Independent Director |
| 5. | Narayan Seshadri | 00053563 | Non Executive Independent Director |
| 6. | Partho Datta | 00040345 | Non Executive Independent Director |

17. DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from the independent directors under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013

18. BOARD MEETINGS

The Board met four (4) times during the financial year ended March 31, 2016; the details as required under Standard 9 of Secretarial Standard 1 on Board Meetings are enclosed as "*Annexure B*" to this report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

19. AUDIT COMMITTEE

The Constitution and terms of reference of the committee are in compliance with the requirements of section 177 of the Companies Act, 2013.

The composition of the Audit Committee is as follows:

| Name of the Committee Member | Category |
|------------------------------|------------------------------------|
| Mr. Partho Datta (Chairman) | Independent Non-Executive Director |
| Mr. Narayan Seshadri | Independent Non-Executive Director |
| Mr. K. Balachandran | Whole time Director |



IRIS BUSINESS SERVICES LIMITED

Due the resignation of Mr. U. R. Bhat and Mr. Rakesh Kathotia, they ceased to be the member of the Audit Committee w.e.f. 3rd September 2017 and 11th September 2017 respectively.

20. NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee ('NRC') had formulated a policy for the Nomination and Remuneration of the Directors, Key Managerial Personnel and Senior Management.

The policy inter alia broadly includes the following:

- The matters to be dealt with and recommended by the Committee to the Board;
- Criteria for appointment and removal of Director, KMP and Senior management;
- Criteria and evaluation process for determining the remuneration for the whole-time directors, KMP and senior management personnel.

A detailed copy of the Nomination and Remuneration policy is available on the website of the company viz. www.irisbusiness.com.

21. STATUTORY AUDITORS:

The Members at the 15th Annual General Meeting ("AGM") had approved the appointment of M/s. M. P. Chitale & Co. as the statutory auditors of your Company for a period of 5 year to hold office as such till the conclusion of the sixth consecutive AGM subject to ratification of appointment by the members at every AGM.

In terms of Section 139 of the Companies Act, 2013, M/s. M. P. Chitale & Co. has confirmed their eligibility to act as the Auditors of your Company for the year 2016-2017 in terms of Section 141 and 144 of the Companies Act, 2013 and the rules framed thereunder.

Accordingly, your Directors recommend the ratification of appointment of the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

22. STATUTORY AUDITORS' REPORT

The Statements made by the Auditors in their report are self-explanatory and doesn't require any comments by the Board of Directors.

23. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Companies Act, 2013, the details with regards to CSR Expenditure and the salient features of the CSR Policy of the Company are enclosed as "*Annexure C*" to this report.

The CSR policy of the Company is available on the website www.irisbusiness.com.



IRIS BUSINESS SERVICES LIMITED

24. BOARD EVALUATION

The performance evaluation of the Non-Independent Directors and the Board was carried out by the Independent Directors and they expressed their satisfaction with the evaluation process.

25. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT - 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are enclosed as '*Annexure D*' to this report.

26. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not granted any Loans to any Persons or body corporate. Further the details of Guarantees given and Investments made as covered under the provisions of Section 186 of the Companies Act, 2013 forms part of notes to the Standalone Financial Statements of the Company.

27. RELATED PARTY TRANSACTIONS

The details of transactions entered into by the Company with related parties are at arm's length and in ordinary course of business. The details of the transactions as per section 188 of the Companies Act, 2013 and Rules framed thereunder are enclosed as "*Annexure E*" in Form AOC-2, as required under Rule 8(2) of Companies (Accounts) Rules, 2014.

28. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and information and based on the information and explanations provided to them by the Company, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013 (the Act):

- a. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- b. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. That the directors had prepared the annual accounts on a going concern basis.
- e. That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



IRIS BUSINESS SERVICES LIMITED

29. HUMAN RESOURCES / INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your company provides regular training to employees to improve skills. Your company has put in place a performance appraisal system that covers all employees.

30. PARTICULARS OF REMUNERATION DIRECTORS, KMP AND EMPLOYEES

The details of the top 10 employees in terms of remuneration drawn pursuant to section 197 (2) of the Companies Act, 2013 shall be available at the registered office of the Company during the business hours.

There are no employees in receipt of remuneration over and above the limits specified in Section 197(12) read with rule 5 (i), (ii) & (iii) of the Companies Act 2013.

None of the Whole time Directors are in receipt of any commission from the Company nor any remuneration or Commission from its holding or subsidiary company.

31. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed as '*Annexure F*' to this report.

32. ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. Your Board also wishes to place on record its sincere appreciation for the wholehearted support received from members, distributors, bankers and all other business associates. We look forward to continued support of all these partners in progress.

Date : 13th September 2017
Place : Navi Mumbai

For IRIS Business Services Limited

S. Swaminathan Deepta Rangarajan K. Balachandran
(DIN: 01185930) (DIN: 00404072) (DIN: 00080055)



IRIS BUSINESS SERVICES LIMITED

"Annexure A"

FormAOC-1

(Pursuant to first provision to sub-section(3) of section129 read with rule 5 of Companies(Accounts)Rules,2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect to of each subsidiary to be presented with amounts in Rs.)

| Sl.No. | 1 | 2 | 3 |
|--|--|--|---|
| Name of the subsidiary | IRIS Business Services LLC | IRIS Business Services (Asia) Pte. Ltd. | Atanou S.r.l. |
| The date since when subsidiary was acquired | 26.02.2010 | 07.07.2010 | 31.07.2015 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | April-March | January-March | April-March |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | USD Exchange Rate used Rs. Per unit for foreign currency BS 64.84, P& L 67.09 | SGD Exchange Rate used Rs. Per unit for foreign currency BS 46.43, P& L 48.39 | EURO Exchange Rate used Rs. Per unit for foreign currency BS 69.25, P& L 73.61 |
| Share capital | 7,02,975 | 1,13,82,041 | 7,12,000 |
| Reserves and surplus | -5,23,831 | -1,64,99,250 | -16,728 |
| Total assets | 4,25,860 | 59,98,819 | 16,58,342 |
| Total Liabilities | 4,25,860 | 59,98,819 | 16,58,342 |
| Investments | - | - | - |
| Turnover | - | 4,01,29,067 | 7,65,583 |
| Profit before taxation | - | 10,70,853 | -17,813 |
| Provision for taxation | - | 4,28,051 | - |
| Profit after taxation | - | 6,42,802 | -17,813 |
| Proposed Dividend | - | - | - |
| Extent of shareholding (in percentage) | - | - | - |