

A hand from the left side of the frame points its index finger towards a bright, glowing node in a complex network of white lines and dots. The background is a deep blue with a subtle bokeh effect of light points.

India's only listed SaaS company in the RegTech space

IRIS Business Services Limited
Annual Report 2020-21

Contents

Corporate overview	
06	Corporate snapshot
08	Timeline
12	Our clients
14	CEO's letter
16	Operating review
19	Foundation
24	Sectorial overview
32	Frequently asked questions
36	Analysis
44	Management discussion and analysis
Statutory section	
55	Notice
65	Directors' report
103	General shareholders information
Financial section	
105	Standalone financial statements
141	Consolidated financial statements

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions should be known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



It has not been a good year for the world.

The pandemic rages on, and there is no clear end in sight. Many of my colleagues were affected by Covid 19, with one of them, Saptarshi Sengupta, succumbing to it. Saptarshi, or SAP, as we called him, was a fantastic colleague, with a constant smile on his face, which is etched in my memory for good. He has been with us for well over a decade. A Chartered Accountant, Saptarshi, joined the company when we were still a KPO, creating documents that public companies in the US would then file with the US SEC. Recognising just how good he was, we had given him an opportunity to work on the Federal Energy Regulatory Commission mandate, which required US energy companies to file in XBRL. And Sap rose to the task. I dedicate this annual report to my good friend Saptarshi.

Excerpt from the CEO's Letter

Before we start the annual report, we thought it would be good for you to read this first to understand what kind of business we are in...

There are around 32,000 companies in India already filing their annual returns in XBRL with the Registrar of Companies of the Indian government, spending on an average ₹10,000 annually to generate the filing.

This number is likely to increase to 1.2 million as the government expands the mandate.

The median spend per company could decline from ₹10,000 to ₹1,000 (our estimate) as more small companies are covered by the mandate.

The projected market size in India could be ₹120 cr for just one use of our product, IRIS Carbon.

We did a calculation of the projected global market size (based on 200 countries and ₹50 cr market size per country) for just this one use of the product.

We got a figure of ₹10,000 cr for just this one use of the product.

India's only listed SaaS company in the RegTech space

At IRIS Business Services Limited, we represent the coming together of two sweeping developments.

One, we believe that in a governance-driven world, Regulation Technology (RegTech) represents the future. This is marked by increasing compliances and digitalised reporting by companies to regulatory bodies.

Two, we believe that Software as a Service (SaaS) is gaining increasing importance for the benefits it offers users.

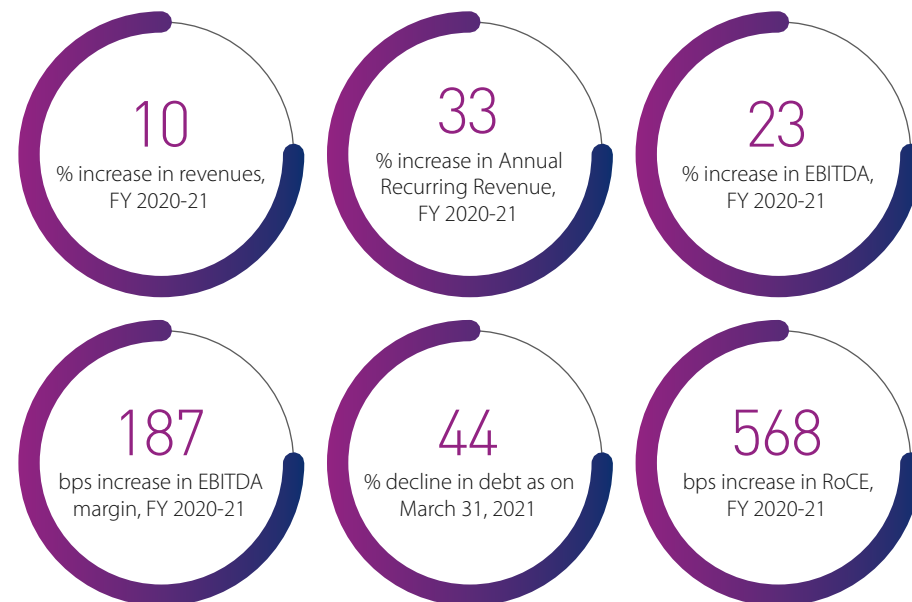
At IRIS, we see ourselves as unique: a rare instance of a company combining RegTech around a growing SaaS personality with the objective to enhance value for customers, employees and shareholders.

In a challenging year, this is how we invested in our business

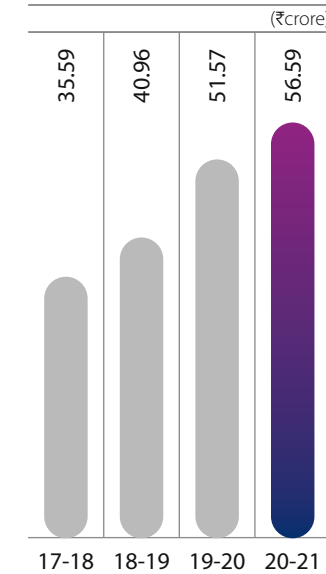
Inputs



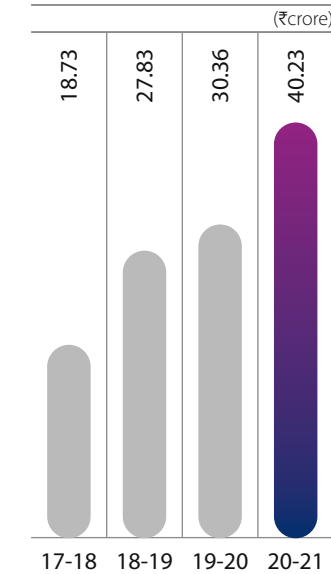
Outcomes



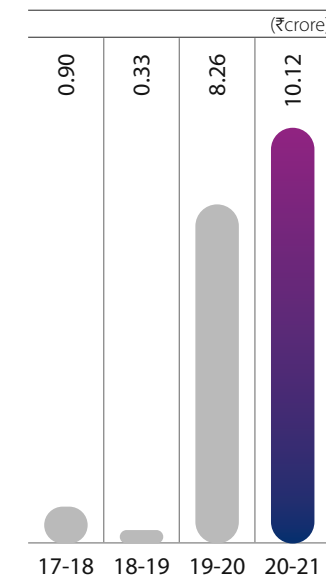
IRIS sustained its financial turnaround and growth



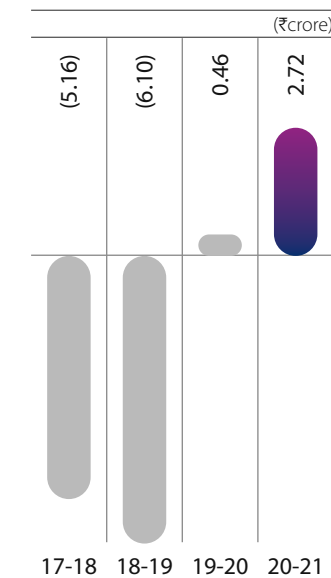
Revenues



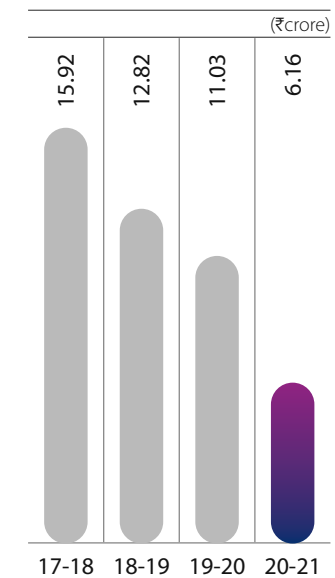
Annual recurring revenues



EBITDA



Profit after tax



Debt

IRIS Business Services Limited.
Positioned as an attractive SaaS
player in the RegTech space.

This space is likely to become
increasingly relevant.

This space will warrant deeper
attention on the part of government
agencies.

This space will increasingly assure
stakeholders of credibility and
governance.

IRIS has been a specialised solution
provider for years.

It is India's only listed SaaS proxy in
the RegTech niche.

Marked by growing Annual Recurring
Revenue and significant operating
headroom.

Background

IRIS Business Services Limited was established in 2000. Over the years, the Company emerged as a leading global player in the regulatory technology space. The Company provides solutions in the area of compliance, data and analytics with offerings across the information supply chain and data reporting standards (XBRL and SDMX, among others). Over the past four years, the company has made a successful shift from a services-focused business to a product-led model.

Promoters

IRIS has been promoted by Mr Swaminathan Subramaniam, Mr Balachandran Krishnan and Ms Deepta Rangarajan. IRIS went into business to address the research needs and solve the data problems of institutional investors. The promoters cumulatively possess the experience of six decades and have been together since 1994.

Products and services

IRIS commenced its journey by offering XBRL-related services and consultancy to domestic and offshore clients. Over time, the Company has segregated its offerings into three segments – Collect, Create and Consume – as per consumer needs.

Collect

Software platform for regulators to collect pre-validated submissions from those that they regulate

Create

Offerings range from enterprise software to Cloud / SaaS to create documents ready to be filed with regulators

Consume

Software tools for data analysis. Additionally, a global repository of normalised financial data culled from filings, if available publicly

Presence

IRIS is headquartered in Mumbai, India. The Company operates its international business through subsidiaries in Italy, US and Singapore. The Company serves customers in 41 countries across four continents.

Positioning

The company is not a KPO, BPO or an IT services company. The company offers Software as a Service (SaaS), Data as a Services (DAAS) and software products.

Listing

The Company is listed on the SME segment of the Bombay Stock Exchange (Scrip code: 540735).

Order book

₹61 cr

March 31, 2021

Employee strength

400+

March 31, 2021

Market capitalisation

₹74.08 cr

March 31, 2021

Promoters' stake

38.69 %

March 31, 2021

Timeline

2005

Edgar Online contracts IRIS to convert historical filings of US companies into XBRL

2006

ICERS built on iFile for BSE

2007

CFDS built on iFile for BSE / NSE , SEBI replaces EDIFAR with CFDS

2013

- iFile live at Saudi Arabia's Tadawul Stock Exchange
- Carbon: Enterprise SaaS product development begins

2014

- iFile goes live in Singapore at ACRA.
- iDeal gets its 100th customer
- Work begins on DCP, Data Analytics Platform
- iFile goes live in Qatar

2015

- iFile goes live at MCI (Saudi Arabia), DBD (Thailand) and Bank of Mauritius. iFile SaaS model launched for CBRD, Mauritius
- iDeal wins first international client in AfrAsia Bank
- iDeal e-audit solution launched in Turkey

2008

RBI adopts iFile for Capital Adequacy Returns

2009

- Pilot iFile implementation for JSE, South Africa
- iFile in Macedonia in partnership with ERS of Ireland
- Won XBRL conversion mandate for US SEC filings

2010

- Taxonomy for XBRL, SA and JSE developed with Deloitte. Full iFile implementation for JSE.
- iFile in UAE for ESCA

2016

- FATCA reporting solution launched for BFSI segment
- Early customers for CARBON in US and Italy
- iFile implementation begins in Kuwait CMA
- iFile 3rd phase for RBI awarded to IRIS

2017

- Vice President of India inaugurates SAI Portal built by IRIS
- IRIS selected as GSP; launches GST solution
- iFile enters Malaysia and Jordan; reports another win in South Africa

2018

- IRIS Carbon enters South Africa to help enterprises meet the CIPC mandate
- The Central Bank of Jordan awards a collection platform project to IRIS
- iFile selected to as a Company reporting platform for Ministry of Commerce and Industry, Qatar

2011

- Deloitte awards iXBRL conversion contract for UK
- iDeal implemented in Canara Bank and several Mutual Funds

2012

iFile 2nd phase for RBI

2019

- IRIS is selected as part of a consortium for the RBI CIMS project
- IRIS awarded a contract to build a reporting and analytics platform for the Capital Market Authority, Oman
- IRIS Carbon enters the European market for the ESMA mandate, wins first customer

2020

- IRIS GST eInvoicing solution launched
- Based on the ESMA mandate, companies in Europe create and publish Inline XBRL annual reports using IRIS Carbon. Assurance tool for auditors introduced on IRIS Carbon platform

IRIS. Working with some of the most prestigious companies in India and across the world

Accounting firms

Deloitte	KPMG	PWC	E&Y	Grant Thornton
----------	------	-----	-----	----------------

IT firms

Crimson Logic Singapore	EOH South Africa	FAPCO Kuwait	Formis Malaysia	HCL Infosystems
HP	IBM	Intellect Design	MNS Mauritius	NVision Russia
SOVOS USA	Tech Mahindra	TCS		

Pride-enhancing clientele

BFSI regulators

Nepal Rastra Bank	Bank of Mauritius	QFCRA Qatar	Reserve Bank of India	Central Bank of Jordan
-------------------	-------------------	----------------	--------------------------	---------------------------

Capital market regulators

Amman Stock Exchange	Bombay Stock Exchange	CMA Kuwait	ESCA UAE	SEBI	Tadawul Saudi Arabia	Qatar Stock Exchange
-------------------------	--------------------------	---------------	-------------	------	-------------------------	-------------------------

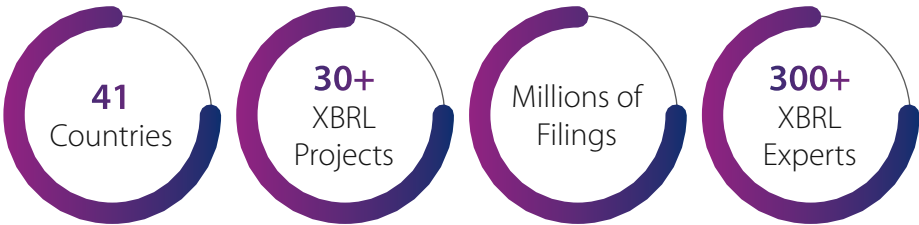
Business registries

ACRA Singapore	CBRD Mauritius	CIPC South Africa	MCI Qatar	MCI Saudi Arabia	SSM Malaysia
-------------------	-------------------	----------------------	--------------	---------------------	-----------------

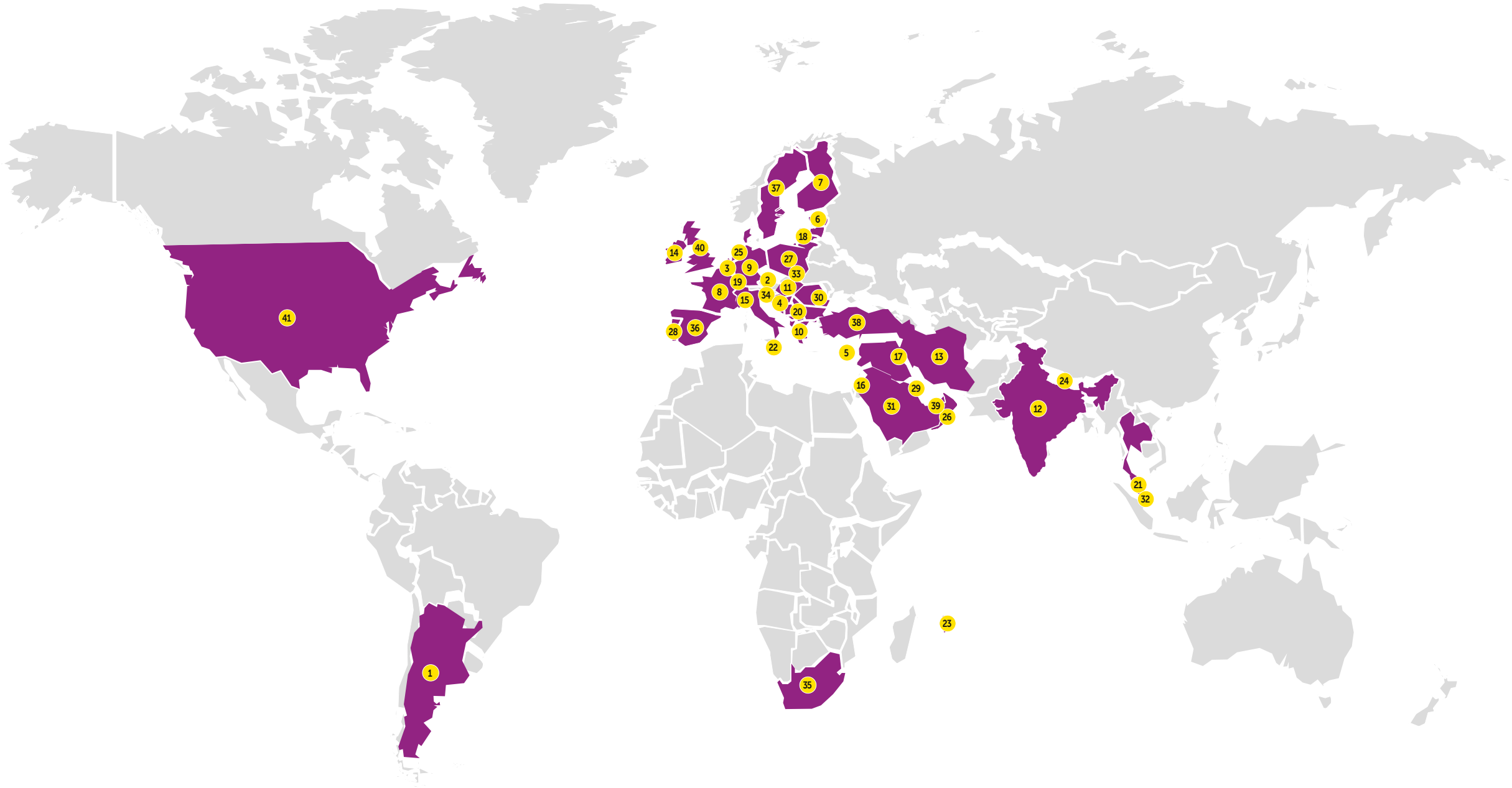
Enterprises

Bajaj Auto	Bajaj Finance	Bata	Bpost	British American Tobacco	Colryut Group
ENI	HDFC Bank	Hindustan Unilever	ICICI Bank	Kotak	Larsen & Toubro
Reliance Industries	Samsonite	State Bank of India	Schneider	Tata Motors	Thermax

Our clients are from all across the world



1	Argentina	22	Malta
2	Austria	23	Mauritius
3	Belgium	24	Nepal
4	Croatia	25	Netherlands
5	Cyprus	26	Oman
6	Estonia	27	Poland
7	Finland	28	Portugal
8	France	29	Qatar
9	Germany	30	Romania
10	Greece	31	Saudi Arabia
11	Hungary	32	Singapore
12	India	33	Slovakia
13	Iran	34	Slovenia
14	Ireland	35	South Africa
15	Italy	36	Spain
16	Jordan	37	Sweden
17	Kuwait	38	Turkey
18	Lithuania	39	UAE
19	Luxembourg	40	United Kingdom
20	Macedonia	41	United States
21	Malaysia		



CEO's Letter



An overview
of where we
stand and
where we
expect to go

It has not been a good year for the world.

The pandemic rages on, and there is no clear end in sight. Many of my colleagues were affected by Covid 19, with one of them, Saptarshi Sengupta, succumbing to it. Saptarshi, or SAP, as we called him, was a fantastic colleague, with a constant smile on his face, which is etched in my memory for good. He has been with us for well over a decade. A Chartered Accountant, Saptarshi, joined the company when we were still a KPO, creating documents that public companies in the US would then file with the US SEC. Recognising just how good he was, we had given him an opportunity to work on the Federal Energy Regulatory Commission mandate, which required US energy companies to file in XBRL. And Sap rose to the task. I dedicate this annual report to my good friend Saptarshi.

Given the situation around us, it feels uncomfortable and even perverse to write about how we are well poised to grow.

It is impossible to be not mindful of the suffering around us. But as a colleague said, life must go on. You will be relieved to know that almost everyone at IRIS and their families have taken the vaccine at a camp conducted in the office. We have also ensured vaccination for people who touch our lives daily, the vendors, the contract staff, and others, including professional services providers. After all, nobody is safe until everybody is safe.

We are excited about migration to the mainboard

Not long from now, we should be migrating to the mainboard from the SME platform, subject to exchange approval. There are two ways migration will change our life. On the SME board, the market lot was 4,000 shares, which will now be just one share. This will attract a whole new class of investors into the company. The second big change will be the need to report results quarterly, whereas, on the SME board, the results were reported half-yearly. There is a certain amount of seasonality to our revenues. In fact, an overwhelmingly greater share of our revenues comes in the second half of the financial year, as one can see from the numbers for the year gone by. We need to impress upon our investors that to interpret the signals every quarter may not be the most appropriate way to analyse the company.

Good governance is in our DNA

Having embraced best governance practices before we listed and even exceeded the prescribed norms, I anticipate no challenges for us on the corporate governance front as we migrate to the mainboard . Our seven-member Board of Directors has four Independent Directors, one of whom chairs the Board. The three founders make up the rest of the Board. Two of India's finest audit firms are associated with IRIS, one as a statutory auditor and the other as an internal auditor. The Founders of the company see our role as trusteeship, which

guides us in everything we do and how we do it. Nothing speaks louder about our governance practices than how we became the fastest company to IPO in India, a record that will probably never be matched, leave alone be bettered.

The pandemic has slowed the growth of our business

IRIS is a global RegTech providing software solutions for compliance. While the pandemic has certainly slowed us down, our focus on building an annuity-led business has helped us not just stay profitable but also improve our financial metrics. In the year that has gone by, our strategy to move to increase our recurring revenues has paid off, as evidenced by the fact that recurring revenues reached a healthy 71% of the total revenues booked by the company during the year.

The impact of the pandemic was different in each of the three segments we operate in.

Collect: This segment was the worst affected by the pandemic and has shrunk. Our electronic disclosure platform iFile helps regulators collect pre-validated data from those they regulate. Of late, some analysts have started referring to this business as Suptech. It used to be that every year; a few regulators announced plans to adopt an electronic disclosure platform built around XBRL. Over the last two years, that has not happened, and we don't see that happening over the next 12 months. Governments simply don't have the resources to go down this path. It is an RFP-driven business and when RFPs dry up, so do new wins.

However, we still have a steady stream of revenues from existing clients who pay us fees towards AMCs. Hence, it is not a total washout. The good news, though, is that once the pandemic ends, most countries are expected to rush to adopt XBRL, and that is an opportunity we are confident of tapping into.

Create: While this segment more than made up for the loss of revenues in the

Collect segment, we could have done much better, but for the pandemic. Through this segment, we provide Software to enterprises to help them create their submissions ready to file with the regulator. Most of the products of this segment are SaaS offerings.

The impact of the pandemic has come from two quarters. Firstly, the pandemic has caused a delay in the rollout of XBRL mandate by various countries in Europe. Several countries announced a postponement by a year, reducing the size of the opportunity available to us. Secondly, the pandemic did not let us go out to meet customers. Our experience is that while we are successful in converting customers who we can meet, the pandemic has forced us to try and engage digitally and over the phone. That has not been easy. Even so, we are satisfied with what we have achieved under the circumstances.

Consume: This is our data and analytics segment. With the pandemic in play, we chose not to make any major investment in this segment for now. Now that we have turned profitable and hope to stay that way, we will work to monetise the assets that this division houses.

As my colleague says, the present is tense, but the future looks good, even if not entirely perfect.

The post-pandemic world will favour us.

The most important fallout of the pandemic is that the pace of digitisation has increased around the world. This augurs well for IRIS, as you can imagine. I want to offer two examples of how the world has changed in ways that we may not have expected.

In India, GST adoption has forced every business in India to go digital. If initially, they did so because they were forced to do so, they are now waking up to the benefits of going digital. The opportunities that stem from this are enormous. By the virtue of being a GST Suvidha provider, IRIS is well-positioned to benefit from this.

The second example I wish to cite is from our experience in Malaysia. From living in a world of paper filings, the country has effortlessly moved to digital filings with an ease that many countries in the world can learn from. The argument that relatively less developed countries will find it a huge challenge to go digital stands demolished.

Compliance is going digital

As the world goes digital, inevitably, all compliance will also go digital. More departments in more countries will need solutions, a demand that IRIS is well-positioned to serve. While we have a handful of competitors who can compete with us on the Collect segment and several on the Create segment, practically none can provide solutions that straddle the entire information supply chain: from Collect to Create and to Consume. Therein lies our competitive edge.

We need to invest heavily in sales and marketing

While being an Indian company with an Indian cost structure also helps greatly, the challenge before us is to be a strong marketing company. Many of our global competitors are well-funded and have a huge war chest to battle it out in a competitive marketplace. It has been our experience that most Indian investors do not understand the importance of investing in marketing and sales and look askance at initiatives focused on gaining market share. This kind of approach will mean a tradeoff of the present for the future.

We face a similar choice before us. Our products are in place, and we need to mount aggressive campaigns to grow. We need to do this in the USA, in Europe, and elsewhere. We need to grow our recurring revenues.

Eight years ago, we saw the writing on the wall that led us to pivot away from knowledge process outsourcing, or KPO, to software products. Today, our focus is even sharper. Even as we continue to grow our business around compliance, we recognise

that delivering Software as a Service, or SaaS, is the way to go. We will continue to have software products sold in the conventional mode as on-prem solutions. We will also have a small services revenue stream from the company's KPO side, but the company's overwhelming revenue driver will be SaaS.

The time for SaaS has arrived

Earlier this week, global consulting major Mckinsey released a report on the outlook for the Indian SaaS players. They expect the Indian SaaS companies to hit a trillion dollars in value by 2030. As India's only listed RegTech SaaS, this should give investors in IRIS great comfort. We are in the right place at the right time. The question you may have is whether we can execute. As managers of your company, in our capacity as your trustees, our responsibility is to keep your company relevant in these rapidly changing times and deliver growth while sticking to the core proposition that defines our business. Staying relevant is our mantra. Fifteen years ago, we embarked on our XBRL journey. Today, we stand vindicated, with 70 countries accounting for over 96% of the world's GDP having adopted XBRL. Ten years ago, we pivoted from KPO to products and sacrificed services revenues to focus on products. Today, we are still in the same RegTech solutions space. We have demonstrated our ability to spot trends early and stay relevant by moving to SaaS. We continue to have a resource constraint that will affect just how fast we can grow, but sustainable growth for us is a way of life.

Before I conclude, I have a request. This year, like in the year preceding, we will have a virtual AGM. I would be grateful if each one of you finds it convenient to participate. That would mean a lot to us.

I thank you for giving this a patient read. Please do not hesitate to contact me or any of my colleagues if you have any suggestions to offer or questions to ask.

Swaminathan Subramaniam
Chief Executive Officer



“During the last financial year, our ARR improved 32.5% to ₹40 cr, marked by a SaaS client retention of around 90-95%. This was the highlight of our FY 2020-21 performance”

K. Balachandran
Co-founder and Chief Financial Officer, reviews the performance of the company in FY 2020-21

Was the management pleased with the performance of the company in FY 2020-21?

I would not say that we were fully satisfied with the performance of the company during the year under review. The pandemic affected our performance. Since most of our clients were regulators and government agencies, whose attention was diverted by active pandemic management,

there was a corresponding decline in new or incremental orders. I had expected that our topline would grow 20% but we eventually grew by about 10%, so to this extent the performance was disappointing.

What was the upside related to the company's performance?

What was remarkable was the manner in which the business rebooted and rebounded during the second half of the financial year. During the first half of the year, revenue growth was rather tepid compared to the corresponding period of the previous year; however in the second half, revenue growth strengthened by around 15.5% compared to the corresponding period of FY 2019-20. Overall, IRIS was able to clock revenue growth

a tad below 10% in a difficult year. Going forward, we expect things to improve as far as the business environment is concerned.

In the first half of the year, as the pandemic unfolded, our receivables were delayed, as a result of which the company took a moratorium on the term loan repayment for a couple of instalments. Costs and overheads were brought under control, but marketing spends

were prudently increased. Having protected its liquidity, the company remained EBITDA-positive, even though its bottom line was negative during the first half. In the second half, the company's receivables cycle improved, cash

flows strengthened and margins moved up. The company did well to not just post a positive bottom line for the second half but this performance was strong enough for the company to post a positive bottom line for the full year. Besides, the company maintained its EBITDA margin

at around 17.88%, compared to 16.01% in the previous year. The result is that the company presented a positive bottom line for the second year running, indicating that its turnaround in FY 2019-20 was built on a sustainable foundation.

What was the most remarkable aspect about the recovery in the second half?

The most remarkable development was a growth in our Create business where we addressed the increasing needs of companies to make electronic filings to regulatory authorities. This business got a boost with listed European companies being asked to start filing, mostly on a voluntary basis, using iXBRL

before this is made compulsory next year. The Create business also capitalised on e-invoicing introduced in India from the second half of the last financial year. The result is that within the Create business segment, all business lines performed creditably: the Carbon component grew 66%, the GST

business grew 52% and the iDEAL business grew 28%. One can unhesitatingly state that the traction from the Create business could transform its personality across the coming years.

What were the various things that worked for the company?

The company transformed its various handicaps into advantages. For instance, there was the perception that the company would need to spend a larger amount in marketing its Create services abroad. During the last financial year, when the Indian market was locked down and flights to and from India were discontinued, the

company turned to market its offerings digitally and enter into sales partnerships. The traction that the company reported in the second half was a result of prudent marketing spending.

Besides, the company started generating revenues from Europe, enhancing its sales visibility on the continent, which also resulted in a favourable

word-of-mouth reference. It will not be long before the Inline XBRL filing of annual reports for listed European companies becomes mandatory.

The GST filings business, which was launched three years ago, turned profitable during the year following the introduction of e-invoicing.

What are the various reasons of optimism for the business?

Primarily, we see periodic compliance reporting to be an essential part of the governance process. We are beginning to see a growing trend of segments turning to the iXBRL format of reporting to regulatory agencies.

We perceive ESG reporting to be the next 'wave' where large companies will need to report their initiatives in moderating carbon footprint, among other things. The basis of ESG reporting will be standardised

and digitalised; we believe that Inline XBRL will be the preferred reporting format, widening our addressable market in the USA and Europe. Moreover, ESG reporting will be mandated not just for public companies but private companies too, making it a much bigger opportunity.

European companies too will move from the voluntary use of inline XBRL reporting to mandatory filing from next year.

In the US, energy companies need to start reporting their performance in iXBRL to the Federal Energy Regulatory Commission, a mandate that is expected to expand to a full blown one by 2022, widening our market.

We believe that regulators will come back to modernise their digital platforms on which they receive filings by companies. This will strengthen traction for our Collect business.