



IRIS Business Services Limited

2nd July, 2019

To,

BSE Limited

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

Scrip Code: 540735

Sub: Annual Report- Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Dear Sirs,

As required under Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, please find attached herewith Annual Report of the Company for the Financial Year 2018-19 along with the notice of the 19th Annual General Meeting of the Company scheduled to be held on Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai-400 703.

The Annual Report for the Financial Year 2018-19 is uploaded on the website of the Company at <http://www.irisbusiness.com/investors/annual-report>.

The above is for your information and records.

Thanking You,

Yours faithfully,

For **IRIS Business Services Limited**

Jay Mistry

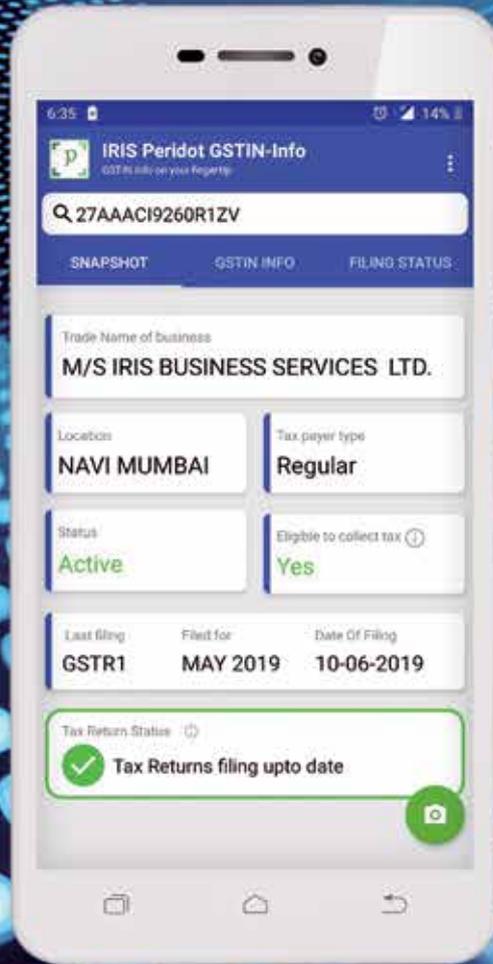
Company Secretary & Compliance Officer

(Membership No. ACS 34264)





IRIS BUSINESS
SERVICES LIMITED



CONNECTING THE
DOTS

ANNUAL REPORT
2018-19

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 realised, 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 materialise, 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.

Cover Page-IRIS Peridot

A popular mobile application empowering Indian consumers to curb GST evasion.

Contents

2

The legacy challenge

4

The times, they are a changin'

5

The world, XBRL and IRIS

6

Corporate snapshot

8

IRIS clientele

10

Timeline

12

Software products. Made in India. For the world.

14

How we play a critical role across world over

16

A message from CEO

20

A conversation with the CFO

22

Management Discussion and Analysis

28

Notice

34

Directors' report

75

Standalone financial statements

113

Consolidated financial statements



The background is a dark blue field with a repeating pattern of light blue, vertically-oriented oval shapes. Overlaid on this are several large, semi-transparent circles in various shades of blue and cyan, some overlapping each other. The text is centered in the lower half of the image.

**“Those who rule
data will rule the
entire world”**

Masayoshi Son, Softbank

The legacy challenge

For decades, data points were reported to different agencies at different frequencies using different definitions.

This increased costs for investors, companies and agencies.

This made comparison difficult.



This
delayed
reporting
time.

This
impacted
data
accuracy

These realities
affected the efficiency
and profitability of
companies world over.

The times, they are a changin'

IN 2010, AUSTRALIA LAUNCHED A PROGRAM TO STANDARDISE BUSINESS-TO-GOVERNMENT REPORTING (STANDARD BUSINESS REPORTING - SBR2).

That program is estimated to have saved Australian businesses and government \$1.1 billion a year.

The trend is accelerating.

European Securities and Market Authority made it mandatory for companies to file financial reports using XBRL (starting 2020).

Companies and Intellectual Property Commission (CIPC) of South Africa mandated the submission of financial information – including annual returns – from qualifying entities in the Inline XBRL format.

U.S. GAAP filers have been provided a three-year period to comply completely with Inline XBRL requirements.

What started as a drop in the global pond has now transformed into a ripple.

The world, XBRL and IRIS

IRIS IS A PIONEER IN THE REGULATORY- TECHNOLOGY DOMAIN.

The company provides these reporting solutions to global regulators and enterprises.

It works with a number of global regulatory bodies to build reporting taxonomies, the foundation for XBRL based reporting.

IRIS has innovated further, incorporating artificial

intelligence and machine learning into its solutions.

Structured data combined with AI empowers diverse data to 'talk' among themselves – connecting the dots – to derive meaningful information and enhance informed decision-making.



IRIS BUSINESS SERVICES.

**Not just another
technology company.**

A pioneer instead.

**Engaged in critical
regulatory technology
(reg-tech) domain.**

**Working at the frontier of
reporting technologies.**

**Respected by regulatory
agencies world over.**

**For strengthening their
processes.**

**Reducing their reporting
cycle. Helping them save
costs.**

**Enhancing their
competitiveness.**



Background

Incorporated in 2000, IRIS is a global provider of software products related to compliance, data and analytics. The company has emerged as a reputed brand in the global regulatory technology (Reg Tech) industry with a range of products that covers the entire information supply chain, meeting the needs of regulators and enterprises.



Promoters

Founded by Mr. Swaminathan Subramaniam, Mr. Balachandran Krishnan and Ms. Deepta Rangarajan, IRIS was inceptioned to serve the research needs and solve the data problems of institutional investors.



Offerings

Company commenced its journey by providing XBRL-related services and consultancy to domestic and overseas clients. The company's business is now segregated under three segments – Collect, Create and Consume-signifying the nature of customer needs across the information supply chain.



Positioning

IRIS offers compliance platforms and information services on tap (Software as a Service -SaaS, Data as a Service -DaaS) and other software products to meet the customers' need for quality compliance and data solutions with the shortest lead time.



Listing

Following its IPO in October 2017, the company's shares were listed on the SME segment of the Bombay Stock Exchange.



Presence

Headquartered in Navi Mumbai, the company operates through subsidiaries in Italy, US and Singapore, servicing customers across four continents.

IRIS works with some of the most demanding and specialised customers world over

REPUTED PARTNERS

Accounting firms

Deloitte

KPMG

Price water house
Coopers

Ernst & Young

Grant Thornton

IT firms

CrimsonLogic,
Singapore

EOH, South Africa

FAPCOTECH
Integrated
Business
Solutions, Kuwait

FIT Solutions,
Turkey

Formis Systems
& Technology Sdn
Bhd, Malaysia

HCL Infosystems
India

Hewlett
Packard
Enterprise India
Private Limited

Mauritius
Network Services
Limited

NVision Group
ZAO, Russia

Tech Mahindra

PRIDE-ENHANCING CLIENTELE

BFSI regulators

Nepal Rastra Bank

Bank of Mauritius

Qatar Financial Centre Regulatory Authority

Reserve Bank of India

Capital market regulators

Abu Dhabi Stock Exchange

Amman Stock Exchange

Bombay Stock Exchange

Capital Markets Authority - Kuwait

Dubai Financial Markets

Qatar Stock Exchange

UAE Securities and Commodities Authority

Securities and Exchange Board of India

Saudi Stock Exchange (Tadawul)

Business registries

Accounting and Corporate Regulatory Authority, Singapore

Corporate and Business Registration Department, Mauritius

Companies and Intellectual Property Commission, South Africa

Department of Business Development, Thailand

Ministry of Commerce and Investment, Saudi Arabia

Ministry of Commerce and Industry, Qatar

Suruhanjaya Syarikat Malaysia

- EDGAR Online engaged with IRIS to convert historical filings of American companies into XBRL

20
05

- Indian Corporate Electronic Reporting System built on iFile for Bombay Stock Exchange

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06

- CFDS built on iFile for Bombay Stock Exchange and National Stock Exchange

- SEBI replaced Electronic Data Information Filing and Retrieval System with Corporate Filing & Dissemination System

20
07

Timeline

20
12

- Awarded iFile second phase project by RBI

20
13

- Went live with an iFile solution at Tadawul Stock Exchange, Riyadh, Saudi Arabia

- Launched IRIS CARBON®, an enterprise SaaS product

20
14

- Went live with iFile at Accounting and Corporate Regulatory Authority, Singapore

- Achieved the hundredth iDeal customer

- Commenced work on DCP data analytics platform

- Went live with iFile in Qatar

- RBI adopted iFile for capital adequacy returns

20
08

- Implemented Pilot iFile for Johannesburg Stock Exchange, South Africa
- Implemented iFile in Macedonia in partnership with ERS, Ireland
- Awarded the XBRL conversion mandate for US Securities and Exchange Commission filings

20
09

- Developed the XBRL taxonomy for South Johannesburg Stock Exchange, South Africa with Deloitte
- Implemented a Full iFile solution for Johannesburg Stock Exchange, South Africa
- Implemented an iFile solution for UAE Securities and Commodities Authority

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10

- Awarded iXBRL conversion contract for UK by Deloitte
- Implemented iDeal in Canara Bank and several mutual funds

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11

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15

- Went live with iFile at Ministry of Commerce and Investment (Saudi Arabia), Department of Business Development (Thailand) and Bank of Mauritius
- Launched iFile SaaS model for Corporate and Business Registration Department, Mauritius
- Won the first international client in AfrAsia Bank for iDeal
- Launched an iDeal e-audit solution in Turkey

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16

- Launched Foreign Account Tax Compliance Act reporting solution for the banking, financial services and insurance segments
- Registered early customers for Carbon in the American and Italian markets
- Implemented iFile in Capital Markets Authority, Kuwait
- Awarded iFile third phase by RBI

20
17

- SAI portal by the company inaugurated by Vice President of India
- Selected as GSP; launched GST solution
- Entered Malaysia and Jordan with iFile
- Won CIPC in South Africa

20
18

- CIPC, South Africa went live .
- IRIS Carbon Launched in South Africa.
- Won Qatar Stock Exchange project
- SSM Malaysia went live
- SCM Malaysia went live



Software products. Made in India. For the world.

Turkey

Audit tool for Tax filings

Israel

Analysis of XBRL filings

Kuwait

Capital Markets Authority
Boursa Kuwait

Qatar

QFCRA
QSE
MOCI

India

ICAI
RBI
SEBI
Enterprise filings
- IRIS GST
- IRIS iDEAL
- IRIS CARBON

Nepal

Nepal Rastra Bank

Thailand

Department of Business Development

Malaysia

Securities Commission
SSM

Mauritius

BOM
CBRD
IRIS iDEAL

Jordan

Amman Stock Exchange
Central Bank of Jordan

UAE

ESCA
ADX
DFM

Singapore

ACRA

SERVING GLOBAL CUSTOMERS

| Africa | Americas | Europe | Asia | |
|--------------|-----------|-------------|----------|--------------|
| Ghana | Argentina | Belgium | India | Qatar |
| Mauritius | Canada | Ireland | Iran | Saudi Arabia |
| South Africa | USA | Italy | Israel | Singapore |
| | | Macedonia | Jordan | Thailand |
| | | Poland | Kuwait | Turkey |
| | | Switzerland | Malaysia | UAE |
| | | UK | Nepal | |

How we play a critical role across world over

Collect Segment (Regulators) ▶

Complexities involved

Every regulator has specific requirements over and above certain general data collection and reporting standards such as IFRS and Basel. This is met through bringing in IRIS' significant experience and skills in taxonomy building. Moreover, the workflow within a regulatory organisation changes markedly from regulator to regulator. In addition, there is a need to integrate the data collected into an existing legacy system, which has its own complexities.

How IRIS helps in providing cutting-edge solutions?

IRIS brings in a unique proposition, combining under one roof, both taxonomy consulting and a technology platform. IRIS brings in multidisciplinary skills in XBRL taxonomy creation, technology platform customisation, state-of-the-art XBRL validation and data integration in delivering a cutting-edge solution to the customer.

Why is it important to report in XBRL?

XBRL is an information standard that is inter-operable across different computer systems and accommodates robust validation rules, which essentially mean that accurate data can be transported and consumed across enterprises and regulators. Entities that have to meet the external reporting requirements in XBRL also stand to gain in multiple ways. Firstly, data assembly and report creation lends itself to automation and reusability to meet multiple compliance requirements. Secondly, further standardisation of the underlying data within the data ecosystem in an organisation (essentially extending the XBRL standardisation into internal reporting) can help in areas such as group company consolidation and financial closure. Finally, adoption of XBRL within an organisation can lead to significant benefits in building an internal MIS.

Create
◀ Segment
(Enterprises)

How IRIS helps in providing cutting-edge solution?

IRIS CARBON® is a cloud-based collaborative report authoring platform that also incorporated state-of-the-art XBRL and Inline XBRL capabilities. An IRIS CARBON® user can enjoy a material improvement in report creation efficiencies, the ability to make last minute changes and productivity enhancing features such as data linking (through which a change in underlying data can instantaneously reflect across the document).



“Over the last five years, we have established a strong presence across the world”

A message from **S. Swaminathan**, CEO

Dear Shareholders,

IT HAS TAKEN US FIVE YEARS TO GET HERE.

In 2014, we were a KPO in the Regtech space. On revenues of ₹ 67 crore, we reported a PAT of ₹ 8 crore making it our best year ever. More than 80% of our revenues came from one client in the USA whose customers' documents we would convert into XBRL¹ for submission to the US SEC. But we did not see a bright future in continuing to do this for long. One, because of over dependence on just one customer to whom we were bound by exclusivity contract preventing us from serving other clients. And two, because we felt that with automation, the KPO opportunity may not have a bright future. So, after much thought, we exited the KPO business. We saw a great future in products.

The next three years were horribly painful, just as we had anticipated. Revenues crashed, pushing us into the red. We cut back drastically and put in place severe cost control measures. But we had to keep investing to get our

products ready. Liquidity was tight and the months were many when we were unable to cover our expenses. We could not even pay salaries on time or in full. When salary dues started mounting, I stopped taking even the modest salary due to me so that the pressure on the cash flow would ease, even if only marginally.

In FY 2017 we hit rock bottom. Revenues crashed to ₹ 27 crore, causing losses to jump to ₹ 9 crore. But we could see that things were turning around, we could also see light at the end of the tunnel. If the best time to go public is when things are set to improve, the timing of our IPO could not have been better.

Five years after we embarked on what has been a very tough journey, we are where we want to be. From the time of our IPO in 2017, our revenues have been increasing, our losses have been narrowing. We have turned EBITDA

positive. Our order book at a very healthy ₹ 58.5 crore puts us within striking distance of our revenues of FY 2014. Moreover, we have turned the composition of revenues on its head. If in FY 14, 92% of our revenues came from our services business, today over 90% comes from products. There is still much to be done. For starters, we have to turn profitable. We have to generate enough cash to clear employee dues of the past. And I too need to start getting paid.

Over the last five years, we have established a presence across the world, with one or more of our products finding customers in some 25 countries across 5 continents. We now serve more than 1000 paying clients worldwide, with direct visibility to most of our customers, much unlike the pre 2014 days when one client gave us to most of our business. In each instance where our products are being used by the regulator, our work has been transformational. Our work is helping build the foundation for a viable fintech ecosystem. It is a matter of great satisfaction that we are more than just an essential cog in the wheel that moves these countries forward.

THE BUSINESS

IRIS has 3 business divisions.

Collect is our Suptech business², where we work with regulators, helping them collect pre validated data in XBRL or other formats from those that they regulate. iFile is the flagship software product of the Collect Division through which we also offer Taxonomy consulting apart from software tools for taxonomy development. We have served 25 regulatory clients across 5 continents in 17 countries around the world, from Singapore to Argentina and from India to South Africa and from UAE to USA. We have been adding 1 or 2 clients every year but the recent pick up in XBRL adoption around the world bodes well for our fortunes given our proven credentials. I should also tell you that some 1.5 million filings go through

our iFile platform every year. That is huge.

Create is our Regtech³ business serving Enterprises. IRIS CARBON®, our main offering, has won customers from the USA to the UK and from South Africa to Italy. In most cases, the filing happens in XBRL though the product can support other data formats too. iDeal, another software product of this division is used for bank reporting in India and Mauritius and has even found clients for tax filing in Turkey. In our GST division, we have a fairly impressive list of clients to show with all of them using the IRISGST cloud platform to generate filings in a format called JSON to submit to the GSTN. We expect the Regtech business to be the big driver of our growth and hence the value driver in the immediate future given the emerging opportunities in Europe, Malaysia and South Africa.

Consume is our data and analytics business. It is still in the investment phase. Through this division we offer software tools for data analysis, apart from Data as a Service (DAAS). It complements the Collect and Create divisions of IRIS nicely, strengthening our competitive edge in them while, at the same time, drawing sustenance from them.

In India

XBRL has already made a huge impact in India at the RBI with all banks reporting to the banking regulator through our iFile platform and in the case of many banks, using our iDeal tool. Also, some 30,000 companies file with their annual returns with the Registrar of companies in XBRL. In contrast, the filings to GSTN happen in another format called JSON.

While most of our revenues comes from overseas, we have successfully positioned ourselves as a premium software provider for GST filings and RoC submissions in India aside from deploying iFile at RBI. Much of the early work on taxonomy for XBRL filings to RoC and RBI has our stamp on it.



XBRL HAS ALREADY MADE A HUGE IMPACT IN INDIA AT THE RBI WITH ALL BANKS REPORTING TO THE BANKING REGULATOR THROUGH OUR IFILE PLATFORM AND IN THE CASE OF MANY BANKS, USING OUR IDEAL TOOL. ALSO, SOME 30,000 COMPANIES FILE WITH THEIR ANNUAL RETURNS WITH THE REGISTRAR OF COMPANIES IN XBRL.



THERE IS MUCH MORE COMPETITION IN THE REGTECH SPACE, THERE ARE EVEN A FEW LISTED COMPANIES, BOTH IN INDIA AND OVERSEAS. WHAT SETS US APART IS THE FACT THAT ALMOST ALL OF OUR PRODUCTS ARE BUILT FOR THE WORLD AND IN MANY CASES, NOT FOR THE INDIAN MARKET.

Another area where we have made a huge impact in India is through IRIS Peridot, a free to download mobile app that helps users verify the GST compliance status of any business. I encourage you to download it by scanning the QR code that is provided alongside. The next time you buy anything or visit a restaurant to eat, scan the GST number of the establishment to verify if they are generally compliant. You can also use it to see whether a company you have invested in is generally compliant as it is safe to assume that there are issues with those that are not. I am told that the app is popular even with the government's CBIC which has oversight responsibilities in respect of GST.

THE IMPORTANCE OF IRIS

We may be a small company in terms of revenues but our impact on the system has been far reaching. For example, in India, our XBRL software deployed at RBI has made it imperative for banks to report their NPAs truthfully or else invite the regulator's ire. In Macedonia, our solution catapulted the country to the top bracket in the ease of business rankings. In a market in the Middle East, we managed to stave off a possibly catastrophic market meltdown by helping the regulator spot it sufficiently early leveraging the data submitted through our iFile platform. Our products are making a difference, in each of the countries we operate, we are helping build the foundation of data to build a viable fintech ecosystem. We are fintech, And within fintech, Collect is Suptech or Govtech, Create is Regtech and Consume is Datatech.

PEER GROUP

There is no other company in India in a business similar to ours what to speak of a listed one. Even globally, in the Suptech area, there are just a handful of product companies, none are listed and none from India, IRIS aside. Many regulators like the Registrar of Companies in India prefer to have

a custom solution built to meet their requirements.

There is much more competition in the Regtech space, there are even a few listed companies, both in India and overseas. What sets us apart is the fact that almost all of our products are built for the world and in many cases, not for the Indian market. Indeed we make in India for the world.

While the competitive landscape of the Consume segment may seem crowded, there are not many players even globally who are working with XBRL data like we are and who can connect the dots like we can.

"Those who rule data will rule the entire world," says Masayoshi Son of Softbank. From the creation of data by the enterprise, to its collection by the regulator and to its consumption by whoever may have use for it, we straddle the length of the information supply chain. In the rapidly digitising world, data needs to be structured ab initio for it to be used sensibly and that is the *raison d'être* of our business. Or to put it simply, we help connect the dots, which is the theme of our annual report for FY 2019.

ON BEING LISTED ON THE SME PLATFORM

Come October, we would have completed two years on the SME board and will therefore be eligible to migrate to the main board of the BSE. Whether we do it or not is a decision that will be taken by our board of directors at the appropriate time and will be subject to shareholder approval.

The last year has been bad for stocks listed on the SME board. Stocks on the SME board have been battered and the entire segment has got a bad name because of mischief by a few. One point of view shared with us is that given that we score very high on corporate governance, simply migrating to the main board will help our story resonate that much louder.

It has also been argued that with the reduction in the size of the market lot, the stock could be more liquid than it is now. We have also been advised that the problem that we face today of inadequate appreciation within the investor community in India for the significance of our work and the enormity of our impact on each of the countries where we operate will simply go away.

On the other hand, the nature of our business is such that it is difficult to come up with a meaningful quarterly forecasting model as analysts would want to do if we were to move to the main Board. In the Collect segment, it is the regulator's time table that drives business to us. And when it comes to revenue recognition on existing business, even though we link it to deliverables, we still need client confirmation. Which, for most clients, is a challenge given that an electronic disclosure platform is a new animal. This has a bearing on when we may book revenues and there are situations where revenue may end up having to be recognised a few months later for want of client confirmation. This makes forecasting tricky. Also, we do not view the IRIS stock as one that can give short term trading returns. We feel that long term investors will be rewarded if the company's growth continues. All of this provides sustenance to the view that we may be better off being on the SME Board at least until we turn profitable and can show quarter on quarter growth.

In any event, it is our Board of Directors who will decide the way forward.

LOOKING AHEAD

I started by pointing out that it has taken

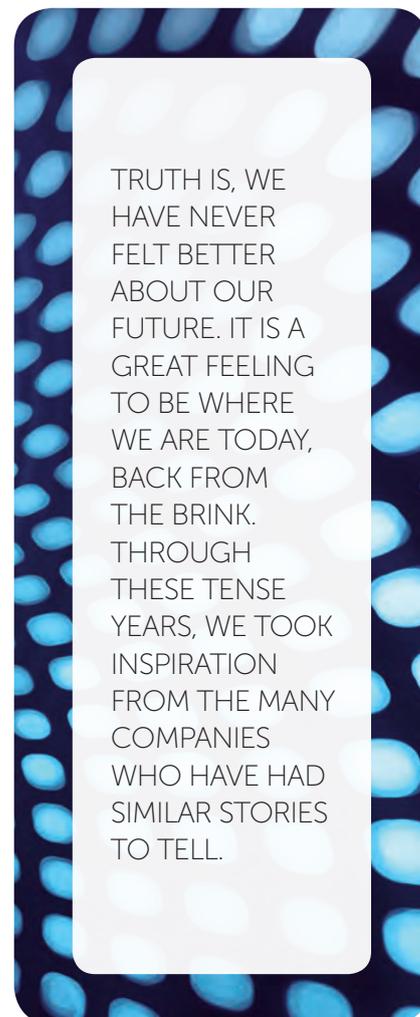
us five years to get here. Until now we were weighed down by the burden of our losses. Last year we turned cash flow positive. Our aspiration for this year is to turn profitable. Once we are out of the red into green territory, our efforts will be to get on a trajectory of rapid growth, subject to availability of sufficient resources. When we compare ourselves with our global competitors, we find that we have much going for us, not the least of which is the Indian cost advantage.

Our products are ready and proven in the world markets. The opportunity in each of the 3 segments we operate is big enough to support aggressive growth. But the fact remains that we are under-resourced at the present time to dominate the market by capturing a significant share.

Truth is, we have never felt better about our future. It is a great feeling to be where we are today, back from the brink. Through these tense years, we took inspiration from the many companies who have had similar stories to tell. Companies like Apple, Delta, IBM and GM, to name just a few.

I want to leave you with a comment that BSE MD & CEO, Ashish Chauhan never tires of making. Only SME stocks can give investor non linear returns, he says. We hope we can prove him right for your sake.

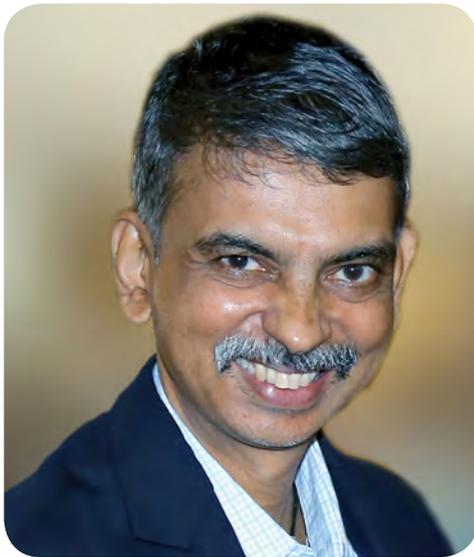
Thank you for giving me a patient read. If at any point in time, you feel like reaching out to us to understand our business better, please feel free to do so. Please email your comments and suggestions to cs@irisbusiness.com. I would love to hear from you.



¹XBRL: eXtensible Business Reporting Language has emerged over the last decade as the preferred enterprise information reporting standard of regulators from around the world.

²Estimated conservatively to be a US \$ 2 billion opportunity

³The global RegTech market is expected to grow from USD 4.3 billion in 2018 to USD 12.3 billion by 2023, at a Compound Annual Growth Rate (CAGR) of 23.5% during the forecast period. Source: ResearchandMarkets.com



“The convergence of a portfolio of best-in-class products and favourable market conditions will drive our growth.”

A conversation with **K. Balachandran**, CFO

How would you evaluate the performance of the company during the year under review?

FY2019 was a transformational year for our company. To evaluate the performance, we must segregate the year into two – during the first half of the year, we reported a y-o-y growth of 47%

in revenues. We reduced our EBIDTA loss and moved a decisive step closer to breaking even. However, revenue growth decelerated during the second half of the year owing to a delay in order

inflows. The positive message is that despite this handicap, the company stayed cash flow-positive during the year.

What were the highlights during the year under review?

The Create segment of our business reported 56% growth albeit on a smaller base and moved closer to breaking-even.

We focused on consolidating our GST

compliance business during the year under review. We anticipate changes in the compliance environment, which should provide an impetus for companies to turn towards enhanced filing automation.

With Indian companies filing online and returns needing to be matched online to ensure GST compliance from 2019-20, we are optimistic that our solution should gain increased traction.

What were the key take-aways for the company in FY2018-19?

In FY2018-19, there was a deepening in our offerings coupled with increased market penetration. Nearly 50% of our revenues were derived from the Collect segment compared with 62% in the previous financial year due to a delay in

the receipt of iFile platform orders.

In the initial year, the South African market did not grow as much as we had anticipated. The South African market comprising the opportunity for more

than 60,000 filings but only ~5% of the potential market is believed to have filed in the prescribed format. Being a key player in the market, we expected to carve out a good market share and are on track to achieve this target.

What is the company's outlook?

Companies and regulators are increasingly aspiring for a connected ecosystem. Qatar, one of our key markets, is witnessing this standardisation and we expect other countries to follow suit, enhancing our relevance.

We aim to progressively moderate the contribution of revenues from the Collect segment to 40-45% over the next few years. We expect that this conscious moderation at a time of overall revenue growth will help our company generate consistent annuity-

based revenues that enhance our stability and revenue visibility.

The transition in our client mix from government regulators to private enterprises could moderate our receivables cycle and strengthen our cash flows.



How is the company placed within the sector?

The company's perseverance has resulted in green shoots of growth. There is a greater traction from prospective customers for our services and products. The result is that we are widening our focus from regulators

to enterprises. We entered two new markets in FY2018-19, increasing our global presence to 26 countries across five continents. We consolidated our presence in Qatar, an important market. Besides, with regulators becoming

increasingly reluctant to provide a free tool, there was a growing traction from private enterprises, deepening our relevance.

Why is IRIS in the right business at the right time?

The world has entered an era of information harmonisation led by digitalisation and automation. People are recognising the value of systems 'talking' to other systems, standardising and widening the market for digital reporting solutions.

Organisations recognise the need to report increasingly in standardised formats with critical end outcomes.

There is also a growing premium on

data and systemic integrity today than ever before. The result is that we expect to see a rapid increase in the pace of XBRL adoption across the foreseeable future, especially in small developing countries.

In a rapidly digitalising world, it is becoming increasingly necessary for reporting and compliance to graduate to the digital, marked by an extension from paper and pdf to the XBRL or Inline XBRL formats.

As an opportunity-focused company, IRIS is addressing this market through various strategies. For instance, the company is partnering organisations with complementary capabilities to deepen its market penetration, enhance visibility and offer value-added solutions.

How bright are the company's prospects?

The developments taking place in the global regulatory environment are encouraging. The convergence of a portfolio of best-in-class products and favourable market conditions will drive

our growth. The priority is to invest in marketing, customers outreach and for evangelising our products. At IRIS, we are investing sizeable resources in enhancing our visibility.

Besides, we believe that the need of the hour is a stronger balance sheet. During the year under review, we repaid ₹2.25 crore long-term loans and improved our working capital cycle.

Management Discussion and Analysis

Global economic overview

Following a robust growth of 3.8% in 2017 and in the first half of 2018, the global economy slowed in the second half of 2018, reflecting a confluence of factors affecting major economies like the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Owing to this, the global economy growth in 2018 is estimated at 3.6% and is projected to slow down further to 3.3% in 2019.

The global economy is projected to

pick up in the second half of 2019 riding on the back of an ongoing build-up of policy stimulus in China, recent improvements in global financial market sentiment, the weakening challenges to growth in the euro area, and a gradual stabilisation of economic conditions in stressed emerging market economies, including Argentina and Turkey. Emerging markets and developing economies are expected to sustain the momentum of growth till 2020, primarily reflecting developments in economies currently experiencing macroeconomic

distress. On the contrary, economic activities in advanced economies are projected to continue slowly.

Crude prices remained volatile since August as a result of multiple factors including the American policy pertaining to Iranian exports and softening global demand. Oil prices dropped from a four-year peak of USD 81 per barrel in October 2018 to USD 61 per barrel in February 2019. Further, crude prices are projected to reach an average of USD 59.16 per barrel in 2019 and USD 59.02 in 2020.

Global economic growth over six years

| Year | 2015 | 2016 | 2017(E) | 2018(E) | 2019 (P) |
|---------------------|------|------|---------|---------|----------|
| Real GDP growth (%) | 3.2 | 3.1 | 3.8 | 3.6 | 3.3 |

[Source: World Economic Outlook, January 2019] E: Estimated; P: Projected

Indian economic overview

India emerged as the sixth-largest and retained its position as the fastest-growing trillion-dollar economy. However, after growing 7.2% in 2017-18, the Indian economy was expected to grow at 6.8% in 2018-19 as per the third advanced estimates of the Central Statistics Office released in May 2019.

The principal developments during the year under review comprised

a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which resulted in a slower

GDP growth of 6.6% in the third quarter 5.8% in the fourth quarter of the year under review compared with 8.2% and 7.1% GDP growth in the first two quarters of FY2018-19.

In 2018, the country attracted more foreign inflows than China - ~USD 38 billion, higher than China's USD 32 billion. India witnessed a 23-notch jump to a record 77th position in the World

Bank's latest report on the ease of doing business that captured the performance of 190 countries. The commencement of the US-China trade war opened a new opportunity for India, particularly in the agro sector. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded after touching a low of ₹74.45 to a dollar to close the financial year at ₹69.44. During the fiscal under review, the Indian Government

continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

Outlook

Assuming no major global and domestic political shocks, India's markets are expected to perform better due to projected earnings revival in 2019. Revenue growth for corporate India is strengthening across the previous quarters. The growth of India's manufacturing sector is expected to accelerate to 8.3% this fiscal, up from

5.7% in 2017-18. This acceleration reflects a rebound from transitory shocks (the currency exchange initiative and implementation of the GST), with strengthening investment and robust private consumption. The fiscal deficit for 2019-20 is pegged at 3.4% with a target of 3% by the 2020-21. India is expected to grow at 7.4% in FY2019-20, benefiting from the ongoing structural reforms. (Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today)

Global regulatory technology industry

Banks and financial institutions operate in a highly-regulated environment and continuously face new guidelines to prevent money laundering and restrict terrorist funding. Banks spend hefty amount due to fines and penalties for non-compliance with regulations. The annual spending of the financial institutions for non-compliance issues is >USD 100 billion. The fintech industry, over the last couple of years, has realised the need for reg tech software. Reg tech vendors offer software to simplify the implementation of regulations for financial institutions.

The global reg tech market was worth ~USD 2,321.5 million in 2018 and is expected to reach USD 7,207.6 million

by 2023, growing at a CAGR of 25.4%. The solutions provided by the reg tech industry include compliance management, reporting, identity management, and risk management. The compliance management solution segment is expected to grow at the highest CAGR during the aforementioned period.

The adoption of reg tech is the highest in Europe owing to strict and mandatory rules and directives for financial transactions and data protection. The cloud deployment mode offers enterprises to opt for SaaS on a subscription basis as per usage rather than incurring costs on hardware and infrastructure. Asia Pacific holds a huge

potential for vendors and is expected to grow at the highest CAGR between 2018 and 2023 due to the presence of financial hubs like Hong Kong, Singapore and India.

Large enterprises held a significant market share in 2018. However, SMEs are expected to grow at a higher CAGR. The cloud migration of SMEs is comparatively easier than large enterprises, which is driving the growth of SaaS adoption. Organisations are deploying reg tech solutions because of the increasing focus to expedite regulatory operations and manually reduce the complexities for risk assessment.

Indian regulatory technology market

Over the last few years, the Government of India announced several policies for the creation of a digital India. Between the ambitious GST initiative and the commitment to improving the ease of doing business, the time is ripe for a surge in the reg tech sector. India ranks among the top-five countries in terms of digitalisation maturity as per Accenture's Platform Readiness Index, and is expected to be among the top countries with the opportunity to grow and scale digital platforms by 2020-21. As India becomes increasingly digitalised, the reg tech industry is expected to strengthen.

In India, financial regulatory authorities, across jurisdictions, are setting up task forces to leverage tech developments in order to achieve their mandates better. In 2017, the SEBI set up a committee to evaluate opportunities enabled by technology and also deal with relevant risk. The SEBI also proposed a sandbox environment to provide a safe space for companies to test innovative technologies.

The RBI has taken significant steps to encourage innovation in the industry and propagate use technology to increase the effectiveness of regulation.

The RBI started its ADF journey to ensure submission of correct and consistent data generated by banks to the RBI in 2010. The landscape has been constantly evolving with improvements made in reporting formats, rationalisation of reports and consistency checks. In recent times, the RBI has made a concerted effort to revamp its capabilities through initiatives such as the Centralised Information and Management System and Public Credit Registry programmes.

Both the SEBI and RBI have already shown a keen interest in developing

a sandbox environment in which innovative technologies can be tested by the industry in a controlled space. With enhanced enablement of technology, Indian regulators will also be able to experiment with some globally implemented use cases. Their ability to process various structured and unstructured datasets will help them counter some of the challenges they face due to inadequacies in official information sources. Moreover, advanced sup tech applications will help to enhance qualitative and quantitative insights provided to the regulators.

Outlook

The analytics, data science and big data industry in India was estimated to be worth ₹17,615 crore in FY18, growing at a healthy CAGR of 33.5%. Of the annual inflow to analytics industry, ~11% can be attributed to analytics, predictive modelling and data science. A sizeable 22% can be attributed to big data. Analytics, data science and big data industry in India is expected to grow sevenfold in the next seven years to become a ₹1,30,000-crore industry in India by 2025.

BFSI continues to be the largest sector being served by analytics in India with 38% or USD 1 billion in revenues coming from it. Marketing and advertising comes second at 24%, followed by e-commerce sector generating 15% of analytics revenues in India

Collect business

50%

of the total revenues in FY2018-19

Overview

The Collect business division is focused on collecting data for regulators across the world. The company's flagship product iFile framework helps one create a complete XBRL-based reporting platform using a modular and flexible component design architecture. The framework can be easily deployed by any reporting authority for its jurisdiction or even internally within enterprises. Using the web and client components, enterprises and other reporting entities can create a reporting platform that connects with the regulator they need to file with.

IRIS iFILE supports both XBRL and non-XBRL data. It can be integrated with other information systems at the stage of creation of XBRL data or when the XBRL data is being disseminated or analysed. IRIS iFILE is already being used across various regulatory environments including capital markets, banking and e-governance.

Edge

- A robust team comprising technical and financial professionals that combines taxonomy consulting and product platform skill sets
- Mature product hardened over the years and meeting a range of customer requirements
- IRIS iFile can easily be integrated with existing data management systems within the client's IT infrastructure

Highlights, FY2018-19

- Bagged prestigious customers including Qatar Stock Exchange, Ministry of Industry and Commerce, Qatar and Boursa Kuwait.
- Made significant product enhancements to the iFile suite, especially related to the data modelling and taxonomy creation modules

Outlook

The Collect business was affected in FY18-19 owing to unanticipated delay in receipt of order from customers. However, the pipeline continues to be robust and we expect a material uptick in the current financial year.

Create

41%

of total revenues in FY2018-19 from the create business.

Overview

This business is built around the need of enterprises to collaborate and create regulatory filings in a structured data format. It is a cloud-based platform streamlining the process of complex compliance reporting. It helps a range of entities such as public listed companies, mutual funds and foreign private issuers meet with the multiple regulators' XBRL/ Inline XBRL mandates. The key offering

in this segment is IRIS CARBON®, a subscription-based and cloud-hosted application.

IRIS CARBON® is offered in the US, the UK, Ireland, Italy, India and the South African markets to meet the regulator mandated needs for XBRL or Inline XBRLbased financial report filing.

Over and above IRIS CARBON®, in the 'Create' segment, IRIS has two

more offerings. While IRIS iDeal is built for automated regulatory data filings targeted at the BFSI segment, IRIS GST is our India specific platform designed to meet the needs of the India's GST compliance regime.

IRIS CARBON®

IRIS CARBON® is a versatile platform with the ability to work with multiple taxonomies and diverse business rules across country specific mandates ranging from US SEC to UK's HMRC and South Africa's CIPC. IRIS has been continually enhancing the product with features such as machine learning algorithms to improve report creation efficiency through an automated tag selection process.

The increased adoption of the Inline XBRL format is an important development as it would encourage users to opt for collaborative and single document platforms such as IRIS CARBON®. The US SEC is mandating a progressive shift to Inline XBRL while the European Securities and Markets Authority (ESMA) has also announced a first-time mandate for listed company reporting using Inline XBRL.

During FY2018-19, IRIS CARBON® was deployed to meet the annual financial report filing needs of South African companies in the Inline XBRL format. This market has good potential and IRIS is a key solution provider. However, the adoption pace has been rather slow.

IRIS GST

With the launch of the GST mandate in India, IRIS, one of the initial GSPS selected by the GSTN, introduced a host of products under the IRIS GST umbrella to help companies fulfill the complex GST return filing compliance requirements. We have an end to end offering that combines a full-fledged ASP solution along with a GSP conduit to interact with the GSTN.

With a combination of technical and finance professionals, IRIS has been quick to understand changes in the GST regime and one of the first in the industry to update its products. Instead of a monolithic structure, the IRIS GST is built on blocks. This has helped the company provide updates faster than many domestic peers.

Additionally, IRIS GST offers an e-way bill solution as well as a full suite of analytics, ensuring across-the-table GST compliance and business insights. The company also launched IRIS Peridot, a mobile app available on android and iOS platforms. Any GST number captured by the app provides information about the registered tax payment and timely payment of GST and returns.

This app, which enjoyed more than 50,000 downloads, has helped IRIS make its presence felt in the Indian GST space.

Over and above the compliance platform, IRIS launched IRIS Credixio

data APIs-driven offering, helping lenders evaluate and monitor borrowers using the wealth of GST data.

Outlook

The outlook for IRIS CARBON® is encouraging on account of two factors. One, more and more countries are adopting XBRL as a format for financial report filing, be it for the capital markets, tax authority or business registry. Secondly, countries which adopted XBRL are looking at upgrading to Inline XBRL or even considering withdrawing the free template-based authoring tool.

IRIS GST is relatively at a nascent stage with the government yet to stipulate the monthly invoice reconciliation process for claiming input tax credits, which necessitates technology-driven automation. However, the modified GST compliance regime, which is expected to be rolled out, should provide a demand impetus. IRIS GST was initially marketed in the Mumbai and Pune regions. The company is launching the product in other markets and anticipates attractive growth in FY2019-20.

There are challenges coming from well-funded start-ups offering significant price discounts for GST compliance suites. In addition, the GSTN also offers a free software. IRIS is, however, confident of differentiating itself through value-added products

Financial review

Our subsidiaries function as marketing and customer support entities with the result that consolidated financials differ only marginally from standalone financials.

During FY2018-19, the company reported revenues worth ₹40.96 crore compared to ₹35.59 crore during FY2017-18, a growth of 15.10 %. The growth was on account of superior performance of IRIS CARBON® and IRIS GST, which grew by 125.89% and 10.18%, respectively over the previous year.

- Revenues from the Collect segment dropped 6.10% from ₹21.91 crore during FY2017-18 to ₹20.58 crore during FY2018-19

- Revenues from the Create segment grew 55.80% from ₹10.81 crore during FY2017-18 to ₹16.84 crore during FY2018-19

- Revenues from the Consume segment reported 11.11% growth from ₹2.23 crore during FY 2017-18 to ₹2.48 crore during FY2018-19

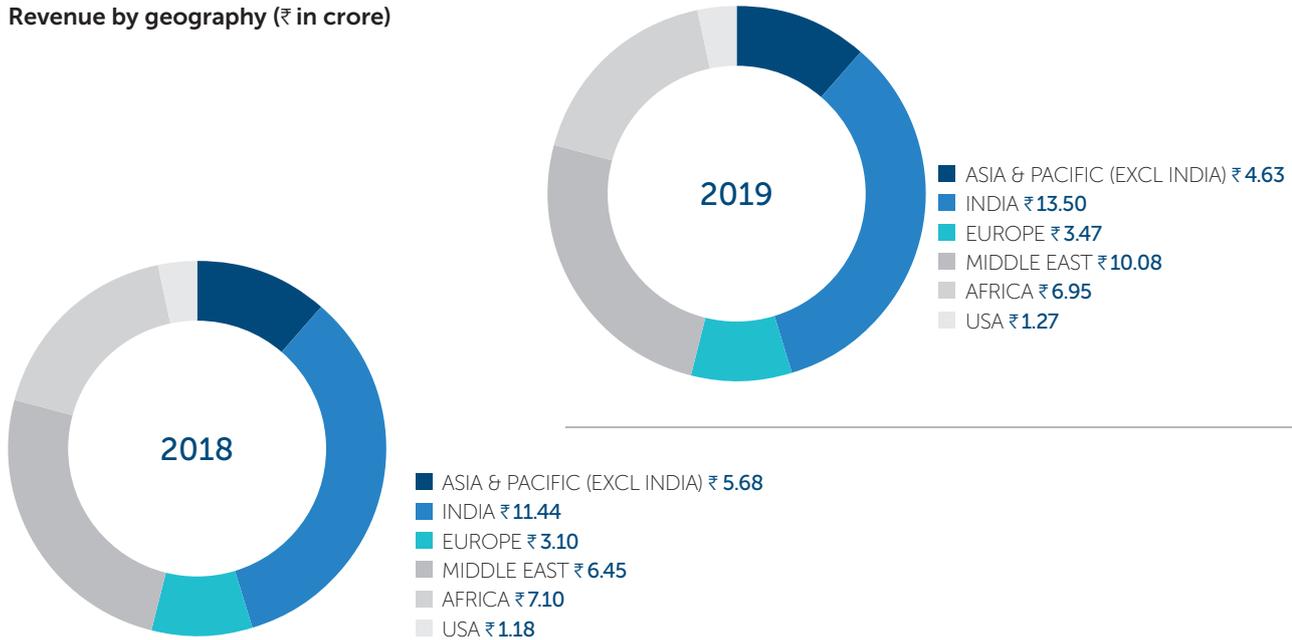
nearly 66% of revenues during FY2018-19 were derived from overseas territories and 34% from India, compared to 67% and 33% respectively, reported in the previous year.

The company reported an EBIDTA of ₹0.33 crore in 2018-19 compared to ₹0.90 crore during FY2017-18

Revenue by segment (₹ in crore)

| Segments | FY2018-19 | FY2017-18 |
|----------|-----------|-----------|
| Collect | 20.58 | 21.91 |
| Create | 16.84 | 10.81 |
| Consume | 2.48 | 2.23 |

Revenue by geography (₹ in crore)



Key financial ratios for the financial year march 31st 2019

| | Standalone | | Consolidated | |
|--------------------------|------------|---------|--------------|---------|
| | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| Return on Net Worth* | -18.78% | -18.94% | -22.50% | -21.05% |
| Current Ratio** | 0.96 | 1.05 | 0.95 | 1.05 |
| Net Debt Equity Ratio*** | 0.27 | 0.24 | 0.29 | 0.25 |
| Debtor Days | 109 | 140 | 109 | 139 |
| Operating Margin | -7.55% | -9.27% | -9.17% | -10.08% |
| Net Profit Margin | -13.28% | -13.85% | -14.91% | -14.52% |
| Interest Coverage Ratio# | 0.63 | 0.61 | 0.21 | 0.45 |

* PAT/Average Equity

** Current Assets/Current Liabilities

*** (Long Term Debt+ Short Term Borrowings + Current maturities of Long Term debt less Cash and Cash Equivalents)/Total Equity

(EBIT+Depreciation)/Interest Expense

There was no significant change in Return on Net worth during the year. The company continues to be loss making with a negative return on net worth.

Relatively higher increase in losses at the consolidated level has led to drop in interest coverage ratio.

Risk management

The risk management protocol at the company entails the following:

- Identify, assess and manage existing and emerging risks in a planned and cohesive manner.
- Increase the effectiveness of the internal and external reporting structures
- Develop a risk management culture that encourages employees to identify various risks and find to protect the organisation.

Industry risk

A slowdown in demand from the user industry could adversely impact business growth.

Mitigation: Growing regulatory compliances have led global and Indian companies to adopt financial reporting in the XBRL format. Countries like the US and South Africa have already mandated filing in XBRL. Besides, GST implementation has opened up a plethora of opportunities for IRIS.

Attrition risk

Inability to retain clients could impact sustainable business growth.

Mitigation: IRIS has been able to retain its customer base with its innovative solutions and first rate customer service.

Innovation risk

Inability to innovate may make us irrelevant in the global market in our business space.

Mitigation: IRIS has been working with various regulatory mandates across the world and developing its products accordingly. Majority of the company's capital investments have been channelised towards improving or enhancing its suite of products. Besides, the company's ability to provide life-cycle-spanning solutions makes it one of the preferred vendors for marquee global brands.

Security risk

An inability to keep data secure could impact the company's reputation.

Mitigation: IRIS has been consistently taking efforts ensure safety and security of the data of its users and expose its systems to third-party audits periodically to reassure customers on data security.

Acceptance risk

Inability to develop relevant products and in a timely manner could impact the company's offtake.

Mitigation: IRIS works with regulatory bodies across the globe and stay abreast of updates to develop better products.

Regulatory risk

Frequent changes in regulatory compliances can render the company's products obsolete.

Mitigation: IRIS continually scans data standards and reporting mandates to keep abreast of trends and appropriately updates its expertise and software components. Instead of a monolithic structure, IRIS products are built in blocks, which lends itself more easily towards upgrades. The cloud-hosted nature of the products also help sit to update its products promptly.

Internal control system and their adequacy

The company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues

are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective

actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

Cautionary system

The management Discussion and Analysis report containing your company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations.

The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the company's operation include raw material availability and prices, cyclical demand

and pricing in the company's principal markets, changes in the governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the company conducts business and other incidental factors.

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting ('AGM') of the members of IRIS Business Services Limited will be held on Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association, Sector-1A, Vashi, Navi Mumbai-400 703, to transact the following business:

ORDINARY BUSINESS:

Item No. 1 – To consider and adopt Audited Financial Statements

To receive, consider and adopt the standalone and consolidated audited financial statements of the company for the financial year ended March 31, 2019 including the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the year ended on that date and the report of

the Board of Directors and Auditors thereon.

Item No. 2 – To Re-appoint Mr. Balachandran Krishnan, who retires by rotation

To re-appoint Mr. Balachandran Krishnan, (DIN – 00080055), Whole Time Director & CFO of the company who retires by rotation at the Annual General Meeting and being eligible has offered himself for re-appointment.

By order of the Board of Directors
Jay Mistry

Place: Navi Mumbai
Date: 25th May, 2019

Company Secretary
(ACS No. 34264)

Notes:

1. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, of the person seeking re-appointment under Item No. 2 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the company. A member holding more than ten (10) percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution to the company, authorizing their representative to attend and vote on their behalf at the meeting.
4. The instrument appointing the proxy, duly completed, must be deposited at the company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
5. During the period beginning 48 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable. A proxy form is attached hereto.
6. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.
7. The Register of Members and Share Transfer Books of the company will remain closed from July 21, 2019 to July 27, 2019 (both days inclusive) for the purpose of Annual General Meeting.
8. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the company's record which will help the company and the company's Registrars and Transfer Agent – M/s. Link Intime India Private Limited (LI IPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to LI IPL. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to LI IPL.
9. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the company or LI IPL for assistance in this regard.

10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the company or LI IPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
11. SEBI had vide Notification Nos. SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 and SEBI/LAD-NRO/GN/2018/49 dated 30th November 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated 5th July 2018 directed that transfer of securities would be carried out in dematerialised form only with effect from 1st April 2019, except in case of transmission or transposition of securities. Accordingly, Members holding securities in physical form were separately communicated by the Registrar and Share Transfer Agent – M/s. Link Intime India Private Limited ("LI IPL") at their registered address. In view of the above and to avail the benefits of dematerialisation, members are requested to consider dematerialising shares held by them in physical form. However, the transfer deed(s) lodged prior to the 1st April deadline and returned due to deficiency in the document, may be re-lodged for transfer even after the deadline of 1st April, 2019 with the office of LI IPL in Mumbai or at their Branch Offices or at the Registered Office of the company.
12. Members seeking any information with regard to the accounts, are requested to write to the company at an early date, so as to enable the Management to keep the information ready at the AGM.
13. In case of joint holders attending the Annual General Meeting (AGM), the Member whose name appears as the first holder in the order of names as per the Register of Members of the company will be entitled to vote.
14. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which the directors are interested, maintained under section 189 of the Act, will be available for inspection by the members at the AGM. Members seeking any information with regard to the accounts are requested to write to the company at an early date, so as to enable the Management to keep the information ready at the AGM.
15. Relevant documents referred to in the Notice are open for inspection by the members at the registered office of the company on all working days (i.e. except Saturday, Sunday and Public Holidays) during business hours up to the date of the meeting. The aforesaid documents will also be available for inspection by members at the meeting.
16. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the company / depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2018-19 will also be available on the company's website viz. <http://www.irisbusiness.com>.
17. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with DPs / LI IPL.
18. The route map showing directions to reach the venue of the Nineteenth AGM is annexed.
19. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by the Central Depository Services Limited, (CDSL), on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
20. The cut-off date for the purpose of remote e-voting and voting at the AGM shall be July 20, 2019.
21. The Board of Directors has appointed M/s. Priti J. Sheth & Associates, Company Secretaries, as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
22. The facility for voting, through polling paper shall also be made available at the AGM and the members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
23. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
24. In compliance with the provisions of Regulation 44 of the SEBI Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the Secretarial Standard on General Meetings, the company is providing remote e-voting facility to all its members to enable them to cast their vote on the matters listed in the Notice by electronic means and business may be transacted through such voting. The company has engaged the services of the Central Depository Services (India) Limited ("CDSL") to provide the e-voting facility.
 - A. The instructions for shareholders voting electronically are as under
 - (i) The e-voting period begins on Wednesday, July

24, 2019 at 9:00 am (IST) and ends on Friday July 26, 2019 at 5:00 pm (IST). During this period shareholder(s) of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, July 20, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Remote e-voting shall not be allowed beyond Friday, July 26, 2019, 5:00 pm (IST)

- (ii) Members holding shares in physical or in demat form as on Saturday, July 20, 2019, shall only be eligible for e-voting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.

- (iv) Click on Shareholders / Members.
- (v) Now Enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

| | |
|--|---|
| | For Members holding shares in Demat Form and Physical Form |
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the company/depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN of IRIS Business Services Limited.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual

available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or may contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited. (CDSL) Regd. Office: Marathon Futurex, A-Wing, 25th Floor, N. M. Joshi Marg, Lower Parel, Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or can call on the toll free no. 1800225533. You may also send an email to jay.mistry@irisbusiness.com or contact on 022-67301000.

B. Other Instructions

The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Meeting through electronic voting system or poll paper.

- (i) Any person, who acquires shares of the company and becomes a Member of the company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at www.evotingindia.com.
- (ii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- (iii) The result declared along with the Scrutinizer's Report shall be placed on the company's website <http://www.irisbusiness.com/> and on the website of CDSL www.evotingindia.com immediately. The company shall simultaneously forward the results to BSE Limited, where the shares of the company are listed. The results shall also be displayed on the notice board at the Registered Office of the company.

25. Members may also note that the Notice of the Nineteenth AGM and the Annual Report of the company for 2018-19 will be available on the company's website www.irisbusiness.com

DETAILS AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("SEBI LISTING REGULATIONS") AND SECRETARIAL STANDARD ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, OF THE PERSON SEEKING RE-APPOINTMENT UNDER ITEM NO. 2 OF THE NOTICE, ARE PROVIDED HEREUNDER:

Item No. 2

Mr. Balachandran Krishnan, (DIN: 00080055), Whole Time Director & CFO of the company is one of the founders of the company. He was appointed Whole Time Director of the company with effect from 1st May, 2010 to hold office of WTD for a period of 5 years. He was further re-appointed by the shareholders in the fifteenth AGM held on 29th September, 2015 for a period of three years from 1st May, 2015 till 30th April, 2018 on the recommendation of the Board of Directors and the Nomination and Remuneration Committee of the Board at their meetings held on 7th February, 2015. The shareholders of the company approved his re-appointment as Whole Time Director of the company effective from 1st May, 2018 for a period of three years at the eighteenth Annual General Meeting of the company held on 31st August, 2018.

Mr. Balachandran Krishnan is interested in the resolution at Item No. 2.

None of the Directors and/or Key Managerial Personnel of the company and their relatives except to the extent of their shareholding in the company is in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 2 of the Notice.

I. Information about the appointee

- (a) Background details : Mr. Balachandran Krishnan, co-founder, WTD & CFO, has 20+ years of experience in financial research and information business. He was previously a research analyst at Tata Economic Consultancy Services, and CRISIL (India's premier rating agency, now a subsidiary of Standard and Poor's). He holds a B.Tech degree from Calicut University and MBA from IIM-Bangalore.
- (b) Past remuneration : ₹30,00,000 per annum
- (c) Recognition or awards : Several
- (d) Job profile and his suitability : Job requires expert knowledge of financial reporting and accounting. Mr. Balachandran Krishnan is an MBA in finance and therefore possesses the necessary skills required.
- (e) Proposed Remuneration : As given in the resolution above
- (f) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : Well within industry norms

- (g) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : Not Applicable

II. Additional information to be given to the members in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 is as under:

- (a) Name of Director : Mr. Balachandran Krishnan
- (b) Age : 56 years
- (c) DIN : 00080055
- (d) Date of Birth : 13.04.1963
- (e) Date of first appointment : 03.10.2000
- (f) Shareholding in the company (own) : 11,04,000
- (g) Shareholding in the company (for other persons on a beneficial basis) : N.A.
- (h) Number of Board meeting(s) attended during the year 2018-19 : 6
- (i) Other Directorships/ membership of committee :
 - IRIS Knowledge Foundation – Directorship and No Committee membership
 - Investment Research and Information Services Limited - Directorship and membership of Audit Committee.
- (j) Qualification, brief resume and experience : Mentioned above
- (k) Expertise in specific functional areas : Mentioned above
- (l) Remuneration to be paid : Upto ₹45,00,000 per annum
- (m) Remuneration last drawn : ₹30,00,000 per annum
- (n) Relationship with other Directors /KMP : None
- (o) Names of listed entities in which the person also holds the directorship and the membership of Committees of the board:
None.

By order of the Board of Directors

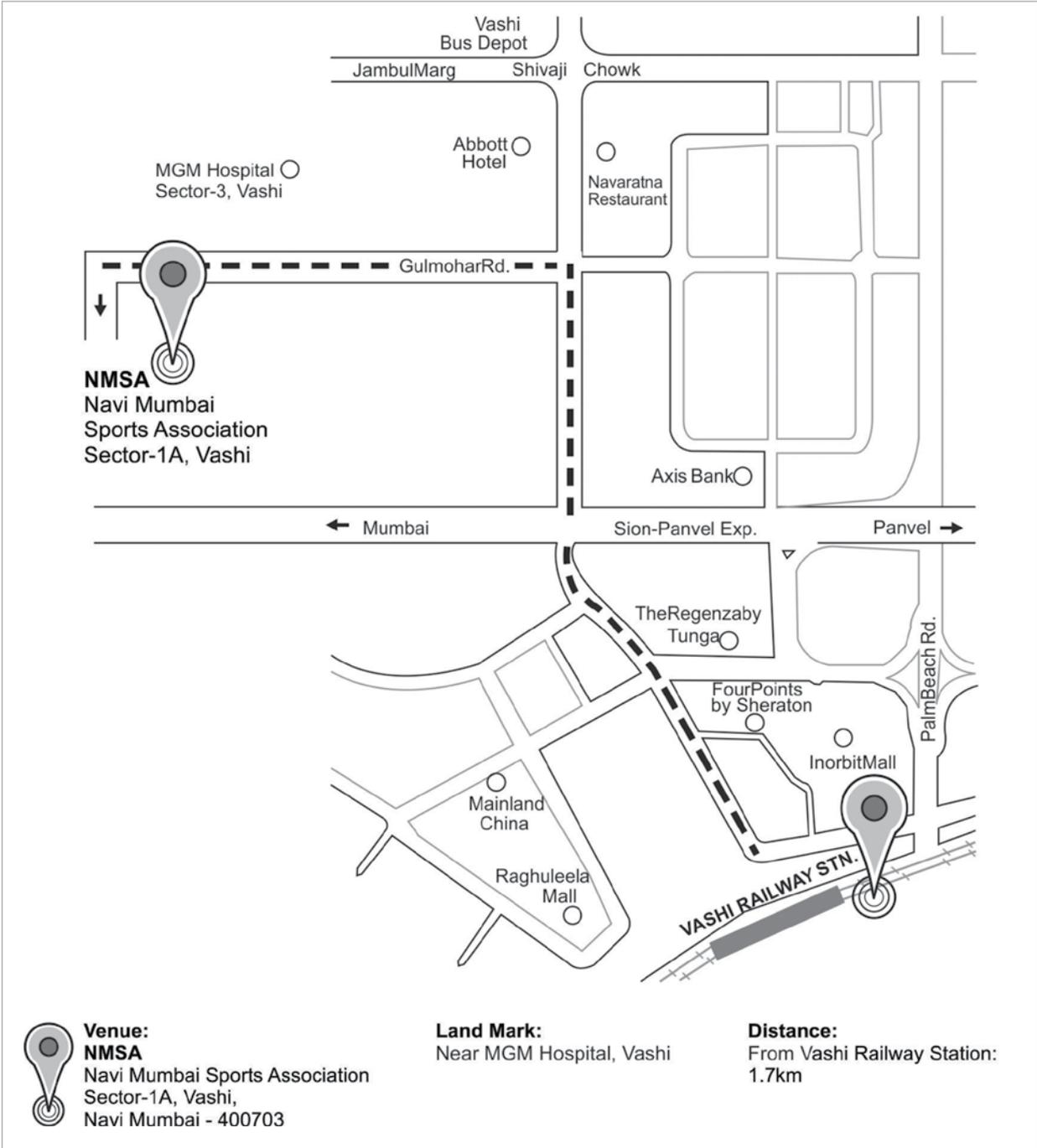
Jay Mistry

Place: Navi Mumbai
Date: 25th May, 2019

Company Secretary
(ACS No. 34264)

IRIS Business Services Limited
CIN: L72900MH2000PLC128943
T-231, Tower 2, 3rd Floor,
International Infotech Park,
Vashi Station, Vashi,
Thane - 400 703,
Maharashtra, India,
Tel.: +91 22 6723 1000
Fax: +91 22 2781 4434,
E-mail: cs@irisindia.net.

ROUTE MAP OF THE VENUE OF 19TH ANNUAL GENERAL MEETING



Directors' Report

To
The Members,

Your Board of Directors ('Board') is pleased to present the Nineteenth Annual Report of your company, IRIS Business Services Limited, for the financial year ended 31st March, 2019. In line with the requirements of the Companies Act, 2013 and the rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this report covers the financial results and other developments during 1st April 2018 to 31st March 2019 in respect of IRIS Business Services Limited ('IRIS').

1. SUMMARY OF OPERATIONS/RESULTS

(Amount in ₹)

| Particulars | Standalone | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | F.Y. 2019 | F.Y. 2018 | F.Y. 2019 | F.Y. 2018 |
| Turnover | 39,89,44,133 | 34,90,76,697 | 39,89,44,133 | 34,95,14,144 |
| Other Income | 95,31,347 | 42,26,316 | 1,07,02,198 | 63,84,371 |
| Total Expenditure | 45,52,54,509 | 40,59,65,686 | 46,32,33,018 | 41,17,90,553 |
| Operating Profit (Loss) | (4,67,79,029) | (5,26,62,672) | (5,35,86,687) | (5,58,92,038) |
| Exceptional Items | - | 5,40,765 | - | - |
| Net Profit (Loss) before tax | (4,67,79,029) | (5,32,03,437) | (5,35,86,687) | (5,58,92,038) |
| Tax Expense: | | | | |
| Current Tax | - | - | - | - |
| Deferred Tax | 47,25,927 | (42,73,918) | 47,25,927 | (42,73,918) |
| Tax expense/(income) for earlier years | 27,25,914 | - | 27,25,914 | - |
| Profit (Loss) for the year | (5,42,30,870) | (4,89,29,519) | (6,10,38,528) | (5,16,18,120) |

2. PERFORMANCE OF THE COMPANY

In the reporting year, your company has continued to record growth in revenues while its efforts in containing costs and improving cashflows have been successful as well. The company has also built up a robust order book, which as on date is up 26% (as compared to order book as on March 31st, 2018).

In the reporting year, the company has also notched up key wins in the regulatory platform business while its enterprise reporting solution expanded business in new markets too.

Highlights of our standalone financial results

Revenues:

Our total revenues in the fiscal year ended March 31st, 2019 were ₹40.85 cr, an increase of 15.62% over our total revenues of ₹35.33 cr in the fiscal year ended March 31st, 2018

Our revenues from operation in the fiscal year ended March

31st, 2019 were ₹39.89 cr, an increase of 14.29% over our total revenues from operations of ₹34.91 cr in the fiscal year ended March 31st, 2018.

Our export revenues strengthened by 12.45% from ₹23.47 cr in fiscal year ended March 31st, 2018 to ₹26.39 cr in fiscal year ended March 31st, 2019. Also domestic revenues strengthened by 18.04% from ₹11.44 cr in fiscal year ended March 31st, 2018 to ₹13.50 cr in fiscal year ended March 31st, 2019.

Our revenues from "Collect" segment dropped by 6.10% from ₹21.91 cr in the fiscal year ended 31st March 2018 to ₹20.58 cr in fiscal year ended 31st March 2019.

Revenues from "Create" segment grew by 56.43% from ₹10.76 cr in the fiscal year ended 31st March 2018 to ₹16.84 cr in the fiscal year ended 31st March 2019 primarily due to a new mandate in South Africa.

Revenues from "Consume" segment grew by 11.11% from ₹2.23 cr in the fiscal year ended 31st March, 2018 to ₹2.48 cr in the fiscal year ended 31st March, 2019.

Other Income:

Our other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our other income in the fiscal year ended 31st March, 2019 were ₹0.95 cr as compared to ₹0.42 cr in the fiscal year ended 31st March, 2018. The increase is primarily due to increase in interest on fixed deposits from the unutilized money raised through IPO and parked in bank deposits.

Employee Costs:

Employee costs net of capitalized cost in the fiscal year ended March 31st, 2019 stood at ₹23.24 cr, an increase of 23.02% over our employee costs net of capitalized cost of ₹18.89 cr in the fiscal year ended March 31st, 2018. Employee costs relate to salaries and bonus paid to employees.

Finance Costs:

Finance costs in the fiscal year ended March 31st, 2019 were ₹1.59 cr, a drop of 20% over our finance costs of ₹1.99 cr in the fiscal year ended March 31st, 2018. Finance costs relate to interest paid by the company on the credit facilities availed from the Banks/Financial institutions.

Travel related expenses:

Our travel related expenses increased by 23.63% from ₹2.40 cr for the fiscal year ended March 31st, 2018 to ₹2.96 cr for the fiscal year ended March 31st, 2019.

Other Expenses:

Our other expenses net of capitalized expenses increased by 9.07% from ₹15.23 cr for the fiscal year ended March 31st, 2018 to ₹16.61 cr for the fiscal year ended March 31st, 2019.

Depreciation and Amortization:

Our Depreciation and amortization charge was ₹4.08 cr and ₹4.49 cr for the year ended March 31st, 2019 and March 31st, 2018 respectively representing 10.24% and 12.86% of revenues from operations for the year ended March 31st, 2019 and March 31st 2018 respectively.

Exceptional Items:

There were no exceptional items reported for the fiscal year ended 31st March, 2019.

Highlights of our consolidated financial results

Revenues:

Our total revenues in the fiscal year ended March 31st, 2019 were ₹40.96 cr, an increase of 15.10% over our total revenues of ₹35.59 cr in the fiscal year ended March 31st, 2018.

Our revenues from operation in the fiscal year ended March

31st, 2019 were ₹39.89 cr, an increase of 14.14% over our total revenues of ₹34.95 cr in the fiscal year ended March 31st, 2018.

Our export revenues strengthened by 12.25% from ₹23.51 cr in fiscal year ended March 31st, 2018 to ₹26.39 cr in fiscal year ended March 31st, 2019. Also domestic revenues strengthened by 18.04% from ₹11.44 cr in fiscal year ended 2018 to ₹13.50 cr in fiscal year ended 2019.

Our revenues from "Collect" segment dropped by 6.10% from ₹21.91 cr in the fiscal year ended 31st March, 2018 to ₹20.58 cr in fiscal year ended 31st March, 2019.

Revenues from "Create" segment grew by 55.80% from ₹10.81 cr in the fiscal year ended 31st March, 2018 to ₹16.84 cr in the fiscal year ended 31st March, 2019 primarily due to increased revenue from our enterprise solutions.

Revenues from "Consume" segment grew by 11.11% from ₹2.23 cr in the fiscal year ended 31st March, 2018 to ₹2.48 cr in the fiscal year ended 31st March, 2019.

Other Income:

Our other income primarily comprises of interest on bank deposits and foreign exchange gain/loss. Our other income in the fiscal year ended 31st March, 2019 were ₹1.07 cr as compared to ₹0.64 cr in the fiscal year ended 31st March, 2018. The increase is primarily due to increase in interest on fixed deposits from the unutilized money raised through IPO and parked in bank deposits.

Employee Costs:

Employee costs net of capitalized cost in the fiscal year ended March 31st, 2019 stood at ₹25.35 cr, an increase of 22.55% over our employee costs net of capitalized cost of ₹20.69 cr in the fiscal year ended March 31st, 2018. Employee costs relate to salaries and bonus paid to employees.

Finance Costs:

Finance costs in the fiscal year ended March 31st, 2019 were ₹1.60 cr, a decrease of 19.92% over our finance costs of ₹2.00 cr in the fiscal year ended March 31st, 2018. Finance costs relate to interest paid by the company on the credit facilities availed from the Banks/Financial institutions.

Travel related expenses:

Our travel related expenses increased by 14.01% at 3.30 cr for the fiscal year ended March 31, 2019 from ₹2.90 cr for March 31, 2018

Other Expenses:

Our other expenses net of capitalized expenses increased by 9.15% from ₹14.00 cr for the fiscal year ended March 31st, 2018 to ₹15.28 cr for the fiscal year ended March 31st, 2019.

Depreciation and Amortization:

Our Depreciation and amortization charge was ₹4.09 cr and ₹4.49 cr for the year ended March 31st, 2019 and March 31st, 2018 respectively representing 10.24% and 12.84% of revenues from operations for the year ended March 31st, 2019 and March 31st, 2018 respectively.

3. STATE OF COMPANY AFFAIRS

The reporting year was a year of consolidation for your company in many respects. Firstly, your company has been able to deepen its relationship with existing regulatory customers while building a promising pipeline of new business. Secondly, your company has entrenched its presence in the regulatory platform business with key wins. Finally, the company's enterprise solutions has successfully entered the South African market and is poised to build a valuable franchise in that country.

Your company continues to execute its strategy to operate in the Regtech market and 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 has continued to witness strong interest across segments such as regulators and enterprises. Countries across the world have adopted 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 these countries either through a two step process of solutions for regulators (the 'Collect' segment) followed by software and to a range of filing entities (the "Create" segment). Your company's regulatory filing platform, iFile already has more than twenty regulator clients across fifteen countries. More countries and regulators are poised to be added 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.

In the "Create" segment, your company's collaborative, cloud (SaaS) based XBRL filing authoring solution "IRIS Carbon®" now caters to clients in the USA, UK, Italy, South Africa and Indian markets. "IRIS Carbon®" has inbuilt versatility that enables your company to meet the needs of different regulatory mandates, build global scale while mitigating customer concentration risks. Your company has also leveraged our well recognised strengths in compliance reporting platforms and information business to offer to the lender community curated and insight solutions based on

the GST and MCA filings within a framework. This market is emerging and offers interesting opportunities.

4. TRANSFER TO RESERVE

The company does not propose to transfer any amount to 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 31st March, 2019.

6. CHANGE IN THE NATURE OF BUSINESS

There are no changes in the nature of business during the financial ended 31st March, 2019.

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 no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the company and its future operations.

9. RISK AND CONCERN

The company operates in a global market characterised by intense competition. Although the company has a strong position in the area of external financial reporting and especially in XBRL based mandates, there is the need to have adequate marketing spend and product differentiation to establish presence and build market share. 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. Mature markets face pricing pressure and relatively high switching costs. Your company has to put in substantial efforts to build mindshare in the demanding markets of Europe and the US. The GST mandate in India is yet to fully ployout as the GST council has deferred invoice level reconciliation which is a big driver

for adoption of third-party compliance platforms. Moreover, the segment had witnessed intense competition in this year of GST introduction and while there is cautious optimism that fringe players will drop out, there is uncertainty related to the time frame.

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. Identifying and introducing innovative marketing and branding activities especially in the digital media

11. DEPOSITS

The company had not accepted any deposits during the financial year ended 31st March, 2019 nor there were any unpaid/unclaimed deposits at the financial year ended on 31st March, 2019. 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.

During the year, the company made investment of ₹8,13,200 in Atanou SRL, a Subsidiary of company in Italy and of ₹52,58,205 in IRIS Business Services, LLC, a subsidiary in the United States of America. The investment in Atanou SRL was undertaken pursuant to legal mandate under Italian Law to maintain minimum level of net worth and investment in IRIS Business Services LLC was made in view of the plans of the Management for growth and expansion in the United States

of America.

The financial statements pursuant to Section 129(3) of Companies Act, 2013 of all the above subsidiaries forms part of Annual Report.

As on the financial year ended March 31, 2019, none of the subsidiaries of the company was a 'material subsidiary' within the meaning of Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 - 1 to this report.

14. SHARE CAPITAL

There was no change in the authorized, issued and paid up share capital of the company during the financial year ended 31st March, 2019.

- Issue of Equity Shares with Differential Rights:** The company has not issued any equity shares with differential rights during the financial year ended 31st March, 2019.
- Issue of Sweat Equity Shares:** The company has not issued any Sweat Equity Shares during the financial year ended 31st March, 2019.
- Issue of Employee Stock Options:** The shareholders of the Company approved IRIS Employee Stock Options Scheme, 2017 ("Scheme") at the Extra Ordinary General Meeting held on 13th September, 2017. The Nomination and Remuneration Committee of the Board, inter-alia, administers and monitors the Employees Stock Option Scheme of the company in accordance with the applicable provisions of the SEBI Regulations. Pursuant to shareholders' approval, the Nomination and Remuneration Committee of the Board had granted Options to eligible employee(s) under the Scheme. Further, the shareholders of the company on 29th March, 2019 granted their approval through Postal Ballot for ratification of the Scheme and for extension of benefits of the Scheme for the eligible employees of subsidiary compan(ies) of the company. As per the application to BSE Limited, the Stock Exchange, the

company has received an in-principal approval of the Stock Exchange dated 9th April, 2019 for the Scheme. The details of Scheme as required under Rule 9 of Companies (Share Capital and Debentures) rules, 2014 and those under SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, to the extent applicable are provided in Annexure – 2 attached hereto. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. Further, there were no material change in the scheme during the year. The details required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are disclosed on company's website at <http://www.irisbusiness.com/investors/annual-report>.

There was no change in the share capital of the company from the end of the financial year to the date of this Report.

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. DECLARATIONS GIVEN BY DIRECTORS

The company has received necessary declarations and disclosures from the Independent Directors under Section 149(7) and Section 184(1) 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 and disclosing their interest in form MBP-1. All the Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

The Directors and the senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL AND COMPOSITION OF BOARD

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the company's Articles of Association, Mr. Balachandran Krishnan, (DIN – 00080055), Whole Time Director & CFO, retires by rotation at the forthcoming Nineteenth Annual General Meeting and being eligible has offered himself for re-appointment.

Mr. Swaminathan Subramaniam, (DIN: 01185930), Ms. Deepta Rangarajan, (DIN: 00404072) and Mr. Balachandran Krishnan, (DIN: 00080055), were re-appointed by the Board of Directors of the company as Whole Time Director(s) of the company for a period of 3 years commencing from 1st May, 2018 on the recommendation of the Nomination and Remuneration Committee at its meeting held on 25th April, 2018, which was duly approved by the shareholders of the company at the 18th Annual General Meeting of the company ("18th AGM") held on 31st August, 2018.

The shareholders of the company at the 18th AGM of the company approved the appointment of following Directors:

| Sr. No. | Name | Category | Period of Appointment |
|---------|---|---------------------------|---|
| 1. | Mr. Ashok Venkatramani, (DIN: 02839145) | Independent Director | Five years commencing from 9 th October, 2017 upto 8 th October, 2022 |
| 2. | Mr. Bhaswar Mukherjee (DIN: 01654539) | Independent Director | Five years commencing from 9 th October, 2017 upto 8 th October, 2022 |
| 3. | Mr. Vinod Agarwala (DIN: 01725158) | Independent Director | Five years commencing from 27 th November, 2017 upto 26 th November, 2022 |
| 4. | Mr. Swaminathan Subramaniam (DIN:01185930) | Whole-Time Director & CEO | Three years with effect from 1 st May, 2018 |
| 5. | Mr. Balachandran Krishnan (DIN: 00080055) | Whole-Time Director & CFO | Three years with effect from 1 st May, 2018 |
| 6. | Ms. Deepta Rangarajan (DIN: 00404072) | Whole-Time Director | Three years with effect from 1 st May, 2018 |

Mr. Narayan Seshadri (DIN: 00053563), Independent Director, resigned from the Board of the company w.e.f. 2nd March, 2019.

The composition of Board of Directors as on 31st March, 2019 is as follows:

| Sr. No | Name of Director | DIN | Category |
|--------|-----------------------------|----------|-------------------------------------|
| 1. | Mr. Swaminathan Subramaniam | 01185930 | Promoter, Whole Time Director & CEO |
| 2. | Mr. Balachandran Krishnan | 00080055 | Promoter, Whole Time Director & CFO |
| 3. | Ms. Deepta Rangarajan | 00404072 | Promoter, Whole Time Director |
| 4. | Mr. Vinod Agarwala | 01725158 | Independent Director |
| 5. | Mr. Ashok Venkatramani | 02839145 | Independent Director |
| 6. | Mr. Bhaswar Mukherjee | 01654539 | Independent Director |

Mr. Jay Mistry is the Company Secretary & Compliance Officer and a Key Managerial Personnel (KMP) of the company.

18. BOARD MEETING(S)

The Board met six (6) times during the financial year ended 31st March, 2019. The meetings were held on 5th April, 2018, 25th April, 2018, 30th May, 2018, 1st September, 2018, 3rd November, 2018 and 23rd February, 2019. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Attendance of Director(s) at meeting(s) during the financial year 2018-19:

| Sr. No. | Name of the Director | Board meeting(s) attended |
|---------|-----------------------------|---------------------------|
| 1. | Mr. Balachandran Krishnan | 06 |
| 2. | Mr. Swaminathan Subramaniam | 06 |
| 3. | Ms. Deepta Rangarajan | 05 |
| 4. | Mr. Narayan Seshadri* | 02 |
| 5. | Mr. Vinod Agarwala | 05 |
| 6. | Mr. Bhaswar Mukherjee | 05 |
| 7. | Mr. Ashok Venkatramani | 04 |

* Mr. Narayan Seshadri resigned from Directorship w.e.f. 2nd March, 2019

19. COMMITTEES OF THE BOARD

I. AUDIT COMMITTEE

The company has constituted an Audit Committee in accordance with Section 177 of the Companies Act, 2013. The terms of reference of the Committee are as follows:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report.
- Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Prospectus/ Prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
19. Call for comments of the auditors about internal control systems, scope of audit including the

observations of the auditor and review of the financial statements before submission to the Board.

20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. To investigate any other matters referred to by the Board of Directors;
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
24. To review compliance with the provisions of regulations 9A and other applicable provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The Audit Committee shall mandatorily review the following information:

- (a) Management discussion and analysis of financial information and results of operations;
- (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d) Internal audit reports relating to internal control weaknesses; and
- (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee met five (5) times during the financial year ended 31st March, 2019 on 25th April, 2018, 30th May, 2018, 1st September, 2018, 3rd November, 2018 and, 23rd February, 2019.

The composition of the Audit Committee as on 31st March, 2019 is as follows:

| Name of the Committee Member | Category | No. of meetings held | No. of meeting(s) attended |
|----------------------------------|---------------------------|----------------------|----------------------------|
| Mr. Bhaswar Mukherjee (Chairman) | Independent Director | | 04 |
| Mr. Vinod Agarwala | Independent Director | 05 | 05 |
| Mr. Ashok Venkatramani | Independent Director | | 04 |
| Mr. Balachandran Krishnan | Whole time Director & CFO | | 05 |

The recommendations of the Audit Committee, as and when made to the Board, have been accepted by it.

II. NOMINATION AND REMUNERATION POLICY & COMMITTEE

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

The terms of reference of the NRC are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the level and composition of remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. Shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
4. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
5. Devising a policy on Board diversity; and
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

7. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors.
8. Recommend to the board, all remuneration, in whatever form, payable to senior management.
9. Grant of options and allotment of shares under and in accordance with terms of Employee Stock Scheme(s) of the Company.

The company had adopted a Nomination and Remuneration Policy (Policy) in accordance with Section 178 of the Companies Act, 2013 and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy was amended by the Board at its meeting held on 23rd February, 2019 to align with the changes prescribed under SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The Policy is attached as 'Annexure – 3' to this report and is also available on the website of the company viz. www.irisbusiness.com.

The NRC met once during the financial year ended March 31, 2019. The meeting was held on 25th April, 2018. The Constitution and terms of reference of the committee are in compliance with the requirements of section 178 of the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the NRC as on 31st March, 2019 is as follows:

| Sr. No. | Name of the Committee Member | Category | No. of meetings held | No. of meeting(s) attended |
|---------|-----------------------------------|----------------------|----------------------|----------------------------|
| 1 | Mr. Ashok Venkatramani (Chairman) | Independent Director | 1 | 1 |
| 2 | Mr. Vinod Agarwala | Independent Director | 1 | 1 |
| 3 | Mr. Bhaswar Mukherjee | Independent Director | NA | 0 |

* Mr. Narayan Seshadri resigned from Directorship w.e.f. 2nd March, 2019 and consequently ceased to be member of the NRC. No meeting of NRC was attended by Mr. Seshadri during the year.

III. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013. One meeting of the Committee was held during the financial year 2018-19 on 30th May, 2018. The Composition of the Committee as on 31st March, 2019 is as follows:

| Sr. No. | Name of the Member | Category | No. of meetings held | No. of meeting(s) attended |
|---------|-----------------------------------|---------------------------|----------------------|----------------------------|
| 1 | Mr. Ashok Venkatramani (Chairman) | Independent Director | | 0 |
| 2 | Ms. Deepta Rangarajan | Whole Time Director | 01 | 01 |
| 3 | Mr. Swaminathan Subramaniam | Whole Time Director & CEO | | 01 |

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The company has constituted a Stakeholder's Relationship Committee in accordance with Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, specifically for the purposes of looking after the matter of handling and resolving shareholders / investors grievances. The Committee met four (4) times during the financial year ended 31st March, 2019. The meetings were held on 30th May, 2018, 1st September, 2018, 3rd November, 2018 and 23rd February, 2019.

The terms of reference of the Committee are as follows:

- To look into various aspects of interest of shareholders, debenture holders and other security holders.

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- Allotment and listing of shares;
- Reference to statutory and regulatory authorities regarding investor grievances; and
- To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Any other power specifically assigned by the Board of Directors of the company.

The Composition of the Stakeholders Relationship Committee as on 31st March, 2019 is as follows:

| Sr. No. | Name of the Director | Category | No. of meetings held | No. of meeting(s) attended |
|---------|----------------------------------|---------------------------|----------------------|----------------------------|
| 1 | Mr. Bhaswar Mukherjee (Chairman) | Independent Director | 4 | 4 |
| 2 | Ms. Deepta Rangarajan | Whole Time Director | | 4 |
| 3 | Mr. Balachandran Krishnan | Whole Time Director & CFO | | 4 |

V. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors of the company was held on 23rd February, 2019 during the financial year 2018-19 without the presence of Non-Independent Directors and members of management pursuant to Schedule IV of the Companies Act, 2013 ("Act") with the following agenda:

- (i) review the performance of non-independent directors and the Board as a whole;
- (ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; and
- (iii) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

20. COMPLIANCE WITH SECRETARIAL STANDARD

During the period 1st April, 2018 to 31st March, 2019, the company complied with the Secretarial Standard – 1 and Secretarial Standard – 2, issued by the Institute of Company Secretaries of India.

21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company has a CSR Committee and an approved CSR Policy in accordance with Section 135 of the Companies Act, 2013 read with rules made thereunder.

The company is exempt from mandatory CSR expenditure as per Rule 3(2) CSR Rules, 2014 due to not falling in criteria of CSR applicability for three consecutive years i.e. for financial years 2015-16, 2016-17 and 2017-18.

The company has on a voluntary basis provided disclosure in Annexure - 4 to this report in the prescribed format under Section 135 of the Companies Act, 2013, which is attached to this report.

Further, the composition of the CSR Committee is covered under 'Committees of the Board' part of the Directors' Report.

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

22. RELATED PARTY TRANSACTIONS

The 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 - 5 in Form AOC-2, as required under Rule 8(2) of Companies (Accounts) Rules, 2014.

23. PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES AND DISCLOSURES IN BOARD'S REPORT

The disclosure on remuneration of Directors, Key Managerial Personnel and employees as required under the Companies Act, 2013 and Rules made thereunder is provided in Annexure – 6 to this Report.

The information required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure – 6 forming part of this Report.

In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the members excluding certain information covered under aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the company. None of the employees listed in the said Annexure - 6 is related to any Director of the company.

24. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD

The Nomination and Remuneration Committee of the Board has formulated a Performance Evaluation Framework, under which the Committee has identified criteria upon which every Director, every Committee and the Board as a whole shall be evaluated.

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors, pursuant to the provisions of the Act and Listing Regulations.

The performance of the Board was evaluated by the entire Board after seeking inputs from all the Directors on

the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was evaluated after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc. The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January, 2017. In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the company after taking into account the views of Executive Directors and Non-Executive Directors, was evaluated. The Board and the NRC reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In the Board meeting, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Outcome of evaluation process: Based on inputs received from the members, it emerged that the Board has a good mix of competency, experience, qualifications and diversity. Each Board member contributed in his/her own manner to the collective wisdom of the Board, keeping in mind his/her own background and experience. There was active participation and adequate time was given for discussing strategy. Overall, the Board was functioning very well in a cohesive and interactive manner.

25. 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 -7 to this report.

26. 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 five

years to hold office as such till the conclusion of the sixth consecutive AGM subject to ratification of appointment by the members at every AGM.

As per Companies (Audit and Auditors) Amendment Rules, 2018 dated 7th May 2018 notified by the Ministry of Corporate Affairs, the requirement of ratification of Auditor's appointment has been relaxed. Accordingly ratification of Auditor's appointment is not sought by the Directors.

27. SECRETARIAL AUDITOR

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. Parikh & Associates, Practicing Company Secretary, Mumbai, were appointed as a Secretarial Auditors of the company to conduct the Secretarial Audit of the company for Financial Year 2018-2019. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks or disclaimers. The report of the Secretarial Auditor is enclosed as Annexure- 8. The Secretarial Audit is not applicable to any of the subsidiary of the company since none of the subsidiary of the company is a material subsidiary as on the financial year ended March 31, 2019 within the meaning of Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

28. INTERNAL AUDITOR

In terms of Section 138 of the Companies Act, 2013 and Rules made there under, M/s. Moore Stephens Singhi Advisors LLP, Chartered Accountants, Mumbai, were the Internal Auditor of the company for the financial year 2018-19. During the year, the company continued to implement its suggestions and recommendations to improve the control environment. Their scope of work included, review of processes for safeguarding the assets of the company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas.

The provisions of Cost Audit as per the Companies Act, 2013 are not applicable to the Company.

29. 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.

30. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the Auditors in their report.

31. 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 9' to this report. The extracts of the Annual Return of the company can also be accessed on the company's website at <http://www.irisbusiness.com/investors/annual-report>.

32. 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.

33. 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 laid down internal financial

controls to be followed by the company and that such internal financial controls were adequate and were operating effectively;

- f. 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.

34. 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. Your company had 317 permanent employees as on 31st March, 2019 while the count was 300 as on 31st March, 2018.

35. CORPORATE GOVERNANCE

The company being listed on the SME platform of BSE Limited is exempted from the provisions of corporate governance as per Regulation 15 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Therefore no corporate governance report is annexed to this report. However your company has complied with the relevant provisions of the Companies Act, 2013 and rules thereunder with regards to formation of committees.

36. COMMITTEE AND POLICY UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has constituted Internal Complaints Committee in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, company received 1 complaint which was dealt with in accordance with the procedure laid down under the Policy for Prevention of Sexual Harassment of the company.

No complaint was pending as on 31st March, 2019.

37. WHISTLE BLOWER POLICY / VIGIL MECHANISM

Your company has Whistle Blower Policy /Vigil Mechanism Policy ("Policy") for the company to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct of the company. Functioning of the Policy is reviewed by the Audit Committee / Board on periodical basis. During the financial year ended March 31, 2019, the company has not received any complaint under the Whistle Blower Policy of the company.

38. CODE OF CONDUCT

The Board of Director has approved a Code of Conduct which is applicable to the Members of the Board of Directors and Senior Management Personnel. It is confirmed that all Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2018-19. The declaration to this effect is enclosed to this report as 'Annexure 10'.

39. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

In terms of provisions of Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion & Analysis Report has been separately furnished in the Annual Report.

40. POLICIES AND DISCLOSURE REQUIREMENTS

In terms of provisions of the Act and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has adopted the following Policies. The policies are available on company's website – <http://www.irisbusiness.com/investors/policies>

- Policy on Related Party Transactions
- Nomination and Remuneration Policy
- Corporate Social Responsibility Policy
- Code of Conduct for Director & Senior Management Personnel

- Material Subsidiary Policy
- Policy for Determination of Materiality of Events
- Policy for Preservation of Documents
- Terms and Condition for appointment of Independent Director
- Vigil Mechanism Policy
- Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy for Procedure of Inquiry in Case of Leak of Unpublished Price Sensitive Information ("UPSI")

The company's Policy on Directors' appointment, remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 forms part of Nomination and Remuneration Policy.

41. 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.

For and on behalf of the Board of Directors of IRIS Business Services Limited

Date: 25th May, 2019

Place: Navi Mumbai

Swaminathan Subramaniam

Whole Time Director & CEO

(DIN: 01185930)

Deepta Rangarajan

Whole Time Director

(DIN: 00404072)

Balachandran Krishnan

Whole Time Director & CFO

(DIN: 00080055)

Annexure - 1

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 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 ₹)

| Sr. 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. (start and end of accounting period) | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 | 01.04.2018 to 31.03.2019 |
| 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 ₹Per unit for foreign currency BS 69.17, P & L 69.89 | SGD Exchange Rate used ₹Per unit for foreign currency BS 50.71, P & L 51.47 | EURO Exchange Rate used ₹Per unit for foreign currency BS 77.70, P & L 80.93 |
| Share capital | 59,61,180 | 1,13,82,041 | 7,12,000 |
| Reserves and surplus | (79,78,284) | (1,32,58,995) | 1,39,880 |
| Total assets | 24,72,162 | 73,59,721 | 8,51,880 |
| Total Liabilities | 24,72,162 | 73,59,721 | 8,51,880 |
| Investments | - | - | - |
| Turnover | 1,02,20,879 | 1,57,11,417 | NIL |
| Profit before taxation | (81,15,347) | 14,24,336 | (1,16,647) |
| Provision for taxation | - | - | - |
| Profit after taxation | (81,15,347) | 14,24,336 | (1,16,647) |
| Proposed Dividend | - | - | - |
| Extent of shareholding (in percentage) | 100% | 98.36% | 100% |

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part B- Joint Ventures and associates

The company does not have any Associates nor has entered into joint ventures.

For and on behalf of the Board of Directors of IRIS Business Services Limited

| | | | |
|----------------------------------|--|--|--|
| Date: 25 th May, 2019 | Swaminathan Subramaniam Whole Time Director & CEO (DIN: 01185930) | Deepta Rangarajan Whole Time Director (DIN: 00404072) | Balachandran Krishnan Whole Time Director & CFO (DIN: 00080055) |
| Place: Navi Mumbai | | | |

Annexure - 2

DETAILS OF IRIS EMPLOYEES STOCK OPTION SCHEME, 2017

| | |
|---|---|
| Date of shareholders' approval | 13 th September, 2017 |
| Total number of options approved under ESOS | 7,00,000 |
| Vesting requirements | Employee Stock Options granted under Scheme shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 4 (Four) years from the date of Grant and that different vesting period may be decided by the Nomination and Remuneration Committee (NRC) for employees at discretion of the NRC. |
| Exercise price or pricing formula | The Exercise Price per Option shall be determined by the Nomination and Remuneration Committee being not lesser than the face value of the Share underlying such Option as on date of Grant. |
| Maximum term of options granted | Nine years |
| Source of shares (primary, secondary or combination) | N.A. |
| Variation in terms of options | N.A. |
| Method used to account for ESOS - Intrinsic or fair value | Fair Value |
| Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | N.A. |
| Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. | N.A. |
| (a) options granted; | 7,00,000 |
| (b) options vested; | 4,96,500 |
| (c) options exercised; | Nil |
| (d) the total number of shares arising as a result of exercise of option; | Nil |
| (e) options lapsed / cancelled; | 1,48,000 |
| (f) the exercise price; | ₹32/- per Option |
| (g) variation of terms of options; | N.A. |
| (h) money realized by exercise of options; | N.A. |
| (i) total number of options in force; | 5,52,000 |
| (j) employee wise details of options granted to:— | |
| (i) senior managerial personnel/ key managerial personnel. | N.A. |
| (ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of options granted during that year. | Refer Table -1 below |
| (iii) Identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | N.A. |

| | |
|---|---|
| A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: | |
| (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; | Please refer Note 30 to the Standalone financials of the company |
| (b) the method used and the assumptions made to incorporate the effects of expected early exercise; | Please refer Note 30 to the Standalone financials of the company |
| (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and | Since shares of the company got listed only on the Grant Date and there is no history of share price trading, expected volatility had been derived from historic values NSE ViX index as on the Grant date. |
| (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | N.A. |

Option movement during the year (For each ESOS)

| Particulars | Details |
|---|----------|
| Number of options outstanding at the beginning of the period | 7,00,000 |
| Number of options granted during the year | Nil |
| Number of options forfeited / lapsed during the year | 1,48,000 |
| Number of options vested during the year | 4,96,500 |
| Number of options exercised during the year | Nil |
| Number of shares arising as a result of exercise of options | Nil |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | N.A. |
| Loan repaid by the Trust during the year from exercise price received | N.A. |
| Number of options outstanding at the end of the year | 5,52,000 |
| Number of options exercisable at the end of the year | 4,96,500 |

Table - 1*

| Sr. No. | Name | Designation | Exercise Price (₹) | Options Granted |
|---------|----------------|---------------------------------------|--------------------|-----------------|
| 1 | Shilpa Dhobale | XBRL Consulting Team – Head | | 40,000 |
| 2 | Arup Ganguly | Head of Sales | | 40,000 |
| 3 | Rahul Dhamne | XBRL Consulting Team – Principal | ₹32/- per Option | 40,000 |
| 4 | Gautam Mahanti | Vice President - Enterprise Reporting | | 50,000 |
| 5 | Pradip Dey | Head Delivery | | 40,000 |

* The table excludes the ex-employee(s) who are no longer associated with the company.

For and on behalf of the Board of Directors of IRIS Business Services Limited

Date: 25th May, 2019
Place: Navi Mumbai

Swaminathan Subramaniam
Whole Time Director & CEO
(DIN: 01185930)

Deeptha Rangarajan
Whole Time Director
(DIN: 00404072)

Balachandran Krishnan
Whole Time Director & CFO
(DIN: 00080055)

Annexure - 3

NOMINATION AND REMUNERATION POLICY OF IRIS BUSINESS SERVICES LIMITED

Introduction:

In pursuance of the company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination And Remuneration Committee and approved by the Board of Directors. This Policy was revised by the Board of Directors of the company at its meeting held on 23rd February, 2019 pursuant to the amendments in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented Managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors. at its meeting held on 29th July, 2014. This Policy was further revised by the Board of Directors of the company at its meeting held on 23rd February, 2019

Effective Date:

This policy shall be effective from 29th July, 2014.

Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of three Non Executive Independent Directors.

The Board has the power to reconstitute the Committee consistent with the company's policy and applicable statutory requirement.

Definitions

- 'Board' means Board of Directors of the company.
- 'Directors' means Directors of the company.
- 'Committee' means Nomination and Remuneration Committee of the company as constituted or reconstituted by the Board.
- 'company' means IRIS Business Services Limited.
- 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 'Key Managerial Personnel (KMP)' means-
 - i. Executive Chairman and / or Managing Director;
 - ii. Whole-time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. Such other officer as may be prescribed under the applicable statutory provisions/ regulations.
- "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/ whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

GENERAL

This Policy is divided in three parts:

Part – A : covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B : covers the appointment and nomination; and

Part – C : covers remuneration and perquisites etc.

The key features of this company's policy shall be included in the Board's Report.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. The company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1. Managing Director/Whole-time Director:
 - The company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director:
 - An Independent Director shall hold office for a term up to five consecutive years on the Board of the company and will be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.
 - The company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

EVALUATION:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The evaluation of independent directors shall be done by the entire board of directors which shall include –

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:
- (c) Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

REMOVAL:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and the rules framed thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

RETIREMENT:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

GENERAL:

The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/ slabs/conditions laid down in the Articles of Association of the company and as per the provisions of the Companies Act, 2013, and the rules framed thereunder.

Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Remuneration to Whole-time/Executive/Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as

may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the company has no profits or its profits are inadequate, the company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the company and until such sum is refunded, hold it in trust for the company. The company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the company and the Companies Act, 2013 and the rules made thereunder.

Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed ₹ One Lakh per meeting of the Board or Committee, or such amount as may be prescribed by the Central Government from time to time.

Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the company computed as per the applicable provisions of the Companies Act, 2013.

Stock Options:

An Independent Director shall not be entitled to any stock option of the company.

Annexure - 4

CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The CSR policy has been formulated for indicating the activities to be undertaken by the company in compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder and to recommend the amount of expenditure to be incurred on CSR Activities as enumerated in Schedule VII of the Companies Act, 2013 and monitor the CSR Policy of the company periodically.

A detailed copy of the Corporate Social Committee policy is available on the website of the company viz. www.irisbusiness.com

2. The Composition of the CSR Committee is as follows:

| Sr. No. | Name of the Committee Member | Category |
|---------|-----------------------------------|-------------------------------------|
| 1 | Mr. Ashok Venkatramani (Chairman) | Non-Executive, Independent Director |
| 2 | Ms. Deepta Rangarajan | Whole time Director |
| 3 | Mr. Swaminathan Subramaniam | Whole time Director & CEO |

3. Average net profit/(loss) of the company for last three financial years

The average net loss of the company for last three financial years is ₹(74,15,836.33)/-

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)

Given the company has been incurring losses, the company is not required by law to spend any funds on CSR.

5. Details of CSR spent during the financial year.

- Total amount to be spent for the financial year - N.A. (refer point no. 6)
- Amount unspent , if any - N.A. (refer point no. 6)
- Manner in which the amount spent during the financial year is detailed below. - N.A. However, the expenditure made by the company during the reporting period on a voluntary basis is given below:

| CSR project or Activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs are undertaken | Amount Outlay (budget) project or programs wise | Amount spend on the projects or programs Sub head : (1) Direct expenditure on project or programs (2) Overheads During the F.Y. 2018-19 | Cumulative expenditure upto the reporting period. | Amount spend: Direct or through implementing agency |
|---|---|---|---|---|---|---|
| The company has on a voluntary basis made contribution in activities in education and research initiatives to be undertaken through IRIS Knowledge Foundation ("IKF"), a company incorporated under Section 25 of the Companies Act 1956 and which has an established track record of more than three years in activities related to promotion of education related initiatives in the area of social sciences. IKF's flagship offering http://www.esocialsciences.org is a one stop portal for social scientists. | Promotion of education related initiatives in the area of social sciences | -- | The company has approved contribution upto ₹5.00 lakh | The expenditure would be through IKF, the implementing agency. The expenditure may consist of direct expenditure as well as overheads. | ₹3.00 lakh | Through implementing agency |

6. Reasons for not spending the full amount of CSR :

The company has incurred a Loss during the F.Y. 2018-19 and the preceding two financial years and hence has not spent any amount on CSR.

Further the company is exempt from mandatory CSR expenditure as per Rule 3(2) of CSR Rules, 2014 due to not falling in criteria of CSR applicability for three consecutive years i.e. for financial years 2015-16, 2016-17 and 2017-18. Hence the above disclosures have been made by the company on a voluntary basis.

The company has a CSR Committee and an approved CSR Policy.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

We hereby confirm that the company has implemented and monitored the CSR Policy in Compliance with CSR Objectives and Policy of the company.

For and on behalf of the Board of Directors of IRIS Business Services Limited

Date: 25th May, 2019
Place: Navi Mumbai

Swaminathan Subramaniam
Whole Time Director & CEO
(DIN: 01185930)

Deepta Rangarajan
Whole Time Director
(DIN: 00404072)

Balachandran Krishnan
Whole Time Director & CFO
(DIN: 00080055)

Annexure - 5

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sr. No. | Particulars | Details |
|---------|---|---------|
| 1. | Name (s) of the related party & nature of relationship | NIL |
| 2. | Nature of contracts /arrangements / transaction | |
| 3. | Duration of the contracts / arrangements / transaction | |
| 4. | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| 5. | Justification for entering into such contracts or arrangements or transactions' | |
| 6. | Date of approval by the Board | |
| 7. | Amount paid as advances, if any | |
| 8. | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sr. No. | Particulars | Details | | | | | | |
|---------|---|--|--|---|---|---|---|---|
| 1. | Name (s) of the related party & nature of relationship | Atanou S.R.L | IRIS Business Services, LLC | IRIS Knowledge Foundation | IRIS Business Services (Asia) Pte Ltd | FinX Solutions | TVS Wealth Private Limited | TVS Electronics Limited |
| 2. | Nature of contracts /arrangements / transaction | Provide Computer Software and XBRL Services | Avail marketing and consulting services for building business in United States | Rental Income/ Donation | Avail marketing and support services | Provide Computer Software services. | Render XBRL conversion services | Render XBRL conversion services |
| 3. | Duration of the transaction | Financial Year 2018-19 | | | | | | |
| 4. | Salient terms of the contracts or arrangements or transaction including the value, if any | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. | At arm's length price and in ordinary course of business. |
| 5. | Value of transaction (₹) | No Transaction | ₹1,13,97,147 | Rental Income 1,80,000.00 Donation 3,00,000.00 | 1,67,91,139 | 64,13,619 | -- | 4,20,000.00 |
| 6. | Investment in the Subsidiary (₹) | 8,13,200.00 | 52,58,205.00 | Nil | Nil | Nil | Nil | Nil |
| 7. | Date of approval by the Board | Not applicable as the transactions entered are at arm's length price and in ordinary course of business as provided under Section 188(1) of the Companies Act, 2013. | | | | | | |
| 8. | Amount paid as advances, if any | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

There were no material related party transactions during the financial year 2018-19 with related parties.

For and on behalf of the Board of Directors of IRIS Business Services Limited

Date: 25th May, 2019
Place: Navi Mumbai

Swaminathan Subramaniam
Whole Time Director & CEO
(DIN: 01185930)

Deepta Rangarajan
Whole Time Director
(DIN: 00404072)

Balachandran Krishnan
Whole Time Director & CFO
(DIN: 00080055)

Annexure - 6

DETAILS OF THE REMUNERATION OF DIRECTORS, KMP'S AND EMPLOYEES

(Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.)

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the Financial Year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the company for the Financial Year 2018-19 are as under:

| Sr. No. | Name of Director / KMP and Designation | Remuneration of Director/ KMP for F. Y. 2018-19 (₹ in Lakhs) ⁶ | % increase in Remuneration in the F. Y. 2018-19 | Ratio of Remuneration of each Director to median remuneration of employees* |
|---------|--|---|---|---|
| 1 | Mr. Swaminathan Subramaniam, Whole Time Director & CEO | 30,00,000 | 0 | 5.78 : 1 |
| 2 | Ms. Deepta Rangarajan, Whole Time Director | 30,00,000 | 0 | 5.78 : 1 |
| 3 | Mr. Balachandran Krishnan, Whole Time Director & CFO | 30,00,000 | 0 | 5.78 : 1 |
| 4 | Mr. Jay Mistry, Company Secretary & Compliance Officer | 12,00,000 | 0 | 2.31:1 |

* The Independent Directors of the company viz. Mr. Vinod Agarwala, Mr. Ashok Venkatramani and Mr. Bhaswar Mukherjee are not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Audit Committee. The details of sitting fees paid to the Independent Directors is provided in the extract of the Annual Return, which is annexed as Annexure 9 to the Directors Report. The ratio of remuneration (sitting fees) of Independent Directors to median remuneration of employees is as follows:

Mr. Narayan Seshadri (0.08:1), Mr. Ashok Venkatramani (0.35:1), Mr. Bhaswar Mukherjee (0.39:1), Mr. Vinod Agarwala (0.43:1).

⁶ There was no increase in remuneration of Independent Directors during the financial year, they are entitled for sitting fees in proportion to number of meeting(s) attended by them.

2) The median remuneration of employees of the company for the Financial Year 2018-19 was ₹5.19 Lakhs (as on 31st March, 2019). For the financial year ended 2018-19, the median remuneration of employees was 6.66% higher compared to previous year.

3) There were 317 permanent employees on the Payroll of the company as on 31st March, 2019 as compared to 300 employees as on 31st March, 2018.

4) Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:

The average percentage increase made in the salaries of employees other than the managerial Personnel was 10%. There was no increase in the Managerial Remuneration during the financial year.

5) Affirmation that the Remuneration is as per the Remuneration Policy of the company:

It is hereby affirmed that the Remuneration paid is as per the Remuneration Policy of the company.

6) Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(A) Employed throughout the financial year under review and in receipt of remuneration for the financial year in the aggregate of not less than ₹1,02,00,000/- per annum: None

- (B) Employed for the part of the financial year under review and in receipt of remuneration at the rate of not less than ₹8,50,000/- per month: None
- (C) There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which in the aggregate was in excess of that drawn by the Managing Director or Whole-time Director and who held by himself or alongwith his spouse or dependent children two percent of the Equity Shares of the company.
- (D) None of the employees covered under Rule 5(2) and 5(3) are a relative of any Director of the company.
- 7) Additional Disclosure as per Section II of Schedule V – Conditions for appointment and payment of remuneration of managerial personnel
- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors:
- The details have been provided under the extract of Annual Return. None of the Directors of the company are given any Stock Options.
- (ii) Details of fixed component and performance linked incentives along with the performance criteria:
- The terms of remuneration of Whole Time Directors (WTDs) are as approved by the resolution of the Board of Directors. The Non-Executive Directors (NEDs) are entitled to receive sitting fees for attending the meeting of the Board and the Audit Committee.
- (iii) Service contracts, notice period, severance fees:
- There is no service contract between the Whole Time Directors (WTDs) – Mr. Swaminathan Subramaniam, Ms. Deepta Rangarajan and Mr. Balachandran Krishnan. Their terms of appointment are governed by the resolution of the Board of Directors. The Notice period and severance fees are not applicable to the WTDs.
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:
- No stock Options are issued to the WTDs or any of the Directors during the financial year.

For and on behalf of the Board of Directors of IRIS Business Services Limited

| | | | |
|----------------------------------|--------------------------------------|----------------------------|--------------------------------------|
| | Swaminathan Subramaniam | Deepta Rangarajan | Balachandran Krishnan |
| | <i>Whole Time Director & CEO</i> | <i>Whole Time Director</i> | <i>Whole Time Director & CFO</i> |
| Date: 25 th May, 2019 | | | |
| Place: Navi Mumbai | (DIN: 01185930) | (DIN: 00404072) | (DIN: 00080055) |

Annexure - 7

PARTICULARS IN REGARDS TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO THE COMPANIES (ACCOUNT) RULES, 2014.

(A) Conservation of energy

- i. The steps taken or impact on conservation of energy: As the company is not engaged in any manufacturing activity the consumption of energy is relatively low. And company takes reasonable steps to conserve energy at its office.
- ii. The steps taken by the company for utilizing alternates source of energy: NIL
- iii. The Capital Investment on energy conservation equipments: NIL

(B) Technology absorption

- i. The efforts made towards technology absorption:
 - (a) The company has made a conscious decision to embrace cloud based technologies and a virtualized environment for internal development activities.
 - (b) The company's key products IRIS Carbon@ and IRISGST are offered using cloud based technologies. In addition, the company has used NoSQL based database technology in both IRISGST and the data consumption platform. There is also focus on adopting mobile technologies starting with the GST compliance offering. A mobile app, IRIS Peridot has already been launched for public consumption enabling counterparty compliance check and GSTIN verification. The company has embarked on building expertise around the data standard, SDMX (Statistical Data and Metadata Exchange) which is an international initiative supported by institutions such as the Bank for International Settlements (BIS), the World Bank and the IMF.

- ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

Adoption of cloud based technologies gives significant advantages in terms of user experience as well as operational and cost efficiencies. The API based technologies the company has invested in helps in building products that are in the sync with the emerging eco system and is a source of competitive advantage. Investment in SDMX technologies will help the company to expand its array of offerings.

- iii. In case of imported technology (imported during last three years reckoned from beginning of financial year):
 - (a) Details of technology imported: Nil
 - (b) Year of Import: Nil
 - (c) Whether technology has been fully absorbed: Nil
 - (d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: Nil
- iv. The expenditure incurred on Research and Development: Capital Expenditure for IRIS CREDIXO Platform during the year 2018-19: ₹39,00,730 As a percentage of total revenue: 0.95%

(C) Foreign exchange earnings and outgo

- i. The Earnings in foreign Exchange during the financial year 2018-19: ₹25,90,82,913/-
- ii. The outgo in foreign exchange during the financial year 2018-19: ₹5,44,78,942/-

For and on behalf of the Board of Directors of IRIS Business Services Limited

Swaminathan Subramaniam
Whole Time Director & CEO

(DIN: 01185930)

Deepta Rangarajan
Whole Time Director

(DIN: 00404072)

Balachandran Krishnan
Whole Time Director & CFO

(DIN: 00080055)

Date: 25th May, 2019

Place: Navi Mumbai

FORM No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
IRIS Business Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IRIS Business Services Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 generally complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the audit period)

(vi) Other laws specifically applicable to the company namely;

- (a) The company is registered as N-STPI unit under Software Technology Parks of India (STPI), a society set up by the Ministry of Electronics & Information Technology (MeitY), Government of India. STPI is statutory body
- (b) Information Technology Act, 2000
- (c) Trademarks Act, 1999
- (d) Patents Act, 1970 as amended from time to time.
- (e) Copyright Act, 1957

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the company is duly constituted

with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were generally carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following events occurred which had bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

1. Ratification of the IRIS Employee Stock Options Scheme, 2017 ("Scheme") and the extension of benefits of the Scheme to the eligible employees of subsidiary company(ies) of the company was approved by the shareholders by passing Special Resolution through Postal Ballot

For Parikh & Associates

Company Secretaries

Sarvari Shah

Partner

FCS No: 9697 CP No: 11717

Place: Mumbai

Date: May 25, 2019

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members
IRIS Business Services Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Parikh & Associates
Company Secretaries

Sarvari Shah
Partner

FCS No: 9697 CP No: 11717

Place: Mumbai
Date: May 25, 2019

Annexure - 9

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| 1. CIN | : | L72900MH2000PLC128943 |
| 2. Registration Date | : | 03-10-2000 |
| 3. Name of the company | : | IRIS BUSINESS SERVICES LIMITED |
| 4. Category/Sub-category of the company | : | Public company Limited by Shares |
| 5. Address of the Registered office & contact details | : | T-231, Tower 2, 3 rd Floor, International Infotech Park, Vashi-400703, Navi Mumbai. Tel.: +91-22-6730 1000 Fax: +91 22 2781 4434 E-mail: cs@irisindia.net Website: www.irisbusiness.com |
| 6. Whether listed company | : | Yes |
| 7. Details of the Stock Exchanges where shares are listed | : | BSE Limited |
| 8. Name, Address & contact details of the Registrar & Transfer Agent, if any. | : | Ms. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083, Maharashtra. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Software Products and Solutions | 5820 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|--|--------------------------------|------------------|--------------------|
| 1 | IRIS Business Services (Asia) Pte. Ltd. (Address: 19 Keppel Road #07-08 jit Poh Building, Singapore - 089058) | Company No. – 201200667K | Subsidiary | 98.36% | 2(87) |
| 2 | IRIS Business Services, LLC (Address: 111, Presidential Boulevard, Suite 246, Bala Cynwyd, PA 19004, USA) | - | Subsidiary | 100% | 2(87) |
| 3 | Atanou S.R.L. (Address: Via V. Monti, 8 -20123, Milano) | Company Registration No. 2073449 | Subsidiary | 100% | 2(87) |

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2018] | | | | No. of Shares held at the end of the year [As on 31-March-2019] | | | | % Change during the year |
|--|--|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 74,22,220 | - | 74,22,220 | 39.31% | 74,22,220 | - | 74,22,220 | 39.31% | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 74,22,220 | - | 74,22,220 | 39.31% | 74,22,220 | - | 74,22,220 | 39.31% | - |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Any other (specify) | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |
| TOTAL (A) | 74,22,220 | - | 74,22,220 | 39.31% | 74,22,220 | - | 74,22,220 | 39.31% | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 4,000 | - | 4,000 | 0.02% | 4,000 | - | 4,000 | 0.02% | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 4,000 | - | 4,000 | 0.02% | 4,000 | - | 4,000 | 0.02% | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 58,18,908 | 7,52,780 | 65,71,688 | 34.81% | 55,98,578 | 7,52,780 | 63,51,358 | 33.64% | (1.17)% |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh | 12,16,949 | 83,600 | 13,00,549 | 6.89% | 12,01,720 | 45,450 | 12,47,170 | 6.61% | (0.28)% |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 25,71,262 | 36,05,36 | 29,31,798 | 15.53% | 30,86,428 | 1,39,620 | 32,26,048 | 17.09% | 1.56% |
| c) NBFCs registered with RBI | - | - | - | - | 20,000 | - | 20,000 | 0.11% | 0.11% |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2018] | | | | No. of Shares held at the end of the year [As on 31-March-2019] | | | | % Change during the year |
|--|--|------------------|--------------------|-------------------|--|-----------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| d) Others (specify) | - | - | - | - | - | - | - | - | - |
| HUF | 3,88,000 | - | 3,88,000 | 2.06% | 3,88,000 | - | 3,88,000 | 2.06% | - |
| Non Resident Indians | 76,000 | - | 76,000 | 0.40% | 1,48,000 | - | 1,48,000 | 0.78% | 0.38% |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 1,76,907 | - | 1,76,907 | 0.94% | 64,366 | - | 64,366 | 0.34% | (0.60)% |
| Trusts | 8,000 | - | 8,000 | 0.04% | 8,000 | - | 8,000 | 0.04% | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 1,02,56,026 | 11,96,916 | 1,14,52,942 | 60.66% | 1,05,15,092 | 9,37,850 | 1,14,52,942 | 60.66% | - |
| Total Public (B) | 1,02,60,026 | 11,96,916 | 1,14,56,942 | 60.66% | 1,05,19,092 | 9,37,850 | 1,14,56,942 | 60.68% | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 1,76,82,246 | 11,96,916 | 1,88,79,162 | 100% | 1,79,41,312 | 9,37,850 | 1,88,79,162 | 100% | - |

(ii) Shareholding of Promoter

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01-Apr-2018) | | | Shareholding at the end of the year (31-March-2019) | | | % change in shareholding during the year |
|---------|-------------------------|---|----------------------------------|---|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Swaminathan Subramaniam | 48,72,168 | 25.81% | - | 48,72,168 | 25.81% | 7.74% | - |
| 2 | Deepta Rangarajan | 14,46,052 | 7.66% | - | 14,46,052 | 7.66% | 2.30% | - |
| 3 | Balachandran Krishnan | 11,04,000 | 5.85% | - | 11,04,000 | 5.85% | 1.75% | - |
| | Total | 74,22,220 | 39.31% | - | 74,22,220 | 39.31% | 11.79% | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | Particulars | Date | Reason for Change (Sale/ Purchase etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|-----------|---|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Swaminathan Subramaniam Promoter, Whole Time Director & CEO | | | | | | |
| | At the beginning of the year | 01-Apr-18 | - | 48,72,168 | 25.81% | 48,72,168 | 25.81% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | 31-Mar-19 | - | 48,72,168 | 25.81% | 48,72,168 | 25.81% |
| 2 | Deepta Rangarajan Promoter & Whole Time Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | - | 14,46,052 | 7.66% | 14,46,052 | 7.66% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | 31-Mar-19 | - | 14,46,052 | 7.66% | 14,46,052 | 7.66% |

| Sr. No. | Particulars | Date | Reason for Change (Sale/ Purchase etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|-----------|---|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 3 | Balachandran Krishnan, Promoter, Whole Time Director & CFO | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 11,04,000 | 5.85% | 11,04,000 | 5.85% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 11,04,000 | 5.85% | 11,04,000 | 5.85% |

(iv) Shareholding Pattern of top ten shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|-----------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Vistra ITCL India Limited | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 39,07,598 | 20.70% | 39,07,598 | 20.70% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 39,07,598 | 20.70% | 39,07,598 | 20.70% |
| 2 | Madhuri Kela | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 10,72,000 | 5.68% | 10,72,000 | 5.68% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 10,72,000 | 5.68% | 10,72,000 | 5.68% |
| 3 | Millennium Developers Pvt. Ltd. | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 5,40,000 | 2.86% | 5,40,000 | 2.86% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 5,40,000 | 2.86% | 5,40,000 | 2.86% |
| 4 | Valuable Infrastructure Pvt. Ltd. | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 4,68,320 | 2.48% | 4,68,320 | 2.48% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 4,68,320 | 2.48% | 4,68,320 | 2.48% |
| 5 | Edelcap Securities Limited | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 5,04,000 | 2.67% | 5,04,000 | 2.67% |
| | Changes during the year | 14-Sep-18 | Sale | 4,000 | 0.02% | 5,00,000 | 2.65% |
| | | 21-Sep-18 | Sale | 8,000 | 0.04% | 4,92,000 | 2.61% |
| | | 05-Oct-18 | Sale | 12,000 | 0.06% | 4,80,000 | 2.54% |
| | | 02-Nov-18 | Sale | 12,000 | 0.06% | 4,68,000 | 2.48% |
| | | 09-Nov-18 | Sale | 12,000 | 0.06% | 4,56,000 | 2.42% |
| | | 07-Dec-18 | Sale | 8,000 | 0.04% | 4,48,000 | 2.37% |
| | At the end of the year | 31-Mar-19 | | 4,48,000 | 2.37% | 4,48,000 | 2.37% |

| Sr. No. | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|------------------------|--|------------------------------|-----------|---|-------------------|---|-------------------|-------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares | |
| 6 | Mr. Vijay Gupta & Mrs. Rashmi Gupta | At the beginning of the year | 01-Apr-18 | | 3,00,586 | 1.59% | 3,00,586 | 1.59% |
| | | Changes during the year | - | | - | - | - | - |
| | | At the end of the year | 31-Mar-19 | | 3,00,586 | 1.59% | 3,00,586 | 1.59% |
| 7 | Pinky Ventures Private Limited | At the beginning of the year | 01-Apr-18 | | 3,00,586 | 1.59% | 3,00,586 | 1.59% |
| | | Changes during the year | 30-Mar-19 | Sale | 8,000 | 0.04% | 2,92,586 | 1.55% |
| | | At the end of the year | 31-Mar-19 | | 2,92,586 | 1.55% | 2,92,586 | 1.55% |
| 8 | IRIS Employee Wellness LLP | At the beginning of the year | 01-Apr-18 | | 2,48,620 | 1.32% | 2,48,620 | 1.32% |
| | | Changes during the year | - | - | - | - | - | - |
| | | At the end of the year | 31-Mar-19 | | 2,48,620 | 1.32% | 2,48,620 | 1.32% |
| 9 | VARGIS JACOB | At the beginning of the year | 01-Apr-18 | | 96,000 | 0.51% | 96,000 | 0.51% |
| | | Changes during the year | 06-Apr-18 | Sale | 24,000 | 0.13% | 72,000 | 0.38% |
| | | | 20-Apr-18 | Sale | 4,000 | 0.02% | 68,000 | 0.36% |
| | | | 04-May-18 | Sale | 40,000 | 0.21% | 28,000 | 0.15% |
| | | | 25-May-18 | Sale | 12,000 | 0.06% | 16,000 | 0.08% |
| | | | 01-Jun-18 | Sale | 16,000 | 0.08% | 0 | 0 |
| | | | 06-Jul-18 | Purchase | 1,32,000 | 0.70% | 1,32,000 | 0.70% |
| | | | 29-Sep-18 | Purchase | 4,000 | 0.02% | 1,36,000 | 0.72% |
| | | | 12-Oct-18 | Sale | 8,000 | 0.04% | 1,28,000 | 0.68% |
| | | | 19-Oct-18 | Purchase | 8,000 | 0.04% | 1,36,000 | 0.72% |
| | | | 26-Oct-18 | Purchase | 8,000 | 0.04% | 1,44,000 | 0.76% |
| | | | 02-Nov-18 | Purchase | 12,000 | 0.06% | 1,56,000 | 0.83% |
| | | | 09-Nov-18 | Purchase | 8,000 | 0.04% | 1,64,000 | 0.87% |
| | | | 21-Dec-18 | Purchase | 12,000 | 0.06% | 1,76,000 | 0.93% |
| | | | 18-Jan-19 | Sale | 4,000 | 0.02% | 1,72,000 | 0.91% |
| | | | 25-Jan-19 | Purchase | 4,000 | 0.02% | 1,76,000 | 0.93% |
| | | | 08-Feb-19 | Purchase | 4,000 | 0.02% | 1,80,000 | 0.95% |
| 01-Mar-19 | Purchase | 4,000 | 0.02% | 1,84,000 | 0.97% | | | |
| 08-Mar-19 | Purchase | 12,000 | 0.06% | 1,96,000 | 1.04% | | | |
| 29-Mar-19 | Purchase | 20,000 | 0.11% | 2,16,000 | 1.14% | | | |
| At the end of the year | 31-Mar-19 | | 2,16,000 | 1.14% | 2,16,000 | 1.14% | | |
| 10 | Shailesh Gupta | At the beginning of the year | 01-Apr-18 | | 1,94,256 | 1.03% | 1,94,256 | 1.03% |
| | | Changes during the year | 08-Mar-19 | Sale | 4,000 | 0.02% | 1,90,256 | 1.01% |
| | | | 15-Mar-19 | Sale | 4,000 | 0.02% | 1,86,256 | 0.99% |
| | | At the end of the year | 31-Mar-19 | | 1,86,256 | 0.99% | 1,86,256 | 0.99% |

| Sr. No. | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|-----------|----------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 11 | Asit C. Mehta Investment Interrmediates Limited | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 1,68,000 | 0.89% | 1,68,000 | 0.89% |
| | Changes during the year | 06-Apr-18 | Sale | 12,000 | 0.06% | 1,56,000 | 0.83% |
| | | 13-Apr-18 | Sale | 12,000 | 0.06% | 1,44,000 | 0.76% |
| | | 27-Apr-18 | Purchase | 4,000 | 0.02% | 1,48,000 | 0.78% |
| | | 18-May-18 | Purchase | 8,000 | 0.04% | 1,56,000 | 0.83% |
| | | 25-May-18 | Purchase | 8,000 | 0.04% | 1,64,000 | 0.87% |
| | | 08-Jun-18 | Purchase | 4,000 | 0.02% | 1,68,000 | 0.89% |
| | | 15-Jun-18 | Sale | 12,000 | 0.06% | 1,56,000 | 0.83% |
| | | 30-Jun-18 | Sale | 12,000 | 0.06% | 1,44,000 | 0.76% |
| | | 06-Jul-18 | Purchase | 8,000 | 0.04% | 1,52,000 | 0.81% |
| | | 13-Jul-18 | Purchase | 4,000 | 0.02% | 1,56,000 | 0.83% |
| | | 20-Jul-18 | Purchase | 4,000 | 0.02% | 1,60,000 | 0.85% |
| | | 27-Jul-18 | Sale | 4,000 | 0.02% | 1,56,000 | 0.83% |
| | | 10-Aug-18 | Purchase | 4,000 | 0.02% | 1,60,000 | 0.85% |
| | | 31-Aug-18 | Purchase | 4,000 | 0.02% | 1,64,000 | 0.87% |
| | | 07-Sep-18 | Sale | 4,000 | 0.02% | 1,60,000 | 0.85% |
| | | 21-Sep-18 | Purchase | 4,000 | 0.02% | 1,64,000 | 0.87% |
| | | 29-Sep-18 | Purchase | 8,000 | 0.04% | 1,72,000 | 0.91% |
| | | 12-Oct-18 | Sale | 4,000 | 0.02% | 1,68,000 | 0.89% |
| | | 26-Oct-18 | Purchase | 4,000 | 0.02% | 1,72,000 | 0.91% |
| | | 02-Nov-18 | Sale | 1,600 | 0.01% | 1,70,400 | 0.90% |
| | | 16-Nov-18 | Sale | 5,800 | 0.03% | 1,64,600 | 0.87% |
| | | 30-Nov-18 | Purchase | 8,000 | 0.04% | 1,72,600 | 0.91% |
| | | 07-Dec-18 | Sale | 8,000 | 0.04% | 1,64,600 | 0.87% |
| | | 21-Dec-18 | Purchase | 4,000 | 0.02% | 1,68,600 | 0.89% |
| | | 11-Jan-19 | Sale | 4,000 | 0.02% | 1,64,600 | 0.87% |
| | | 01-Feb-19 | Purchase | 4,000 | 0.02% | 1,68,600 | 0.89% |
| | | 08-Feb-19 | Purchase | 8,000 | 0.04% | 1,76,600 | 0.94% |
| | | 22-Feb-19 | Sale | 4,000 | 0.02% | 1,72,600 | 0.91% |
| | | 29-Mar-19 | Sale | 8,000 | 0.04% | 1,64,600 | 0.87% |
| | At the end of the year | 31-Mar-19 | | 1,64,600 | 0.87% | 1,64,600 | 0.87% |

Notes:

1. Paid up Share Capital of the company (Face Value ₹10.00) at the end of the year is 18879162 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the company is based on the paid up Capital of the company at the end of the Year.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|-----------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Mr. Swaminathan Subramaniam Whole Time Director & CEO | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 48,72,168 | 25.81% | 48,72,168 | 25.81% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 48,72,168 | 25.81% | 48,72,168 | 25.81% |
| 2 | Mr. Balachandran Krishnan Whole Time Director & CFO | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 11,04,000 | 5.85% | 11,04,000 | 5.85% |
| | Changes during the year | | - | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 11,04,000 | 5.85% | 11,04,000 | 5.85% |
| 3 | Ms. Deepta Rangarajan Whole Time Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | 14,46,052 | 7.66% | 14,46,052 | 7.66% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | 31-Mar-19 | | 14,46,052 | 7.66% | 14,46,052 | 7.66% |
| 4 | Mr. Narayan Seshadri[@] Independent Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | 31-Mar-19 | | - | 0.00% | - | 0.00% |
| 5 | Mr. Ashok Venkatramani Independent Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | 31-Mar-19 | | - | 0.00% | - | 0.00% |
| 6 | Mr. Bhaswar Mukherjee Independent Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | 31-Mar-19 | | - | 0.00% | - | 0.00% |
| 7 | Mr. Vinod Agarwala Independent Director | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | 31-Mar-19 | | - | 0.00% | - | 0.00% |
| 8 | Mr. Jay Mistry Company Secretary | | | | | | |
| | At the beginning of the year | 01-Apr-18 | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | - | 0.00% | - | 0.00% |
| | At the beginning of the year | 31-Mar-19 | | - | 0.00% | - | 0.00% |

@ Mr. Narayan Seshadri resigned from the Board with effect from 2nd March, 2019.

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment. (Amt. ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 9,15,66,719 | - | - | 9,15,66,719 |
| ii) Interest due but not paid | 8,90,503 | - | - | 8,90,503 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 9,24,57,222 | Nil | - | 9,24,57,222 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | Nil | - | - | - |
| * Reduction | (2,36,75,688) | - | - | (2,36,75,688) |
| Net Change | (2,36,75,688) | - | - | (2,36,75,688) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 6,87,81,534 | - | - | 6,87,81,534 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 6,87,81,534 | - | - | 6,87,81,534 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in ₹)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount (₹) |
|---------|---|---------------------------|-----------------------|-----------------------------|---------------------|
| | | Mr. Balachandran Krishnan | Ms. Deepta Rangarajan | Mr. Swaminathan Subramaniam | |
| | | Whole-time Director & CFO | Whole-time Director | Whole-time Director & CEO | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30,00,000 | 30,00,000 | 30,00,000 | 90,00,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, (Unpaid Bonus) | - | - | - | - |
| | Total (A) | 30,00,000 | 30,00,000 | 30,00,000 | 90,00,000 |
| | Ceiling as per the Act | 84,00,000 | 84,00,000 | 84,00,000 | 2,52,00,000 |

B. Remuneration to other Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount (₹) |
|---------|--|-----------------------------------|------------------------|-----------------------|--------------------|------------------|
| | | Mr. Narayan Seshadri ^a | Mr. Ashok Venkatramani | Mr. Bhaswar Mukherjee | Mr. Vinod Agarwala | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board and committee meetings | 40,000 | 1,80,000 | 2,00,000 | 2,25,000 | 6,45,000 |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (1) | 40,000 | 1,80,000 | 2,00,000 | 2,25,000 | 6,45,000 |
| 2 | Other Non-Executive Directors | - | - | - | - | - |
| | Fee for attending board committee meetings | - | - | - | - | - |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (2) | Nil | - | - | - | - |
| | Total (B)=(1+2) | 40,000 | 1,80,000 | 2,00,000 | 2,25,000 | 6,45,000 |
| | Total Managerial Remuneration | 40,000 | 1,80,000 | 2,00,000 | 2,25,000 | 6,45,000 |
| | Overall Ceiling as per the Act | - | - | - | - | - |

@ Mr. Narayan Seshadri resigned from the Board with effect from 2nd March, 2019.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sr. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | Total Amount (₹) |
|---------|---|----------------------------------|-------------------|------------------|
| | | Mr. Balachandran Krishnan | Mr. Jay Mistry | |
| | | WTD & CFO | Company Secretary | |
| 1 | Gross salary | - | - | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30,00,000 | 12,00,000 | 42,00,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, (Unpaid Bonus) | - | - | - |
| | Total | 30,00,000 | 12,00,000 | 42,00,000 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY - | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors of IRIS Business Services Limited

Date: 25th May, 2019
Place: Navi Mumbai

Swaminathan Subramaniam
Whole Time Director & CEO
(DIN: 01185930)

Deepta Rangarajan
Whole Time Director
(DIN: 00404072)

Balachandran Krishnan
Whole Time Director & CFO
(DIN: 00080055)

Annexure - 10

DECLARATION

To,
The Members of,
IRIS Business Services Limited

I, Swaminathan Subramaniam, Whole Time Director & CEO of IRIS Business Services Limited, hereby declare that as of 31st March, 2019, all the Board Members and Senior Management have affirmed compliance with the Code of Conduct laid down by the company.

For IRIS Business Services Limited

Swaminathan Subramaniam
Whole Time Director & CEO

Date: 25th May, 2019
Place: Navi Mumbai

General Shareholders Information

| | | | | | | |
|---------------|--|--|--|---|----------------------|--------------------------|
| 1 | Date, Time & Venue of Annual General Meeting. | Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association (NMSA), Sector-1A, Vashi, Navi Mumbai - 400 703 | | | | |
| 2 | Book closure date | July 21, 2019 to July 27, 2019 (both days inclusive) | | | | |
| 3 | E-voting period | July 24, 2019 (9:00 am IST) to July 26, 2019 (5:00 pm IST) | | | | |
| 4 | E-Voting cut off date | Saturday, July 20, 2019 | | | | |
| 5 | Financial Year | The Financial Year Covers the period from 1st April to 31st March | | | | |
| 6 | Listing on Stock Exchange | BSE Limited | | | | |
| | Stock Exchange Address | P.J. Towers, Dalal Street, Fort, Mumbai – 400 001 | | | | |
| | Confirmation about payment of Annual Listing fee to Stock Exchange | The Company has paid listing fees for the financial year 2019-20. | | | | |
| 7 | Stock Code | 540735 | | | | |
| 8 | ISIN No. | INE864K01010 | | | | |
| 9 | Market Price data (Note: The equity shares of the Company were listed on the SME platform of BSE Limited on 11th October, 2017.) | Month | High | Low | | |
| | | April 2018 | 62 | 45.25 | | |
| | | May 2018 | 62.50 | 49 | | |
| | | June 2018 | 64 | 42 | | |
| | | July 2018 | 56.75 | 49.25 | | |
| | | August 2018 | 49.50 | 44.60 | | |
| | | September 2018 | 50 | 36.80 | | |
| | | October 2018 | 40.75 | 30 | | |
| | | November 2018 | 41 | 32.50 | | |
| | | December 2018 | 38.85 | 32.85 | | |
| | | January 2019 | 37 | 32 | | |
| February 2019 | 35.50 | 28 | | | | |
| March 2019 | 40.50 | 28.10 | | | | |
| 10 | Registrar and Transfer Agent | Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel: +91 22 49186000, Fax: +91 22 4918 6060 Email: Mumbai@linkintime.co.in, Website: www.linkintime.co.in | | | | |
| 11 | Share Transfer System | Registrar and transfer Agent carry out share transfer activities and shares are transferred within stipulated time. | | | | |
| 12 | Distribution of shareholding as on 31st March, 2019 | Given below | | | | |
| | | No. of Equity Shares Held | No. of Shareholders | % of Shareholders | No. of shares | % of Shareholding |
| | | 1 - 500 | 20 | 4.49 | 3,740 | 0.02 |
| | | 501 - 1000 | 7 | 1.57 | 5,320 | 0.03 |
| | | 1001 - 2000 | 6 | 1.35 | 9,300 | 0.05 |
| | | 2001 - 3000 | 7 | 1.57 | 17,300 | 0.09 |
| | | 3001- 4000 | 250 | 56.18 | 9,96,762 | 5.28 |
| | | 4001 - 5000 | 7 | 1.57 | 31,500 | 0.17 |
| | | 5001 - 10000 | 56 | 12.58 | 4,37,848 | 2.32 |
| | | 10001 and above | 92 | 20.67 | 1,73,77,392 | 92.05 |
| | | Total | 445 | 100.0000 | 18,879,162 | 100.0000 |
| | | 13 | Dematerialization of share and liquidity | As of 31st March, 2019, out of total shareholding, 1,79,41,312 equity shares are held in Demat form. The shares of the Company are traded on BSE Limited. | | |
| 14 | Details about the outstanding Global Depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity | The Company has not issued any ADR/GDR | | | | |

| | | | | | |
|----|---|--|----------------------|--------------------------|-----------------------------|
| 15 | Address of Registered Office | IRIS Business Services Limited T-231, Tower 2, 3rd Floor, International Infotech Park, Vashi Station, Vashi - 400 703, Maharashtra, India. Tel. : +91 22 6723 1000 Fax: +91 22 2781 4434 | | | |
| 16 | Category of Shareholding as of 31st March, 2019 | | No. of Shares | % of total shares | |
| | | Promoters | 74,22,220 | 39.31 | |
| | | Nationalised Banks | 4,000 | 0.02 | |
| | | Clearing members | 63,802 | 0.34 | |
| | | HUF | 3,88,000 | 2.06 | |
| | | Trusts | 8,000 | 0.04 | |
| | | Corporate Bodies | 63,57,922 | 33.68 | |
| | | NRIs | 1,48,000 | 0.78 | |
| | | Indian Public | 44,67,218 | 23.66 | |
| | | Total | 18,879,162 | 100.00 | |
| 17 | Share Price Performance in Comparison with BSE Sensex | As given below | | | |
| | Month | IRIS Business Services Limited | | | BSE Sensex |
| | | High (₹) | Low (₹) | Close (₹) | No. of shares traded |
| | April, 2018 | 62 | 45.25 | 53.10 | 220000 |
| | May, 2018 | 62.50 | 49 | 49.50 | 296000 |
| | June, 2018 | 64 | 42 | 59.50 | 388000 |
| | July, 2018 | 56.75 | 49.25 | 52 | 84000 |
| | August, 2018 | 49.50 | 44.60 | 48 | 76000 |
| | September, 2018 | 50 | 36.80 | 37.50 | 100000 |
| | October, 2018 | 40.75 | 30 | 35 | 122400 |
| | November, 2018 | 41 | 32.50 | 37.55 | 166200 |
| | December, 2018 | 38.85 | 32.85 | 33 | 44000 |
| | January, 2019 | 37 | 32 | 32.65 | 112000 |
| | February, 2019 | 35.50 | 28 | 31.50 | 120000 |
| | March, 2019 | 40.50 | 28.10 | 37.15 | 148000 |
| | | | | | Close |
| | | | | | 35,160.36 |
| | | | | | 35,322.38 |
| | | | | | 35,423.48 |
| | | | | | 37,606.58 |
| | | | | | 38,645.07 |
| | | | | | 36,227.14 |
| | | | | | 34,442.05 |
| | | | | | 36,194.30 |
| | | | | | 36,068.33 |
| | | | | | 36,256.69 |
| | | | | | 35,867.44 |
| | | | | | 38,672.91 |



Independent Auditor's Report

To the Members of
IRIS BUSINESS SERVICES LIMITED

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **IRIS BUSINESS SERVICES LIMITED ("the Company")**, which comprise the Balance Sheet as at March 31, 2019, the statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the KAM to be communicated in our report.

| Sr. No. | KAM and the basis for considering it so. | How the KAM is addressed in the audit |
|---------|--|--|
| 1 | <p>Impairment of Intangibles :</p> <p>As per the Accounting standard 28, the Company is required to annually test the carrying amount of assets for impairment. The total assets of the Company are Rupees 65,47,64,270/- and the carrying value of Intangible assets is Rupees 22,73,20,578/- which is material amount.</p> <p>The management's assessment process is complex and highly judgmental and is based on assumptions, specifically about the number of potential customers for the products of the Company, the cost that the Company is required to spent to upkeep the product, the geography that the product will cater, etc., which are affected by expected future market or economic conditions worldwide.</p> | <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following :</p> <ul style="list-style-type: none">• Evaluated the design of internal controls relating to recording the cost of capitalization of intangibles, selecting an asset and testing the same for impairment and its application.• Selected a sample of intangible asset which are capitalized till date and inspection of evidences and the process followed for its capitalization and impairment testing and of performance of these controls, tested the operating effectiveness of the internal controls relating to the same.• Followed the principal laid down in the Accounting Standard 28 for impairment testing as a substantive process.• Obtained understanding about the future projections prepared by the management and its basis. Comparing the pricing used in the projections with the similar / near similar products available in the similar market, reviewed communication by the Company with the potential customers and understanding about their interest in the product so as to test the projections made for the immediate period. |

OTHER INFORMATION

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

M. P. Chitale & Co

Chartered Accountants

Firm's registration number: 101851W

CA. Santosh More

Partner

Place: Mumbai

Date: May 25, 2019

Membership number: 114236

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, the fixed asset has been physically verified by the management during the year and discrepancies between the books records and the physical fixed assets have been properly dealt with by the Company.
- (c) The title deed of Leasehold immovable property is held in the name of the Company.
- 2) The Company is engaged in the business of providing services in connection with XBRL and XBRL Conversion, development and maintenance of websites, supply of software & providing software-related services. Accordingly it does not hold any physical inventories. Consequently, the reporting regarding inventories under clause 3(ii) of CARO is not applicable in the case of the Company.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and securities.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the

management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

M. P. Chitale & Co

Chartered Accountants

Firm's registration number: 101851W

CA. Santosh More

Partner

Place: Mumbai

Date: May 25, 2019

Membership number: 114236

“Annexure B” to the Independent Auditor’s Report

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of IRIS BUSINESS SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

To the Members of

IRIS BUSINESS SERVICES LIMITED

We have audited the internal financial controls over financial reporting of IRIS Business Service Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls,

both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over

financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

M. P. Chitale & Co

Chartered Accountants

Firm's registration number: 101851W

CA. Santosh More

Partner

Place: Mumbai

Date: May 25, 2019

Membership number: 114236

Standalone Balance Sheet

as at 31 March, 2019

(Amount in ₹)

| Particulars | Note No. | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------|----------------------|----------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' funds | | | |
| (a) Share capital | 3 | 18,87,91,620 | 18,87,91,620 |
| (b) Reserves and surplus | 4 | 7,36,22,313 | 12,62,07,155 |
| 2. Share application money pending allotment | | | |
| - | | | |
| 3. Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 4,59,96,349 | 6,87,81,534 |
| (b) Deferred tax liabilities (Net) | | 54,01,876 | 6,75,949 |
| (c) Long-term provisions | 6 | 1,95,63,392 | 1,42,81,871 |
| 4. Current liabilities | | | |
| (a) Short-term borrowings | 7 | 5,94,34,514 | 6,76,05,463 |
| (b) Trade payables | | | |
| i) total outstanding dues of micro enterprises and small enterprises; and | | 27,86,336 | 17,99,221 |
| ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 3,39,96,798 | 4,01,44,830 |
| (c) Other current liabilities | 8 | 10,10,65,515 | 9,70,18,775 |
| (d) Short-term provisions | 9 | 12,41,05,557 | 14,42,72,989 |
| TOTAL | | 65,47,64,270 | 74,95,79,407 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 10 | | |
| (i) Tangible assets | | 9,83,57,070 | 10,12,55,148 |
| (ii) Intangible assets | | 22,73,20,578 | 8,67,77,843 |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | - | 17,32,92,540 |
| (b) Non-current investments | 11 | 1,77,45,838 | 1,16,74,433 |
| (c) Long-term loans and advances | 12 | 4,74,410 | 4,74,410 |
| (d) Other non-current assets | 13 | 9,87,020 | 67,76,794 |
| 2. Current assets | | | |
| (a) Trade receivables | 14 | 11,86,85,923 | 13,34,71,851 |
| (b) Cash and bank balance | 15 | 5,78,00,560 | 8,25,76,330 |
| (c) Short-term loans and advances | 16 | 87,65,190 | 69,64,576 |
| (d) Other current assets | 17 | 12,46,27,681 | 14,63,15,482 |
| TOTAL | | 65,47,64,270 | 74,95,79,407 |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**
Chartered Accountants
FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More
Partner
Membership No. 114236

Swaminathan Subramaniam
Whole Time Director & CEO
DIN: 01185930

Deepa Rangarajan
Whole Time Director
DIN: 00404072

Place : Mumbai
Date : May 25, 2019

Balachandran Krishnan
Whole Time Director & CFO
DIN: 00080055

Jay Mistry
Company Secretary

Standalone Statement of Profit and Loss for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Note No. | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|----------|---------------------------|---------------------------|
| I. Revenue from operations | 18 | 39,89,44,133 | 34,90,76,697 |
| II. Other income | 19 | 95,31,347 | 42,26,316 |
| III. Total Revenue (I + II) | | 40,84,75,480 | 35,33,03,013 |
| IV. Expenses: | | | |
| Employee benefits expense | 20 | 23,23,99,793 | 18,89,10,128 |
| Finance costs | 21 | 1,59,28,053 | 1,99,09,600 |
| Depreciation and amortization expense | 22 | 4,08,47,659 | 4,48,77,887 |
| Other expenses | 23 | 16,60,79,004 | 15,22,68,071 |
| Total expenses | | 45,52,54,509 | 40,59,65,686 |
| V. Profit from ordinary activities before exceptional and extraordinary items and tax (III-IV) | | (4,67,79,029) | (5,26,62,672) |
| VI. Exceptional expenses / (incomes) | 24 | - | 5,40,765 |
| VII. Profit from ordinary activities before extraordinary items and tax (V - VI) | | (4,67,79,029) | (5,32,03,437) |
| VIII. Extraordinary Items | | - | - |
| IX. Profit from ordinary activities before tax (VII- VIII) | | (4,67,79,029) | (5,32,03,437) |
| X. Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | 47,25,927 | (42,73,918) |
| (3) Tax expense / (income) for earlier years | | 27,25,914 | - |
| XI. Profit (Loss) for the period from continuing operations (IX-X) | | (5,42,30,870) | (4,89,29,519) |
| XII. Profit/(loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV. Profit (Loss) for the period (XI + XIV) | | (5,42,30,870) | (4,89,29,519) |
| XVI. Earnings per equity share: | | | |
| (1) Basic | | (2.87) | (3.01) |
| (2) Diluted | | (2.87) | (3.01) |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**

Chartered Accountants

FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More

Partner

Membership No. 114236

Swaminathan Subramaniam

Whole Time Director & CEO

DIN: 01185930

Deeptha Rangarajan

Whole Time Director

DIN: 00404072

Place : Mumbai

Date : May 25, 2019

Balachandran Krishnan

Whole Time Director & CFO

DIN: 00080055

Jay Mistry

Company Secretary

Standalone Cash Flow Statement for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | (4,67,79,029) | (5,32,03,437) |
| Adjustments for : | | |
| Depreciation and amortisation | 4,08,47,659 | 4,48,77,887 |
| Write-off of withholding tax | 1,98,96,681 | 84,44,946 |
| Loss on sale of furniture | 27,426 | 1,91,893 |
| Exceptional items non cash adjustments during the year | - | 5,40,765 |
| Expense on employee stock option scheme | 16,46,028 | 22,16,220 |
| Interest expenses | 1,44,57,888 | 1,89,46,375 |
| Non cash item in prior period expenses | - | 11,510 |
| Profit on sale / discarding of office equipment's | (50,476) | (2,34,462) |
| Interest income | (51,42,458) | (22,45,023) |
| Total | 7,16,82,748 | 7,27,50,111 |
| Operating cash profit before working capital changes | 2,49,03,719 | 1,95,46,674 |
| (Increase) / Decrease in Inventories | - | - |
| (Increase) / Decrease in Sundry Debtors | 1,47,85,928 | (5,64,02,907) |
| (Increase) / Decrease in Short Term Loans & advances and Deposits | (61,57,053) | (3,16,26,190) |
| (Increase) / Decrease in Other Current Assets | 56,10,121 | (1,24,83,395) |
| (Increase) / Decrease in Long Term Loans and advances | - | - |
| (Increase) / Decrease in Other Non - Current Assets | 57,89,774 | (33,92,856) |
| (Decrease) / Increase in Trade Payables | (51,60,917) | 1,28,16,370 |
| (Decrease) / Increase in Other Current Liabilities | 40,46,740 | 2,33,83,557 |
| Increase / (Decrease) in Balance of cash credit facilities | (81,70,949) | 1,33,35,518 |
| (Decrease) / Increase in Long term Provisions | 52,81,521 | 28,07,451 |
| (Decrease) / Increase in Short term Provisions | (1,35,30,697) | 1,27,70,336 |
| Total | 24,94,468 | (3,87,92,116) |
| Taxes Paid | (1,31,07,441) | (1,45,63,595) |
| Net Cash Inflow / (Outflow) in course of operating activities (A) | 1,42,90,745 | (3,38,09,037) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets (including capital advances) | (13,26,471) | (7,55,261) |
| In-house Software Products Capitalisation | (39,00,730) | (2,78,81,594) |
| Interest Income Received | 50,68,249 | 19,16,993 |
| Sales / Scrap Value of Fixed Assets | 50,476 | 2,34,462 |
| Investments in Subsidiaries | (60,71,405) | - |
| Net Cash Inflow / (Outflow) in the course of Investing Activities (B) | (61,79,881) | (2,64,85,400) |

Standalone Cash Flow Statement

for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Share Capital & Share Premium | - | 16,01,28,000 |
| Fresh Loan /(Repayment) of term loans during the year (net) | (2,27,85,185) | (2,95,80,596) |
| Interest paid on Term Loans | (1,44,57,888) | (1,89,46,375) |
| Net cash flow used in financing activities (C) | (3,72,43,073) | 11,16,01,029 |
| Net increase / (decrease) in Cash and cash equivalents (A + B + C) | (2,91,32,209) | 5,13,06,592 |
| Add: Balance of Cash/Cash Equivalents at the beginning of the year | 5,23,27,083 | 10,20,491 |
| Cash/Cash Equivalents at the close of the year | 2,31,94,874 | 5,23,27,083 |
| Cash equivalents as at the end of the year | 2,31,94,874 | 5,23,27,083 |
| Less: FDs given as security not in nature of cash and cash equivalent | - | - |
| | 2,31,94,874 | 5,23,27,083 |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**
Chartered Accountants
FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More
Partner
Membership No. 114236

Swaminathan Subramaniam
Whole Time Director & CEO
DIN: 01185930

Deepta Rangarajan
Whole Time Director
DIN: 00404072

Place : Mumbai
Date : May 25, 2019

Balachandran Krishnan
Whole Time Director & CFO
DIN: 00080055

Jay Mistry
Company Secretary

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

1 CORPORATE INFORMATION

IRIS Business Services Limited ("The Company") is a public limited company domiciled and headquartered in India and is listed on the Bombay Stock Exchange (BSE) SME Platform. The registered office of the Company is located at T-231, Tower 2, 3rd Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703. The Company has subsidiaries in United States, Singapore and Italy. Incorporated in 2000, IRIS is a global provider of software products for compliance, data and analytics.

The Company cater to Regulators including Central Banks, Business Registries, Capital Market Regulators and Stock Exchanges. We also provide solutions to the regulated, including Corporates, Banks, and Mutual Funds.

The financial statements of the Company for the year were approved and adopted by Board of Directors of the Company in its meeting held on May 25, 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

These financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act').

The accounts have been prepared on historical cost basis using the accrual basis of accounting. The preparation of financial statements as per this policy requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 Revenue Recognition

Revenue is recognised when no significant uncertainty exists as to either the measurement or ultimate realization of the same.

Revenue from Operations

- i. Revenue from contracts for development or customization of software is measured using the proportionate completion method and are recognised, provided at the time of performance it is not unreasonable to expect ultimate collection.
- ii. Revenue from sale of software/ software licenses which do not involve any customization are recognised upon delivery of the software to the clients and subscription income is recognised as revenue are recognised over the period of the subscription.
- iii. Revenue from advertisement, data conversion services is recognised after the performance of the services and it is not unreasonable to expect ultimate collection.
- iv. Revenues from maintenance and content contracts are recognised on a straight line basis over the period of the contract.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

- v. Royalty income is recognised as and when right to receive royalty is established.
- vi. When the uncertainty, relating to the collectability arises subsequent to the rendering of the service, a separate provision is made to reflect the uncertainty and the amount of revenue originally recorded is not adjusted.
- vii. Unbilled revenue included in 'Other current assets', represents amounts in respect of services performed in accordance with contract terms, not yet billed to customers at the year end. Income billed in advance included in 'Other current liabilities' represents amounts received/billed in excess of the value of work performed in accordance with the terms of the contracts with customers.

Other Income

- i. Interest on Bank deposits is recognised on accrual basis.
- ii. Rental income is recorded on accrual basis.
- iii. Any other income is recognised on accrual basis, when no significant uncertainty as to measurability or collectability exists.

2.3 Property, Plant and Equipment

Tangible Assets are stated at the cost of acquisition less accumulated depreciation. Cost includes incidental expenses incurred during the acquisition/ installation, and excludes taxes and duties for which credit has been claimed.

Intangible assets are recorded at the consideration paid for acquisition of such asset and are carried at cost less accumulated amortisation and impairment.

Capitalisation of Expenses incurred for development of software:

Costs incurred in the development of proprietary software products have been classified and grouped under the heads "Software Developed In-House" & "Intangible Assets under Development" under Property, plant and equipment as per the recognition criteria laid down under AS 26 . Expenditure on research is recognised as an expense when it is incurred. Development costs of products are also charged to the Statement of Profit and Loss unless all the criteria for capitalisation as set out in AS 26 - 'Intangible Assets' have been met by the Company.

2.4 Depreciation & Amortisation

Tangible assets are depreciated on straight line basis over the useful life as specified in Schedule II of Companies Act, 2013.

Individual assets whose cost does not exceed ₹ 5,000/- are depreciated fully in the year of purchase.

Leasehold Property is being amortised over the remaining leasehold period on straight-line basis.

Software products both proprietary and purchased are amortised over a period of 5 to 6 years on straight line basis, the amortization commences once the said product is available for use.

The useful lives used by the Company on various assets are as below:

| Assets type | Useful life (in Years) |
|-------------------|------------------------|
| Building | 60 |
| Laptop & desktops | 3 |
| Server & networks | 6 |
| Furniture | 10 |
| Office equipment | 5 |
| Software | 5 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

2.5 Impairments

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or many have decreased.

2.6 Investments

Long term investments are stated at cost, and provision for diminution is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Short term investments are valued at lower of cost and net realizable value.

2.7 Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised in the financial statements.

2.8 Miscellaneous Expenditure including share issue expenses

Preliminary and other miscellaneous expenses and share issue expenses are written off as and when incurred in accordance with the requirements of accounting standard 26.

2.9 Foreign Currency Transactions

The functional currency of the Company is the Indian Rupee (₹).

Transactions denominated in foreign currency are recorded using the RBI exchange rates prevailing on the date of transaction, with the loss or gain arising on final settlement being adjusted in the Profit & Loss A/c.

The monetary items denominated in the foreign currency as at the end of the year are translated using the RBI exchange rates prevailing on the date of the Balance Sheet and the corresponding loss or gain on translation adjusted in the Profit & Loss A/c.

2.10 Prepaid Expenses

Expenses which are incurred in one year and which spill over to the subsequent years are recognised as prepaid on proportionate basis.

2.11 Employee Benefits

Short-term employee benefits including salaries, wages, bonus and other benefits are recognised as expenses at the actual value as per contractual terms & charged to the profit and Loss Account for the year in which the related service is rendered.

The employees are eligible for leave as per leave policy of the Company. The un-utilised leave can be carried forward and utilised during the course of employment. No encashment is allowed of unutilised leave. The obligation for the leave encashment is recognised based on an independent actuarial valuation at the Balance

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Sheet date. The expense is recognised in the statement of profit and loss at the present value of the amount payable determined based on actuarial valuation using "Projected Unit Credit Method".

The Company has provided for gratuity payable to employees on the basis of actuarial valuation carried out by an independent actuary as per Projected Unit Credit Method carried out at the closed of the year. The Company makes annual contributions in respect of those employees who have completed five years in service, to the Group Gratuity Cash Accumulation Scheme of the LIC, which is a funded defined benefit plan.

2.12 Taxation

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date for any write down or reversal, as considered appropriate.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

2.14 Service Tax and GST

Service tax is accounted in accordance with the Guidance note on Accounting of Service Tax issued by ICAI. Accordingly input credit to the extent not utilized for payment of service tax accounted as asset as it would be available for adjustment against Service Tax payable in the future.

With effect from 01st July 2017, Goods and Service Tax Act was made effective replacing Value Added Tax and Service Tax provisions. The Goods and Services Tax, namely CGST, SGST and IGST, hereinafter referred to as GST, was levied on the services rendered by the Company on the similar lines as was Service tax was levied. The unutilised Cenvat credit as on 30th June 2017 was transferred under the GST provisions. The unutilised input credit under the GST provisions as on the Balance Sheet date was disclosed as other current asset in the Balance Sheet.

2.15 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.16 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

2.18 Accounting for Employee Stock Options

Stock options granted to employees of IRIS Business Services Limited and its subsidiaries under the stock option schemes approved by the shareholders of the Company on September 13, 2017 are accounted as per the treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accounts of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the option being stock option granted for purchase could be exchanged between knowledgeable, willing parties in an arm's length transaction is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortised portion of value of lapsed portion and a debit to share options outstanding account equal to the un-amortised portion.

2.19 Cash and Bank Balance

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 3 SHARE CAPITAL

| Particulars | As at 31 March, 2019 | | As at 31 March, 2018 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | ₹ | Number | ₹ |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 2,50,00,000 | 25,00,00,000 | 2,50,00,000 | 25,00,00,000 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |
| Subscribed & Paid up | | | | |
| Equity Shares of ₹ 10/- each fully paid | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |
| Total | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |

Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

| Particulars | Equity Shares | | | |
|---|----------------------|--------------|----------------------|--------------|
| | As at 31 March, 2019 | | As at 31 March, 2018 | |
| | Number | ₹ | Number | ₹ |
| Shares outstanding at the beginning of the year | 1,88,79,162 | 18,87,91,620 | 69,37,581 | 6,93,75,810 |
| Shares Issued during the year | - | - | 1,19,41,581 | 11,94,15,810 |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |

The Company does not have any holding company.

Shares in the Company held by each shareholder holding more than 5 percent share specifying the number of shares held:

| Name of Shareholder | Equity Shares | | | |
|---|----------------------|--------------|----------------------|--------------|
| | As at 31 March, 2019 | | As at 31 March, 2018 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| S Swaminathan | 48,72,168 | 26 | 48,72,168 | 26 |
| Vistra ITCL India Limited (Trustee for Shubkam Growth Fund I) | 39,07,598 | 21 | 39,07,598 | 21 |
| Deeptha Rangarajan | 14,46,052 | 8 | 14,46,052 | 8 |
| K Balachandran | 11,04,000 | 6 | 11,04,000 | 6 |
| Madhuri Kela | 10,72,000 | 6 | 10,72,000 | 6 |
| Total | 1,24,01,818 | | 1,24,01,818 | |

As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Shares reserved for issue under option

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|----------------------|----------------------|
| Number of shares to be issued under the Employee Stock Option Plans | 5,52,000 | 7,00,000 |

[Refer note 30 for details of shares to be issued under the Employee Stock Option Scheme.]

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 3 SHARE CAPITAL (contd...)

Aggregate number of shares issued as fully paid up for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date.

| Particulars | Year (Aggregate No. of Shares) | | | | |
|--|--------------------------------|-----------|---------|---------|---------|
| | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| Fully paid up by way of bonus shares | - | 69,37,581 | - | - | - |
| Shares bought back | - | - | - | - | - |

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Note 4 RESERVES AND SURPLUS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| a. Securities Premium | | |
| Opening Balance | 11,08,26,740 | 7,01,14,550 |
| Add : Securities premium credited on share issue | - | 11,00,88,000 |
| Less : Premium Utilised for various reasons | | |
| For Issuing Bonus Shares | - | 6,93,75,810 |
| Closing Balance | 11,08,26,740 | 11,08,26,740 |
| b. Share Options Outstanding Account | | |
| Opening Balance | 22,16,220 | - |
| Add: Amounts recorded on grants/modifications/cancellations during the year | 16,46,028 | 22,16,220 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 38,62,248 | 22,16,220 |
| c. General Reserves | | |
| Opening Balance | 4,75,000 | 4,75,000 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 4,75,000 | 4,75,000 |
| d. Surplus | | |
| Opening balance | 1,26,89,195 | 6,16,18,714 |
| (+) Net Profit/(Net Loss) For the current year | (5,42,30,870) | (4,89,29,519) |
| Closing Balance | (4,15,41,675) | 1,26,89,195 |
| Total | 7,36,22,313 | 12,62,07,155 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 5 LONG-TERM BORROWINGS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Term loans | | |
| # from Federal Bank | 6,87,81,534 | 9,15,66,719 |
| (Secured against Property at T-231, 3rd Floor, Tower No. 2, International Infotech Park, Vashi, Navi Mumbai - 400 703) | | |
| Loan Sanctioned ₹ 16,00,00,000 on 16th March 2015 | | |
| Interest Rate - Base rate + 1.15% p.a. (variable) | | |
| Current Interest Rate 10.79% (Previous year 10.79%) | | |
| Repayable in 84 months in 28 quarterly instalments | | |
| This loan is guaranteed by executive directors of the Company | | |
| Amount disclosed under the head Other Current Liabilities See Note No. 8 (a) | (2,27,85,185) | (2,27,85,185) |
| Total | 4,59,96,349 | 6,87,81,534 |

Note 6 LONG-TERM PROVISIONS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| - Gratuity | 1,71,78,609 | 1,29,66,233 |
| - Leave Encashment | 23,84,783 | 13,15,638 |
| Total | 1,95,63,392 | 1,42,81,871 |

Note 7 SHORT-TERM BORROWINGS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Loans repayable on demand | | |
| from banks | | |
| Cash Credit from Federal bank | 5,94,34,514 | 6,76,05,463 |
| Loan Sanctioned ₹ 6,00,00,000 on 01st April 2018 | | |
| Interest Rate - Base rate + 2.01% p.a. (variable) | | |
| Current Interest Rate as on 31.03.2019 11.70% (Previous year 11.53%) | | |
| This loan is guaranteed by executive directors of the Company | | |
| Total | 5,94,34,514 | 6,76,05,463 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 8 OTHER CURRENT LIABILITIES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| (a) Current maturities of long-term debt - Federal Bank | 2,27,85,185 | 2,27,85,185 |
| (b) Income billed in Advance | 2,79,95,110 | 2,54,03,150 |
| (c) Other Payables | | |
| - Refundable Deposits received | - | 90,000 |
| - Statutory Dues | 40,77,669 | 34,54,893 |
| - Amounts Payable to staff against Expenses incurred | 56,878 | 1,30,681 |
| - Salaries, Wages & Bonus Payable | 4,52,80,898 | 4,43,27,353 |
| - Contribution to PF / ESIC / MLWF Payable | 8,69,775 | 8,27,513 |
| Total | 10,10,65,515 | 9,70,18,775 |

Note 9 SHORT-TERM PROVISIONS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| (a) Provision for employee benefits | | |
| - Incentives | 5,24,05,803 | 5,46,77,370 |
| - Gratuity | 46,62,622 | 55,13,083 |
| - Leave Encashment | 14,49,819 | 12,63,062 |
| (b) Others | | |
| Provision for Expenses Payable | | |
| - Audit Fees | 9,80,325 | 8,19,000 |
| - Consultancy Charges | 10,85,499 | 58,40,703 |
| - Others | 34,86,700 | 94,88,247 |
| Provision for Taxes | 6,00,34,789 | 6,66,71,524 |
| Total | 12,41,05,557 | 14,42,72,989 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 10 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

| Particulars | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block | | |
|---|----------------------------|--------------------------|--|-----------------------------|---|----------------------------|--------------------------------------|---|--------------------|-----------------------------|-----------------------------|
| | Balance as at 1 April 2018 | Additions/ (Disposals) | Acquired through business combinations | Revaluations/ (Impairments) | Balance As at 31 March 2019 | Balance as at 1 April 2018 | Depreciation charge at 31 March 2019 | Adjustment due to revaluations / Impairment | On disposals | Balance As at 31 March 2018 | Balance As at 31 March 2019 |
| a) Tangible Assets | | | | | | | | | | | |
| Leasehold | | | | | | | | | | | |
| Buildings | 10,70,93,510 | - | - | - | 10,70,93,510 | 1,06,48,007 | 19,47,150 | - | - | 9,64,45,503 | 9,44,98,353 |
| Freehold | | | | | | | | | | | |
| Plant and Equipment | 5,97,46,580 | 12,03,971 (55,25,722) | - | - | 5,54,24,829 | 5,56,78,834 | 20,46,987 | - | 55,25,722 | 40,67,746 | 32,24,730 |
| Furniture and Fixtures | 32,22,914 | 1,22,500 (1,35,560) | - | - | 32,09,854 | 24,86,582 | 2,00,948 | - | 1,08,134 | 7,36,332 | 6,30,458 |
| Office equipment | 47,33,280 | - | - | - | 47,33,280 | 47,27,712 | 2,039 | - | 47,29,751 | 5,568 | 3,529 |
| Others (specify nature) | | | | | | | | | | | |
| Total | 17,47,96,284 | (43,34,811) | - | - | 17,04,61,473 | 7,35,41,135 | 41,97,124 | - | 56,33,856 | 10,12,55,149 | 9,83,57,070 |
| b) Intangible Assets | | | | | | | | | | | |
| Database | 6,00,450 | - | - | - | 6,00,450 | 6,00,450 | - | - | - | - | - |
| URLs | 5,00,000 | - | - | - | 5,00,000 | 5,00,000 | - | - | - | - | - |
| Computer software | 1,95,81,491 | - | - | - | 1,51,29,682 | 1,70,20,175 | 10,07,715 | - | 44,51,809 | 25,61,316 | 15,53,601 |
| Software developed in-house | 28,28,53,030 | 17,71,93,270 | - | - | 46,00,46,300 | 19,86,36,503 | 3,56,42,820 | - | - | 8,42,16,527 | 22,57,66,977 |
| Others (specify nature) | | | | | | | | | | | |
| Total | 30,35,34,971 | 17,27,41,461 | - | - | 47,62,76,432 | 21,67,57,128 | 3,66,50,535 | - | 44,51,809 | 8,67,77,843 | 22,73,20,578 |
| c) Capital Work In Progress | | | | | | | | | | | |
| Total | - | - | - | - | - | - | - | - | - | - | - |
| d) Intangible assets under Development | | | | | | | | | | | |
| | 17,32,92,540 | 39,00,730 | - | - | - | - | - | - | - | 17,32,92,540 | - |
| | | (17,71,93,270) | - | - | - | - | - | - | - | - | - |
| Total | 65,16,23,795 | (48,85,890) | - | - | 64,67,37,905 | 29,02,98,263 | 4,08,47,659 | - | 1,00,85,665 | 32,10,60,257 | 32,56,77,648 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 11 NON-CURRENT INVESTMENTS

A. Other Investments (Refer B below)

| Particulars | (Amount in ₹) | |
|---|----------------------|----------------------|
| | As at 31 March, 2019 | As at 31 March, 2018 |
| (a) Investment Properties | - | - |
| (b) Investment in Equity instruments - Singapore | 1,11,95,389 | 1,11,95,389 |
| (c) Investment in Equity instruments - US | 59,61,180 | 7,02,975 |
| (d) Investment in Equity instruments - Italy | 15,25,200 | 7,12,000 |
| Total (A) | 1,86,81,769 | 1,26,10,364 |
| Grand Total (A + B) | 1,86,81,769 | 1,26,10,364 |
| Less : Provision for diminution in the value of Investments | 9,35,931 | 9,35,931 |
| Total | 1,77,45,838 | 1,16,74,433 |

B. Details of Other Investments

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) | | Amount (₹) | | Whether stated at Cost Yes / No | If Answer to Column (9) is 'No' - Basis of Valuation |
|---------|---|---|-----------------------|----------|-------------------|--------------------------|-----------------------|------|--------------------|--------------------|---------------------------------|--|
| | | | 2019 | 2018 | | | 2019 | 2018 | 2019 | 2018 | | |
| | | | (4) | (5) | | | (6) | (7) | (8) | (9) | | |
| (a) | Investment in Equity Instruments | | | | | | | | | | | |
| | IRIS Business Services, LLC | Subsidiary | | | Unquoted | Fully Paid | 100 | 100 | 59,61,180 | 7,02,975 | Yes | N.A. |
| | IRIS Business Services (Asia) Pte. Ltd. | Subsidiary | 2,99,900 | 2,99,900 | Unquoted | Fully Paid | 98 | 98 | 1,11,95,389 | 1,11,95,389 | Yes | N.A. |
| | Atanou S.r.l. | Subsidiary | | | Unquoted | Fully Paid | 100 | 100 | 15,25,200 | 7,12,000 | Yes | N.A. |
| | Total | | | | | | | | 1,86,81,769 | 1,26,10,364 | | |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 12 LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Security Deposits | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 4,74,410 | 4,74,410 |
| Doubtful | | |
| Less: Provision for doubtful deposits | - | - |
| Total | 4,74,410 | 4,74,410 |

Note 13 OTHER NON-CURRENT ASSETS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Term Deposits with remaining maturity exceeding 12 months (Term Deposits offered as security against bank guarantees) | 9,87,020 | 67,76,794 |
| Total | 9,87,020 | 67,76,794 |

Note 14 TRADE RECEIVABLES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 7,91,98,202 | 12,01,60,398 |
| Unsecured, considered doubtful | - | 4,56,790 |
| Less: Provision for doubtful debts | - | (4,56,790) |
| | 7,91,98,202 | 12,01,60,398 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 3,94,87,721 | 1,33,11,453 |
| Unsecured, considered doubtful | 25,01,636 | 22,61,314 |
| Less: Provision for doubtful debts | (25,01,636) | (22,61,314) |
| | 3,94,87,721 | 1,33,11,453 |
| Total | 11,86,85,923 | 13,34,71,851 |

Trade Receivable stated above include debts due by:

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| Partnership of Director | 1,21,04,978 | 56,91,359 |
| Other officers of the Company * | Nil | Nil |
| Firm in which director is a Partner * | Nil | Nil |
| Private Company in which director is a member | 12,10,991 | 9,98,591 |
| Total | 1,33,15,969 | 66,89,950 |

*Either severally or jointly

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 15 CASH & BANK BALANCE

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| 1. Cash & Bank Balance | | |
| a. Balances with banks | 1,91,74,686 | 5,04,90,187 |
| b. Cash on hand | 10,092 | 8,179 |
| c. Term Deposits with original maturity less than or equal to 3 months | 40,10,096 | 18,28,717 |
| 2. Other Bank Balances | | |
| a. Term Deposits with remaining maturity of 12 months or less | 3,46,05,686 | 3,02,49,247 |
| Total | 5,78,00,560 | 8,25,76,330 |

Note 16 SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|----------------------------|-------------------------|-------------------------|
| Others | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | - |
| Prepaid Expenses | 84,94,195 | 69,33,356 |
| Loans to Staff | 1,25,331 | - |
| Advances to Staff | 1,45,664 | 31,220 |
| Total | 87,65,190 | 69,64,576 |

Note 16(a) LOANS AND ADVANCES TO RELATED PARTIES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Private Company in which director is a member* | - | - |
| Total | - | - |

*Either severally or jointly

Note 17 OTHER CURRENT ASSETS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|------------------------------------|-------------------------|-------------------------|
| Interest Accrued on Fixed Deposits | 4,63,021 | 3,88,812 |
| Taxes on Income | 8,58,97,490 | 10,20,49,379 |
| GST, Service Tax Refund Claim | 1,86,097 | 44,03,457 |
| Service Tax Input Credit | - | 6,26,384 |
| GST Input Credit | 21,30,058 | 17,14,274 |
| Unbilled Revenue (net) | 2,78,77,487 | 2,84,67,154 |
| Other Current Assets | 80,73,528 | 86,66,022 |
| Total | 12,46,27,681 | 14,63,15,482 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 18 REVENUE FROM OPERATIONS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Sale of products | 10,27,22,769 | 7,04,81,859 |
| XBRL Related Projects & Services | 27,14,26,142 | 25,62,79,147 |
| myiris.com, Content and Technology Services | 2,47,95,222 | 2,23,15,691 |
| Total | 39,89,44,133 | 34,90,76,697 |

Note 19 OTHER INCOME

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Interest income | 51,42,458 | 22,45,023 |
| Net exchanges gain | 38,74,077 | 3,69,149 |
| Other non-operating income (net of expenses directly attributable to such income) | 5,14,812 | 16,12,144 |
| Total | 95,31,347 | 42,26,316 |

Note 20 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Salaries and wages | 21,89,65,175 | 17,65,50,380 |
| Contribution to provident and other funds | 1,00,10,941 | 95,02,704 |
| Staff welfare expenses | 17,77,649 | 6,40,824 |
| Employee stock option expenses | 16,46,028 | 22,16,220 |
| Total | 23,23,99,793 | 18,89,10,128 |

Note 21 FINANCE COST

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--------------------------|------------------------------|------------------------------|
| Interest expense | 1,44,57,888 | 1,89,46,375 |
| Bank charges/ commission | 14,70,165 | 9,63,225 |
| Total | 1,59,28,053 | 1,99,09,600 |

Note 22 DEPRECIATION AND AMORTISATION EXPENSES

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--------------------------------------|------------------------------|------------------------------|
| Depreciation | 4,08,47,659 | 4,48,77,887 |
| Amortisation of preliminary expenses | - | - |
| Total | 4,08,47,659 | 4,48,77,887 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 23(a) OTHER EXPENSES (I)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| Legal, Professional and Consultancy Fees | 2,09,54,401 | 1,97,44,327 |
| Directors' Sitting Fees | 6,10,000 | 3,40,000 |
| Travelling and Conveyance | 53,35,685 | 47,72,031 |
| STPI / Non-STPI - Annual Service Charges | 2,25,000 | 6,75,000 |
| Commission / Brokerage Charges | 14,45,339 | 8,24,944 |
| Postage, Telephone & Communication Charges | 12,14,997 | 17,39,133 |
| Advertisement Expenses | 1,37,084 | - |
| Printing & Stationery | 3,17,752 | 1,89,900 |
| Business Promotion Expenses | 2,51,080 | 7,41,023 |
| Foreign Travel Expenses | 2,43,05,722 | 1,92,04,800 |
| Onsite Marketing & Sales Expenses | 2,64,57,301 | 3,06,93,831 |
| Donation | 3,00,000 | - |
| Software Development Expenses | 76,57,365 | 33,57,200 |
| Conference Expenses | 5,38,934 | 11,800 |
| Data Sourcing Expenses | 16,93,873 | 6,57,449 |
| Internet Co-Location Charges | 83,84,978 | 84,61,508 |
| Membership Fees | 7,69,574 | 2,38,542 |
| Registry Maintenance Expenses | 95,514 | 59,671 |
| Office Maintenance Expenses | 25,33,501 | 21,62,113 |
| Repairs & Maintenance Expenses | 3,58,421 | 1,51,800 |
| Staff Recruitment Charges | 2,63,944 | - |
| Kuwait Retention Expenses | 12,56,849 | 5,05,152 |
| Software License & Hardware Fees | 2,52,25,531 | 2,64,98,697 |
| Bad Debts Written-Off | 23,83,847 | 89,27,054 |
| Sundry Balance Written-Off | 1,86,50,888 | 88,09,735 |
| Provision for Doubtful Debts and Others | 20,23,645 | 2,31,087 |
| IPO Expenses and Listing Fees | 6,25,561 | 45,97,097 |
| Loss on Disposals of Fixed Assets | 27,426 | 1,91,893 |
| Total | 15,40,44,212 | 14,37,85,787 |

Note 23(b) OTHER EXPENSES (II)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---------------------------|------------------------------|------------------------------|
| Payment to auditors as | | |
| Auditor | 7,08,250 | 6,25,000 |
| For taxation matters | 2,50,000 | 2,20,000 |
| For other services | 65,000 | 65,000 |
| Reimbursement of expenses | 31,480 | 29,520 |
| Total | 10,54,730 | 9,39,520 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 23(c) OTHER EXPENSES (III)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Prior year Adjustments (Net) Expense / (Income) | 2,69,374 | (27,44,844) |
| Total | 2,69,374 | (27,44,844) |

Note 23(d) OTHER EXPENSES (IV)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| (a) Electricity & Water Charges | 46,17,413 | 35,48,723 |
| (b) Rent | 27,96,764 | 25,40,061 |
| (c) Repairs to machinery | 7,72,720 | 7,65,678 |
| (d) Insurance | 8,54,404 | 2,16,525 |
| (e) Rates and taxes, excluding, taxes on income | 8,78,314 | 27,49,018 |
| (f) Miscellaneous expenses | 7,91,073 | 4,67,603 |
| Total | 1,07,10,688 | 1,02,87,608 |
| Note 23(a+b+c+d) | 16,60,79,004 | 15,22,68,071 |

Note 24 EXCEPTIONAL ITEMS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---------------------------------------|------------------------------|------------------------------|
| Diminution in the value of investment | - | 5,40,765 |
| Total | - | 5,40,765 |

Note 25 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| (i) Contingent Liabilities | | |
| (a) Guarantees | 2,51,25,522 | 3,28,26,416 |
| (b) Revenue Commitment | - | 2,61,192 |
| Total | 2,51,25,522 | 3,30,87,608 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 26 TAXES ON INCOME

Current Tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax is computed in respect of timing differences in accordance with Accounting Standard 22. The components of deferred tax liabilities / assets are as under;

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Deferred tax assets in respect of: | | |
| Provision for Gratuity & Leave Encashment | 66,75,717 | 54,75,084 |
| Provision for Bad Debts | 6,50,425 | 7,06,707 |
| Provision for Bonus | 1,36,25,509 | 1,42,16,116 |
| Total | 2,09,51,651 | 2,03,97,907 |
| Deferred tax liabilities in respect of: | | |
| Depreciation | 2,63,53,527 | 2,10,73,856 |
| Total | 2,63,53,527 | 2,10,73,856 |
| Net Deferred Tax Asset / Liability | 54,01,876 | 6,75,949 |
| Deferred tax expenses (Net) | 47,25,927 | (42,73,918) |

Minimum Alternative Tax (MAT) Credit

In accordance with accounting policy of the Company, MAT credit balance not recognised as an assets as at 31.03.2019 is ₹ 3,75,54,770/- (As at 31.03.2018 is ₹ 3,75,54,770/-).

Note 27 OPERATING LEASES

The Company had entered into leave & license arrangement for its office premises for a period of 60 months. This lease term expired on April 30,2018 and the same is not renewed. However, with the permission of landlord, the Company is continuing the use of the said premises till the time landlord allows with the same rentals as were applicable at the time of expiry of the earlier agreement.

The total future minimum lease payments under the leave & license arrangements classified as operating lease for each of the periods is given below:

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|-------------------------|-------------------------|-------------------------|
| In less than a year | NIL | NIL |
| In 1 year to 5 years | NIL | 2,61,192 |
| In greater than 5 years | NIL | NIL |

Note 28 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 27,86,336 | 17,99,221 |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 29.1 EMPLOYEE BENEFITS

The disclosures required as per the revised Accounting Standard (AS) 15 -Employee Benefits (revised 2005) are as under:

Defined benefit plan (Gratuity) - As per the independent actuarial valuation carried out as at March 31, 2019

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| (A) Change in Present Value of Obligation | | |
| Defined Benefit Obligation, Beginning of Period | 2,27,98,049 | 1,94,46,276 |
| Service Cost | 30,52,282 | 29,37,176 |
| Interest Cost | 16,24,044 | 13,19,621 |
| Actual Plan Participants' Contributions | - | - |
| Actuarial (Gains)/Losses | 4,97,199 | 10,23,237 |
| Changes in Foreign Currency Exchange Rates | - | - |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefit paid directly by the Company | (8,18,574) | (24,00,023) |
| Past Service Cost | - | 4,71,762 |
| Losses / (Gains) on Curtailments/Settlements | - | - |
| Defined Benefit Obligation, End of Period | 2,71,53,000 | 2,27,98,049 |
| (B) Change in Fair Value of plan assets | | |
| Fair value of Plan Assets, Beginning of Period | 43,18,733 | 53,08,272 |
| Expected Return on Plan Assets | 3,25,201 | 3,30,775 |
| Actual Company Contributions | 17,55,872 | 12,34,185 |
| Actual Plan Participants' Contributions | - | - |
| Changes in Foreign Currency Exchange Rates | - | - |
| Actuarial Gains/(Losses) | (2,72,565) | (1,54,476) |
| Benefits Paid by the insurer | (8,18,574) | (24,00,023) |
| Acquisition/Business Combination/Divestiture | - | - |
| Assets extinguished on Settlements/Curtailments | - | - |
| Fair value of Plan Assets, End of Period | 53,08,667 | 43,18,733 |
| (C) Amount recognised in the Balance Sheet | | |
| Defined Benefit Obligation | 2,71,53,000 | 2,27,98,049 |
| Fair value of Plan Assets | 53,08,667 | 43,18,733 |
| Funded Status - (Surplus)/Deficit | 2,18,44,333 | 1,84,79,316 |
| Past Service Cost not yet Recognised | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| (Asset)/Liability Recognised in the Balance Sheet | 2,18,44,333 | 1,84,79,316 |
| (D) Net Gratuity Cost | | |
| Service Cost | 30,52,282 | 29,37,176 |
| Interest Cost | 16,24,044 | 13,19,621 |
| Expected Return on Plan Assets | (3,25,201) | (3,30,775) |
| Past Service Cost | - | 4,71,762 |
| Net Actuarial Losses/(Gains) Recognised during the period | 7,69,764 | 11,77,713 |
| (Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| Total Expense/(Income) included in "Employee Benefits Expense" | 51,20,889 | 55,75,497 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 29.1 EMPLOYEE BENEFITS (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------------------------|----------------------------|
| Assumptions used in accounting for gratuity costs | | |
| Date of Valuation | | |
| Discount Rate | 7.43% | 7.53% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Expected Rate of Return on Assets | 7.43% | 7.53% |
| Demographic Assumptions | | |
| Mortality | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Employee Turnover/ Withdrawal Rate | 18.00% | 25.00% |
| Retirement Age | 60 years | 60 years |

Note 29.2 PROVISION FOR LEAVE ENCASHMENT

Accounting Standard 15 (Revised 2005) Disclosures

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| Amounts Recognised in Statement of Profit & Loss at Period-End | | |
| Service Cost | 4,63,385 | 4,33,070 |
| Interest Cost | 1,64,068 | 1,66,208 |
| Expected Return on Plan Assets | - | - |
| Past Service Cost | - | - |
| Net Actuarial Losses/(Gains) Recognised during the period | 6,28,449 | (8,73,605) |
| (Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| Total Expense/(Income) included in "Employee Benefits Expense" | 12,55,902 | (2,74,327) |
| Change in Defined Benefit Obligation during the Period | | |
| Defined Benefit Obligation, Beginning of Period | 25,78,700 | 28,53,027 |
| Service Cost | 4,63,385 | 4,33,070 |
| Interest Cost | 1,64,068 | 1,66,208 |
| Actual Plan Participants' Contributions | - | - |
| Actuarial (Gains)/Losses | 6,28,449 | (8,73,605) |
| Changes in Foreign Currency Exchange Rates | - | - |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefits Paid | - | - |
| Past Service Cost | - | - |
| Losses / (Gains) on Curtailments/Settlements | - | - |
| Defined Benefit Obligation, End of Period | 38,34,602 | 25,78,700 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 29.2 PROVISION FOR LEAVE ENCASHMENT (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------------------------|----------------------------|
| Reconciliation of Amounts recognised in Balance Sheet | | |
| Balance Sheet (Asset)/Liability, Beginning of Period | 25,78,700 | 28,53,027 |
| Total Expense/(Income) Recognised in Profit & Loss | 12,55,902 | (2,74,327) |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefit Payouts | - | - |
| Balance Sheet (Asset)/Liability, End of Period | 38,34,602 | 25,78,700 |
| Assumptions used in accounting for leave encashment | | |
| Date of Valuation | | |
| Discount Rate | 7.43% | 7.53% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Expected Rate of Return on Assets | NA | NA |
| Demographic Assumptions | | |
| Mortality | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Employee Turnover/ Withdrawal Rate# | 18.00% | 25.00% |
| Retirement Age | 60 years | 60 years |
| Leave Availment Ratio | 10% | 10% |

Note 30 EMPLOYEE STOCK OPTION SCHEME

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

On September 11, 2017, the Board of Directors approved the "IRIS Business Services Limited – Employee Stock Option Scheme 2017" ("Scheme") in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company with an intent to attract and retain talent in the organization. The aforesaid Scheme was duly approved by shareholders in its Extra-Ordinary General Meeting held on September 13, 2017. The Nomination and Remuneration Committee of the Board has granted options under the said Scheme to certain category of employees as per criteria laid down by Nomination and Remuneration committee of the Board.

The shareholders of the Company approved the ratification of the Scheme and extension of the benefits of the Scheme to the employees of Subsidiary Company(ies) by Special Resolutions through Postal Ballot on March 29, 2019. Key terms of the scheme:

| | |
|----------------------------------|--|
| Date of Shareholder's Approval | September 13, 2017 |
| Total Number of Options approved | 7,00,000 |
| Vesting Schedule | Option shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 4 (Four) years from the date of grant |
| Maximum term of Options granted | 9 Years |
| Method of Settlement | Shares |
| Source of shares | Primary-Fresh equity allotment by the Company |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 30 EMPLOYEE STOCK OPTION SCHEME (contd...)

Option Movement during the year ended March 2019

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| No. of Options Outstanding at the beginning of the year | 7,00,000 | - |
| Options Granted during the year | - | 7,00,000 |
| Options Forfeited / Cancelled / Surrendered during the year | 1,40,000 | - |
| Options Lapsed during the year | 8,000 | - |
| Number of options Outstanding at the end of the year | 5,52,000 | 7,00,000 |

Method and Assumptions used to estimate the fair value of options granted during the year ended: The fair value has been calculated using the Black Scholes Option Pricing model.

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--------------------------|---------------------------|---------------------------|
| Variables | | |
| Risk Free Interest rate | 6.61% to 7.00% | 6.61% to 7.00% |
| Expected Life (in Years) | 3.5 Years to 6.5 Years | 3.5 Years to 6.5 Years |
| Expected Volatility | 11.73% | 11.73% |
| Dividend Yield | 0.00% | 0.00% |
| Stock Price (in ₹) | 32 | 32 |
| Exercise Price (in ₹) | 32 | 32 |

Stock Price

The stock price of the Company is the listing market price of the Company's equity share on Stock Exchanges on the date of grant.

Under the ESOP Schemes one option entitles one equity share of the Company.

Expected Volatility

Expected volatility is a measure of the amount by which share price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Since shares of the Company got listed only on the Grant Date and there is no history of share price trading, expected volatility had been derived from historic values NSE VIX index as on the Grant date.

Risk-free Rate of interest

The current yield rates of Central Government securities (with similar residual maturity as expected life of stock option) are being considered. This is based on the zero-coupon yield curve for Government Securities obtained from NSE.

Exercise Price

Exercise price is the price which the option holder has to pay at the time of exercising the option. Exercise prices are considered as per the information provided by the Company. As per the rules of ESOP plans, exercise price is the listing price of the shares of the Company on 11th October 2017 which is ₹ 32.00.

Time to Maturity / Expected Life of options

The expected life of an option will be in-between the minimum period before which the options cannot be exercised and the period after which the options cannot be exercised.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date. A weighted average of all the vests has been calculated to arrive at the value of the options granted.

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 30 EMPLOYEE STOCK OPTION SCHEME (contd...)

The time to maturity has been estimated as illustrated by the following example. In case of the grant made on 11 October 2017, the earliest date of vesting is one year from the date of grant that is 11 October 2018. Hence, the minimum life of the option is 1 year. The exercise period is Five years from the date of vest as per the ESOP scheme; hence the maximum life of this vest is 6 years. The expected life is the average of minimum and maximum life, i.e. 3.5 years $[(1 + 6)/2]$. The time to maturity for the remaining vests has been calculated in a similar manner.

Dividend Yield

Expected dividend yield has been taken as "NIL" since the Company has not declared any dividend in the past.

Note 31 SEGMENT REPORTING

The Company has identified business segments (Nature of revenue stream) as its primary segment and geographic segments as its secondary segment. Business segments comprise of Collect Segment (Regulatory platform), Create Segment (Enterprise Platform) and Consume Segment (Data Consumption Platform and Content Services).

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to a specific segment have been allocated on the basis of associated manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Fixed assets that are used interchangeably among segments are not allocated to primary and secondary segments.

Geographical revenue is allocated based on the location of the customer. Geographic segments of the Company are Middle Eastern Countries, America (including Canada and South American countries), Europe, India and Others:

Reporting of Segment wise Revenue, Results and Capital Employed

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| 1. Segment Revenue | | |
| (net sale/income from each segment should be disclosed under this head) | | |
| (a) Segment – Collect | 20,57,65,809 | 21,91,21,955 |
| (b) Segment – Create | 16,83,83,102 | 10,76,39,051 |
| (c) Segment – Consume | 2,47,95,222 | 2,23,15,691 |
| (d) Unallocated | - | - |
| Less: Inter Segment Revenue | - | - |
| Net sales/Income From Operations | 39,89,44,133 | 34,90,76,697 |
| 2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment) | | |
| (a) Segment – Collect | 2,15,03,766 | 4,24,20,743 |
| (b) Segment – Create | (1,64,33,799) | (3,18,79,261) |
| (c) Segment – Consume | (46,04,632) | (31,83,748) |
| (d) Unallocated | 95,31,347 | 42,26,316 |
| Total | 99,96,682 | 1,15,84,050 |
| Less: i) Interest | 1,59,28,053 | 1,99,09,600 |
| ii) Depreciation & Amortisation | 4,08,47,659 | 4,48,77,887 |
| iii) Other non-cash un-allocable expenses | - | - |
| iv) Other Un-allocable Expenditure net off Un-allocable income | - | - |
| Total Profit Before Tax | (4,67,79,030) | (5,32,03,437) |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 31 SEGMENT REPORTING (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| 3. Segment Assets | | |
| (a) Segment – Collect | 8,20,70,790 | 9,50,16,217 |
| (b) Segment – Create | 9,34,55,936 | 12,60,78,870 |
| (c) Segment – Consume | 16,89,26,174 | 16,98,85,830 |
| (d) Unallocated | 31,03,11,370 | 35,85,98,490 |
| Total assets | 65,47,64,270 | 74,95,79,407 |
| 4. Segment Liabilities | | |
| (a) Segment – Collect | 1,30,31,813 | 2,00,95,142 |
| (b) Segment – Create | 46,72,900 | 71,13,613 |
| (c) Segment – Consume | 37,76,520 | 17,70,806 |
| (d) Unallocated | 37,08,69,104 | 40,56,01,071 |
| Total liabilities | 39,23,50,337 | 43,45,80,632 |
| 5. Total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets); | | |
| (a) Segment – Collect | - | - |
| (b) Segment – Create | - | 3,14,72,509 |
| (c) Segment – Consume | 17,71,93,270 | - |
| (d) Unallocated | 13,26,471 | 7,55,261 |
| Total | 17,85,19,741 | 3,22,27,770 |

Revenues by Geography:

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| Country | | |
| India | 13,50,09,193 | 11,43,72,717 |
| Italy | 5,94,757 | 4,25,181 |
| Jordan | 1,23,74,627 | 61,02,430 |
| Kuwait | 1,17,33,267 | 1,55,27,128 |
| Malaysia | 2,70,50,042 | 4,11,29,147 |
| Mauritius | 4,01,39,534 | 3,86,89,847 |
| Qatar | 3,01,23,644 | 77,72,589 |
| Saudi Arabia | 3,17,88,679 | 2,77,22,332 |
| Singapore | 1,72,93,904 | 1,53,62,729 |
| South Africa | 2,93,57,154 | 3,22,77,715 |
| Thailand | 19,33,909 | 3,00,218 |
| Turkey | 8,57,200 | 13,18,949 |
| UAE | 1,47,98,965 | 74,47,347 |
| United Kingdom | 3,31,83,719 | 2,88,03,890 |
| USA | 1,27,05,539 | 1,18,24,478 |
| Total | 39,89,44,133 | 34,90,76,697 |
| Segment assets by Geography: | | |
| India | 65,47,64,270 | 74,95,79,407 |
| Capital assets acquired during the period by Geography: | | |
| India | 17,85,19,741 | 3,22,27,770 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 32 EARNINGS PER SHARE

The EPS computed in accordance with the Accounting Standard 20 on 'Earnings Per Share' issued by the Institute of Chartered Accountants of India is as under:

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Net Profit for the Year | (5,42,30,870) | (4,89,29,519) |
| Weighted Average No. of Shares - Basic | 1,88,79,162 | 1,62,33,211 |
| Weighted Average No. of Shares - Diluted | 1,88,79,162 | 1,62,33,211 |
| <i>(Since the potential dilutive equity shares are anti-dilutive no. of shares considered for diluted EPS is same as basic EPS)</i> | | |
| EPS - Basic | (2.87) | (3.01) |
| EPS - Diluted | (2.87) | (3.01) |
| Nominal value of each Equity Share | 10.00 | 10.00 |

Note 33 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Related Party Transactions

a. Subsidiary companies

1. IRIS Business Services, LLC
2. IRIS Business Services (Asia) Pte. Ltd.
3. Atanou S.r.l.

b. Key managerial personnel (KMP), including KMP under Companies Act, 2013

1. S. Swaminathan, Whole Time Director and Chief Executive Officer
2. Deepta Rangarajan, Whole Time Director
3. K. Balachandran, Whole Time Director and Chief Financial Officer
4. Jay Mistry, Company Secretary and Compliance Officer

c. Relatives of Key managerial personnel (KMP)

1. Deepta Rangarajan, Spouse of Mr. S. Swaminathan
2. N Subramaniam, Father of Mr. S. Swaminathan
3. Sivakamu Subramaniam, Mother of Mr. S. Swaminathan
4. S. Chandrasekhar, Brother of Mr. S. Swaminathan
5. S. Swaminathan, Spouse of Ms. Deepta Rangarajan
6. Santhanakrishnan Rangarajan, Father of Ms. Deepta Rangarajan
7. Shanti Rangarajan, Mother of Ms. Deepta Rangarajan
8. Rajlaxmi Nambiar, Spouse of Mr. K. Balachandran
9. Sharanya Balachandran, Daughter of Mr. K. Balachandran
10. Shyama Balachandran, Daughter of Mr. K. Balachandran
11. Vijayalakshmi Nambiar, Mother of Mr. K. Balachandran

d. Enterprises over which the above persons exercise significant influence/ control and with which the Company has transactions during the Year

1. FinX Solutions (UAE)
2. IRIS Knowledge Foundation
3. TVS Electronics Limited

e. Independent Directors

1. Narayan Seshadri, Non-Executive Independent Director (Resigned on 2nd March 2019)
2. Bhaswar Mukherjee, Non-Executive Independent Director
3. Vinod Balmukand Agarwala, Non-Executive Independent Director
4. Ashok Venkatramani, Non-Executive Independent Director

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(Amount in ₹)

| Particulars | Transactions during 2018-19 | Outstanding as at 31.03.2019 | Transactions during 2017-18 | Outstanding as at 31.03.2018 |
|--|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Services rendered | | | | |
| FinX Solutions | 64,13,619 | 1,21,04,978 | 55,93,639 | 56,91,359 |
| IRIS Knowledge Foundation | 1,80,000 | 12,10,991 | 3,60,000 | 10,88,591 |
| TVS Wealth Private Limited | - | - | 10,000 | - |
| TVS Electronics Limited | 4,20,000 | - | 4,70,000 | 4,20,000 |
| Services availed | | | | |
| IRIS Business Services, LLC | 1,13,97,147 | 21,62,477 | 44,50,462 | 4,20,943 |
| IRIS Business Services (Asia) Pte. Ltd. | 1,67,91,139 | 48,60,052 | 2,84,35,293 | 38,73,365 |
| Donations | | | | |
| IRIS Knowledge Foundation | 3,00,000 | - | - | - |
| Investments | | | | |
| Atanou S.r.l. | 8,13,200 | 15,25,200 | - | 7,12,000 |
| IRIS Business Services, LLC | 52,58,205 | 59,61,180 | - | 7,02,975 |
| IRIS Business Services (Asia) Pte. Ltd. | - | 1,11,95,389 | - | 1,11,95,389 |
| Remuneration | | | | |
| S. Swaminathan | 30,00,000 | 78,73,974 | 30,00,000 | 57,54,958 |
| Deepta Rangarajan | 30,00,000 | 24,86,930 | 30,00,000 | 24,86,930 |
| K. Balachandran | 30,00,000 | 27,17,390 | 30,00,000 | 27,17,390 |
| Rajesh Singh (was on employment till 28th February 2018) | - | - | 85,316 | - |
| Jay Mistry | 11,93,335 | 88,418 | 2,93,548 | 99,800 |
| Reimbursement of expenses | | | | |
| S. Swaminathan | 22,60,868 | - | 16,47,566 | - |
| Deepta Rangarajan | 12,16,344 | - | 14,33,900 | - |
| K. Balachandran | 2,01,929 | - | 7,11,128 | - |
| Jay Mistry | 18,302 | - | 2,795 | - |

Note 34 DETAILS OF MOVEMENT IN PROVISIONS AND CONTINGENT LIABILITIES, IN TERMS OF ACCOUNTING STANDARD 29 IS AS UNDER:

(Amount in ₹)

| Particulars | Opening Balance as on 01-04-2018 | Additions during the year | Reversal/ adjustments | Closing Balance as on 31/03/2019 |
|---|----------------------------------|---------------------------|-----------------------|----------------------------------|
| Nature of Provision | | | | |
| Provision for Income Tax | 6,66,71,524 | - | 66,36,735 | 6,00,34,789 |
| Provision for Deferred Tax (Asset)/ Liability | 6,75,949 | 47,25,927 | - | 54,01,876 |
| Provision for Gratuity | 1,84,79,316 | 33,61,915 | - | 2,18,41,231 |
| Provision for leave encashment | 25,78,700 | 12,55,902 | - | 38,34,602 |
| Provisions in respect of Employee Benefits | 5,46,77,370 | 2,68,246 | 25,39,813 | 5,24,05,803 |
| Provision for Bad & Doubtful Debts | 27,18,104 | 21,61,561 | 23,78,029 | 25,01,636 |
| Provision for Other Expenses Payable | 1,34,29,846 | 1,38,53,445 | 2,17,30,766 | 55,52,524 |
| Provision for Security Deposit | - | 8,50,000 | - | 8,50,000 |
| Movements in Contingent Liabilities | | | | |
| Contingent Liabilities | 3,28,26,416 | - | 77,00,894 | 2,51,25,522 |

Notes to the Standalone Financial Statement for the year ended 31 March, 2019

Note 35 EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| Expenditure in Foreign Currency on Account of | | |
| Professional/ Consultation Fees | 47,65,531 | 79,66,669 |
| Foreign Travel | 1,61,54,974 | 1,26,61,621 |
| Business Promotion/ Conference Expenses | 5,14,979 | - |
| Sales and Marketing Expenses | 2,59,32,301 | 3,06,93,831 |
| Software License Fess | 43,72,874 | 34,26,476 |
| Membership, Subscription Fees | 8,10,260 | 1,63,120 |
| Commission Paid | 6,71,174 | - |
| Kuwait Retention Expenses | 12,56,849 | 5,05,152 |
| | | |
| Earnings in Foreign Exchange: | | |
| Export of Services | 26,38,82,387 | 23,46,09,854 |
| Less: Withholding tax Thereon | (48,38,335) | (68,53,698) |
| Net Earnings | 25,90,44,052 | 22,77,56,156 |
| Royalty | 52,553 | 94,126 |
| Less: Withholding tax Thereon | (13,692) | (28,237) |
| Net Earnings | 38,861 | 65,889 |

Note 36 NOTE ON ACTIVITIES OF SUBSIDIARY

"IRIS Business Services (Asia) Pte. Ltd."

As at 31st March 2019, the subsidiary's total liabilities exceeded its total assets by SGD 37,013 (₹ 18,76,988/-) (as at March 31, 2018, by SGD 64,022 i.e. ₹ 31,80,722/-). Its financial statements have been prepared on a going concern basis. We are committed to provide necessary financial support as and when necessary and there will not be any financial crisis in the said subsidiary.

Note 37

In the opinion of the Board, all assets other than fixed assets and non-current investments have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.

Note 38

Previous year's figures have been regrouped wherever necessary.

As per our Report of even date attached

For **M. P. Chitale & Co.**
Chartered Accountants
FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More
Partner
Membership No. 114236

Swaminathan Subramaniam
Whole Time Director & CEO
DIN: 01185930

Deeptha Rangarajan
Whole Time Director
DIN: 00404072

Place : Mumbai
Date : May 25, 2019

Balachandran Krishnan
Whole Time Director & CFO
DIN: 00080055

Jay Mistry
Company Secretary



CONSOLIDATED
FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
IRIS BUSINESS SERVICES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of IRIS BUSINESS SERVICES LIMITED (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, of consolidated loss and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the KAM to be communicated in our report.

| Sr. No. | KAM and the basis for considering it so. | How the KAM is addressed in the audit |
|---------|--|--|
| 1 | <p>Impairment of Intangibles :</p> <p>As per the Accounting standard 28, the Group is required to annually test the carrying amount of assets for impairment. The total assets of the Company are Rupees 63,35,81,437/- and the carrying value of Intangible assets is Rupees 22,73,20,578/- which is material amount.</p> <p>The management's assessment process is complex and highly judgmental and is based on assumptions, specifically about the number of potential customers for the products of the Group, the cost that the Group is required to spent to upkeep the product, the geography that the product will cater, etc., which are affected by expected future market or economic conditions worldwide.</p> | <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following :</p> <ul style="list-style-type: none">• Evaluated the design of internal controls relating to recording the cost of capitalization of intangibles, selecting an asset and testing the same for impairment and its application.• Selected a sample of intangible asset which are capitalized till date and inspection of evidences and the process followed for its capitalization and impairment testing and of performance of these controls, tested the operating effectiveness of the internal controls relating to the same.• Followed the principal laid down in the Accounting Standard 28 for impairment testing as a substantive process.• Obtained understanding about the future projections prepared by the management and its basis. Comparing the pricing used in the projections with the similar / near similar products available in the similar market, reviewed communication by the Group with the potential customers and understanding about their interest in the product so as to test the projections made for the immediate period. |

EMPHASIS OF MATTER

We draw attention of the members to the note 34 regarding financial position of Company's Subsidiary IRIS Business Services (Asia) Pte. Ltd. The net assets of the Company are negative as on the Balance Sheet date. The management has stated that it will continue to provide its support as and when necessary. Our opinion is not qualified in respect of these matters.

OTHER INFORMATION

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone and consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in

accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise

professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group, its associate and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the

financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

- (a) We did not audit the financial statement of one foreign subsidiary company, whose financial statement reflect total assets of Rupees 73,59,721/- as at March 31, 2019 and total revenues of Rupees 1,57,11,417/- and net profit of Rupees 14,24,336/- for the year ended on that date, as considered in the consolidated financial statements. The said financial statements have been

audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

- (b) We did not audit the financial statements of two foreign subsidiary companies, whose financial statements reflect total assets of Rupees 33,24,042/- as at March 31, 2019 and total revenues of Rupees 1,02,20,879/-, net loss of Rupees 82,31,995/- for the year ended on that date as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated

Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act;
- e. On the basis of written representations received from the directors of the holding company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There were no pending litigations which would impact the consolidated financial position of the Group.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

For and on behalf of

M. P. Chitale & Co

Chartered Accountants

Firm's registration number: 101851W

CA. Santosh More

Partner

Place: Mumbai

Date: May 25, 2019

Membership number: 114236

“Annexure A” to the Independent Auditor’s Report

“Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of IRIS BUSINESS SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

To the Members of

IRIS BUSINESS SERVICES LIMITED

We have audited the internal financial controls over financial reporting of the Parent as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Parent for the year ended on that date. Our reporting on the Internal Financial Controls in the case of consolidated financial statements, is applicable only to the Parent, which has been audited by us.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Parent is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Parent’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Parent’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10)

of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Parent’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over

financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting

to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, and to the best of our information and according to the explanations given to us, the Parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Parent considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For and on behalf of

M. P. Chitale & Co

Chartered Accountants

Firm's registration number: 101851W

CA. Santosh More

Partner

Place: Mumbai

Date: May 25, 2019

Membership number: 114236

Consolidated Balance Sheet

as at 31 March, 2019

(Amount in ₹)

| Particulars | Note No. | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------|----------------------|----------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders' funds | | | |
| (a) Share capital | 3 | 18,87,91,620 | 18,87,91,620 |
| (b) Reserves and surplus | 4 | 5,28,34,288 | 11,22,94,733 |
| 2. Share application money pending allotment | | | |
| - | | | |
| 3. Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 4,59,96,349 | 6,87,81,534 |
| (b) Deferred tax liabilities (Net) | | 54,01,876 | 6,75,949 |
| (c) Long-term provisions | 6 | 1,95,63,392 | 1,42,81,871 |
| 4. Current liabilities | | | |
| (a) Short-term borrowings | 7 | 5,94,34,514 | 6,76,05,463 |
| (b) Trade payables | | | |
| i) total outstanding dues of micro enterprises and small enterprises; and | | 27,86,336 | 17,99,221 |
| ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,69,74,269 | 3,62,17,692 |
| (c) Other current liabilities | 8 | 10,76,93,236 | 10,21,69,120 |
| (d) Short-term provisions | 9 | 12,41,05,557 | 14,20,79,428 |
| TOTAL | | 63,35,81,437 | 73,46,96,631 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Property, plant and equipment | 10 | | |
| (i) Tangible assets | | 9,83,57,215 | 10,12,68,124 |
| (ii) Intangible assets | | 22,73,20,578 | 8,67,77,843 |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | - | 17,32,92,540 |
| (b) Long-term loans and advances | 11 | 4,74,410 | 4,74,410 |
| (c) Other non-current assets | 12 | 9,87,020 | 67,76,794 |
| 2. Current assets | | | |
| (a) Trade receivables | 13 | 11,86,85,923 | 13,34,71,851 |
| (b) Cash and bank balance | 14 | 5,87,31,199 | 8,35,06,715 |
| (c) Short-term loans and advances | 15 | 87,94,603 | 69,93,391 |
| (d) Other current assets | 16 | 12,02,30,489 | 14,21,34,963 |
| TOTAL | | 63,35,81,437 | 73,46,96,631 |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**

Chartered Accountants

FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More

Partner

Membership No. 114236

Swaminathan Subramaniam

Whole Time Director & CEO

DIN: 01185930

Deepta Rangarajan

Whole Time Director

DIN: 00404072

Place : Mumbai

Date : May 25, 2019

Balachandran Krishnan

Whole Time Director & CFO

DIN: 00080055

Jay Mistry

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Note No. | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|----------|---------------------------|---------------------------|
| I. Revenue from operations | 17 | 39,89,44,133 | 34,95,14,144 |
| II. Other income | 18 | 1,07,02,198 | 63,84,371 |
| III. Total Revenue (I + II) | | 40,96,46,331 | 35,58,98,515 |
| IV. Expenses: | | | |
| Employee benefits expense | 19 | 25,35,04,062 | 20,68,59,057 |
| Finance costs | 20 | 1,60,31,983 | 2,00,19,718 |
| Depreciation and amortization expense | 21 | 4,08,60,489 | 4,48,86,595 |
| Other expenses | 22 | 15,28,36,484 | 14,00,25,182 |
| Total expenses | | 46,32,33,018 | 41,17,90,553 |
| V. Profit from ordinary activities before exceptional and extraordinary items and tax (III-IV) | | (5,35,86,687) | (5,58,92,038) |
| VI. Exceptional expenses / (incomes) | 23 | - | - |
| VII. Profit from ordinary activities before extraordinary items and tax (V - VI) | | (5,35,86,687) | (5,58,92,038) |
| VIII. Extraordinary Items | | - | - |
| IX. Profit from ordinary activities before tax (VII- VIII) | | (5,35,86,687) | (5,58,92,038) |
| X. Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | 47,25,927 | (42,73,918) |
| (3) Tax expense / (income) for earlier years | | 27,25,914 | - |
| XI. Profit (Loss) for the period from continuing operations (IX-X) | | (6,10,38,528) | (5,16,18,120) |
| XII. Profit/(loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV. Profit (Loss) for the period (XI + XIV) | | (6,10,38,528) | (5,16,18,120) |
| XVI. Attributable to Minority Interest Holder | | 23,357 | 62,873 |
| XVII. Attributable to Parent | | (6,10,61,885) | (5,16,80,993) |
| XVIII. Earnings per equity share: | | | |
| (1) Basic | | (3.23) | (3.18) |
| (2) Diluted | | (3.23) | (3.18) |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**

Chartered Accountants

FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More

Partner

Membership No. 114236

Swaminathan Subramaniam

Whole Time Director & CEO

DIN: 01185930

Deepta Rangarajan

Whole Time Director

DIN: 00404072

Place : Mumbai

Date : May 25, 2019

Balachandran Krishnan

Whole Time Director & CFO

DIN: 00080055

Jay Mistry

Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | (5,35,86,687) | (5,58,92,038) |
| Adjustments for : | | |
| Depreciation and amortisation | 4,08,60,489 | 4,48,86,595 |
| Write-off of withholding tax | 1,98,96,681 | 84,44,946 |
| Loss on sale of furniture | 27,426 | 1,91,893 |
| Expense on employee stock option scheme | 16,46,028 | 22,16,220 |
| Interest expenses | 1,44,57,888 | 1,90,56,493 |
| Non cash item in prior period expenses | - | 11,510 |
| Profit on sale / discarding of office equipment's | (50,476) | (2,34,462) |
| Interest income | (51,42,458) | (22,45,023) |
| Other non-cash adjustment | (67,946) | 4,11,663 |
| Total | 7,16,27,632 | 7,27,39,835 |
| Operating cash profit before working capital changes | 1,80,40,945 | 1,68,47,797 |
| (Increase) / Decrease in Inventories | - | - |
| (Increase) / Decrease in Sundry Debtors | 1,47,85,928 | (5,61,16,637) |
| (Increase) / Decrease in Short Term Loans & advances and Deposits | (61,57,651) | (3,16,55,005) |
| (Increase) / Decrease in Other Current Assets | 58,26,794 | (62,96,351) |
| (Increase) / Decrease in Other Non - Current Assets | 57,89,774 | (33,92,856) |
| (Decrease) / Increase in Trade Payables | (82,56,308) | 79,05,569 |
| (Decrease) / Increase in Other Current Liabilities | 55,24,117 | 2,57,65,901 |
| Increase / (Decrease) in Balance of cash credit facilities | (81,70,949) | 1,33,35,519 |
| (Decrease) / Increase in Long term Provisions | 52,81,521 | 28,07,451 |
| (Decrease) / Increase in Short term Provisions | (1,13,37,136) | 1,05,76,775 |
| Total | 32,86,090 | (3,70,69,636) |
| Taxes Paid | (1,31,07,440) | (1,45,63,595) |
| Net Cash Inflow / (Outflow) in course of operating activities (A) | 82,19,595 | (3,47,85,433) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets (including capital advances) | (13,26,471) | (7,55,261) |
| In-house Software Products Capitalisation | (39,00,730) | (2,78,81,594) |
| Interest Income Received | 50,68,249 | 19,16,993 |
| Sales / Scrap Value of Fixed Assets | 50,476 | 2,34,462 |
| Net Cash Inflow / (Outflow) in the course of Investing Activities (B) | (1,08,476) | (2,64,85,400) |

Consolidated Cash Flow Statement for the year ended 31 March, 2019

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Share Capital & Share Premium | - | 16,01,28,000 |
| Fresh Loan /(Repayment) of term loans during the year (net) | (2,27,85,185) | (2,95,80,596) |
| Interest paid on Term Loans | (1,44,57,888) | (1,90,56,493) |
| Net cash flow used in financing activities (C) | (3,72,43,073) | 11,14,90,911 |
| Net increase / (decrease) in Cash and cash equivalents (A + B + C) | (2,91,31,954) | 5,02,20,078 |
| Add: Balance of Cash/Cash Equivalents at the beginning of the year | 5,32,57,468 | 30,37,390 |
| Cash/Cash Equivalents at the close of the year | 2,41,25,513 | 5,32,57,468 |
| Cash/Cash Equivalents as at the end of the year | 2,41,25,513 | 5,32,57,468 |
| Less: FDs given as security not in nature of cash and cash equivalent | - | - |
| | 2,41,25,513 | 5,32,57,468 |

The accompanying policies and notes form an integral part of the financial statements

As per our Report of even date attached

For **M. P. Chitale & Co.**
Chartered Accountants
FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More
Partner
Membership No. 114236

Swaminathan Subramaniam
Whole Time Director & CEO
DIN: 01185930

Deepta Rangarajan
Whole Time Director
DIN: 00404072

Place : Mumbai
Date : May 25, 2019

Balachandran Krishnan
Whole Time Director & CFO
DIN: 00080055

Jay Mistry
Company Secretary

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

1 CORPORATE INFORMATION

IRIS Business Services Limited ("The Company") is a public limited company domiciled and headquartered in India and is listed on the Bombay Stock Exchange (BSE) SME Platform. The registered office of the Company is located at T-231, Tower 2, 3rd Floor, International Infotech Park, Vashi, Navi Mumbai – 400 703. The Company has subsidiaries in United States, Singapore and Italy. Incorporated in 2000, IRIS is a global provider of software products for compliance, data and analytics.

The Company cater to Regulators including Central Banks, Business Registries, Capital Market Regulators and Stock Exchanges. We also provide solutions to the regulated, including Corporates, Banks, Mutual Funds.

The financial statements of the Company for the year were approved and adopted by Board of Directors of the Company in its meeting held on May 25, 2019.

| Name of Subsidiary | Country | % of holding | Year ended on |
|---|-----------|--------------|---------------|
| IRIS Business Services, LLC | USA | 100.00 | 31-03-2019 |
| IRIS Business Services (Asia) Pte. Ltd. | Singapore | 98.36 | 31-03-2019 |
| Atanou S.r.l. | Italy | 100.00 | 31-03-2019 |

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

These financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act').

The accounts have been prepared on historical cost basis using the accrual basis of accounting. The preparation of financial statements as per this policy requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets / inputs for processing and their realisation in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

2.2 Revenue Recognition

Revenue is recognised when no significant uncertainty exists as to either the measurement or ultimate realization of the same.

Revenue from Operations

- i. Revenue from contracts for development or customization of software is measured using the proportionate completion method and are recognised, provided at the time of performance it is not unreasonable to expect ultimate collection.
- ii. Revenue from sale of software/ software licenses which do not involve any customization are recognised

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

upon delivery of the software to the clients and subscription income is recognised as revenue are recognised over the period of the subscription.

- iii. Revenue from advertisement, data conversion services is recognised after the performance of the services and it is not unreasonable to expect ultimate collection.
- iv. Revenues from maintenance and content contracts are recognised on a straight line basis over the period of the contract.
- v. Royalty income is recognised as and when right to receive royalty is established.
- vi. When the uncertainty, relating to the collectability arises subsequent to the rendering of the service, a separate provision is made to reflect the uncertainty and the amount of revenue originally recorded is not adjusted.
- vii. Unbilled revenue included in 'Other current assets', represents amounts in respect of services performed in accordance with contract terms, not yet billed to customers at the year end. Income billed in advance included in 'Other current liabilities' represents amounts received/billed in excess of the value of work performed in accordance with the terms of the contracts with customers.

Other Income

- i. Interest on Bank deposits is recognised on accrual basis.
- ii. Rental income is recorded on accrual basis.
- iii. Any other income is recognised on accrual basis, when no significant uncertainty as to measurability or collectability exists.

2.3 Property, Plant and Equipment

Tangible Assets are stated at the cost of acquisition less accumulated depreciation. Cost includes incidental expenses incurred during the acquisition/ installation, and excludes taxes and duties for which credit has been claimed.

Intangible assets are recorded at the consideration paid for acquisition of such asset and are carried at cost less accumulated amortisation and impairment.

Capitalisation of Expenses incurred for development of software:

Costs incurred in the development of proprietary software products have been classified and grouped under the heads "Software Developed In-House" & "Intangible Assets under Development" under Property, plant and equipment as per the recognition criteria laid down under AS 26. Expenditure on research is recognised as an expense when it is incurred. Development costs of products are also charged to the Statement of Profit and Loss unless all the criteria for capitalisation as set out in AS 26 - 'Intangible Assets' have been met by the Company.

2.4 Depreciation & Amortization

Tangible fixed assets are depreciated on straight line basis over the useful life as specified in Schedule II of Companies Act, 2013.

Individual assets whose cost does not exceed ₹ 5,000/- are depreciated fully in the year of purchase.

Leasehold Property is being amortised over the remaining leasehold period on straight-line basis.

Software products both proprietary and purchased are amortised over a period of 5 to 6 years on straight line basis, the amortization commences once the said product is available for use.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

The useful lives used by the Company on various assets are as:

| Assets type | Useful life (in Years) |
|-------------------|------------------------|
| Building | 60 |
| Laptop & desktops | 3 |
| Server & networks | 6 |
| Furniture | 10 |
| Office equipment | 5 |
| Software | 5 |

The accounting policy followed by IRIS Business Services (Asia) Pte. Ltd. regarding depreciation rates in respect following fixed assets is not in line with the policy followed by the holding company.

| Property, plant and equipment | Rate followed by Subsidiary | Rate followed by the holding Company |
|-------------------------------|-----------------------------|--------------------------------------|
| Furniture and Fixtures | 33 % p.a. | 10% p.a. |
| Office Equipment | 33 % p.a. | 20% p.a. |

2.5 Impairments

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount. Recoverable amount is higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds recoverable amount. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or many have decreased.

2.6 Investments

Long term investments are stated at cost, and provision for diminution is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Short term investments are valued at lower of cost and net realizable value.

2.7 Provisions and Contingent Liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised in the financial statements.

2.8 Miscellaneous Expenditure including share issue expenses

Preliminary and other miscellaneous expenses and share issue expenses are written off as and when incurred in accordance with the requirements of accounting standard 26.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

2.9 Foreign Currency Transactions

The functional currency of the Company is the Indian Rupee (₹).

Transactions denominated in foreign currency are recorded using the RBI exchange rates prevailing on the date of transaction, with the loss or gain arising on final settlement being adjusted in the Profit & Loss A/c.

The monetary items denominated in the foreign currency as at the end of the year are translated using the RBI exchange rates prevailing on the date of the Balance Sheet and the corresponding loss or gain on translation adjusted in the Profit & Loss A/c.

2.10 Prepaid Expenses

Expenses which are incurred in one year and which spill over to the subsequent years are recognised as prepaid on proportionate basis.

2.11 Employee Benefits

Short-term employee benefits including salaries, wages, bonus and other benefits are recognised as expenses at the actual value as per contractual terms & charged to the profit and Loss Account for the year in which the related service is rendered.

The employees are eligible for leave as per leave policy of the Company. The un-utilised leave can be carried forward and utilised during the course of employment. No encashment is allowed of unutilised leave. The obligation for the leave encashment is recognised based on an independent actuarial valuation at the Balance Sheet date. The expense is recognised in the statement of profit and loss at the present value of the amount payable determined based on actuarial valuation using "projected unit credit method".

The Company has provided for gratuity payable to employees on the basis of actuarial valuation carried out by an independent actuary as per Projected Unit Credit Method carried out at the closed of the year. The Company makes annual contributions in respect of those employees who have completed five years in service, to the Group Gratuity Cash Accumulation Scheme of the LIC, which is a funded defined benefit plan.

2.12 Taxation

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unabsorbed depreciation or carry forward losses are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date for any write down or reversal, as considered appropriate.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Leases

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.14 Service Tax and GST

Service tax is accounted in accordance with the Guidance note on Accounting of Service Tax issued by ICAI. Accordingly input credit to the extent not utilized for payment of service tax accounted as asset as it would be available for adjustment against Service Tax payable in the future.

With effect from 01st July 2017, Goods and Service Tax Act was made effective replacing Value Added Tax and Service Tax provisions. The Goods and Services Tax, namely CGST, SGST and IGST, hereinafter referred to as GST, was levied on the services rendered by the Company on the similar lines as was Service tax was levied. The unutilised Cenvat credit as on 30th June 2017 was transferred under the GST provisions. The unutilised input credit under the GST provisions as on the Balance Sheet date was disclosed as other current asset in the Balance Sheet.

2.15 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.16 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.18 Accounting for Employee Stock Options

Stock options granted to employees of IRIS Business Services Limited and its subsidiaries under the stock option schemes approved by the shareholders of the Company on September 13, 2017 are accounted as per the treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accounts of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the option being stock option granted for purchase could be exchanged between knowledgeable, willing parties in an arm's length transaction is recognised as deferred employee compensation with a credit to share options outstanding account. The Expense on deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to Expense on Employee Stock Option Scheme, equal to the amortised portion of value of lapsed portion and a debit to share options outstanding account equal to the un-amortised portion.

2.19 Cash and Bank Balance

Cash and cash equivalents include cash in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 3 SHARE CAPITAL

| Particulars | As at 31 March, 2019 | | As at 31 March, 2018 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | ₹ | Number | ₹ |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 2,50,00,000 | 25,00,00,000 | 2,50,00,000 | 25,00,00,000 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |
| Subscribed & Paid up | | | | |
| Equity Shares of ₹ 10/- each fully paid | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |
| Total | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |

Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

| Particulars | Equity Shares | | | |
|---|----------------------|--------------|----------------------|--------------|
| | As at 31 March, 2019 | | As at 31 March, 2018 | |
| | Number | ₹ | Number | ₹ |
| Shares outstanding at the beginning of the year | 1,88,79,162 | 18,87,91,620 | 69,37,581 | 6,93,75,810 |
| Shares Issued during the year | - | - | 1,19,41,581 | 11,94,15,810 |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 1,88,79,162 | 18,87,91,620 | 1,88,79,162 | 18,87,91,620 |

The Company does not have any holding company.

Shares in the Company held by each shareholder holding more than 5 percent share specifying the number of shares held:

| Name of Shareholder | Equity Shares | | | |
|---|----------------------|--------------|----------------------|--------------|
| | As at 31 March, 2019 | | As at 31 March, 2018 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| S Swaminathan | 48,72,168 | 26 | 48,72,168 | 26 |
| Vistra ITCL India Limited (Trustee for Shubkam Growth Fund I) | 39,07,598 | 21 | 39,07,598 | 21 |
| Deepta Rangarajan | 14,46,052 | 8 | 14,46,052 | 8 |
| K Balachandran | 11,04,000 | 6 | 11,04,000 | 6 |
| Madhuri Kela | 10,72,000 | 6 | 10,72,000 | 6 |
| Total | 1,24,01,818 | | 1,24,01,818 | |

As per records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Shares reserved for issue under option

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|----------------------|----------------------|
| Number of shares to be issued under the Employee Stock Option Plans | 5,52,000 | 7,00,000 |

[Refer note 29 for details of shares to be issued under the Employee Stock Option Scheme.]

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 3 SHARE CAPITAL (contd...)

Aggregate number of shares issued as fully paid up for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date.

| Particulars | Year (Aggregate No. of Shares) | | | | |
|--|--------------------------------|-----------|---------|---------|---------|
| | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| Fully paid up by way of bonus shares | - | 69,37,581 | - | - | - |
| Shares bought back | - | - | - | - | - |

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Note 4 RESERVES AND SURPLUS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| a. Securities Premium | | |
| Opening Balance | 11,08,26,740 | 7,01,14,550 |
| Add : Securities premium credited on share issue | - | 11,00,88,000 |
| Less : Premium Utilised for various reasons | | |
| For Issuing Bonus Shares | - | 6,93,75,810 |
| Closing Balance | 11,08,26,740 | 11,08,26,740 |
| b. Share Options Outstanding Account | | |
| Opening Balance | 22,16,220 | - |
| Add: Amounts recorded on grants/modifications/cancellations during the year | 16,46,028 | 22,16,220 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 38,62,248 | 22,16,220 |
| c. General Reserves | | |
| Opening Balance | 4,75,000 | 4,75,000 |
| (+) Current Year Transfer | - | - |
| (-) Written Back in Current Year | - | - |
| Closing Balance | 4,75,000 | 4,75,000 |
| d. FCTR | (16,38,985) | (15,73,009) |
| e. Minority Interest | (30,780) | (52,168) |
| f. Surplus | | |
| Opening balance | 4,01,950 | 5,12,42,514 |
| (+) Net Profit/(Net Loss) For the current year | (6,10,61,885) | (5,16,80,993) |
| (+) Other Adjustments | - | 8,40,429 |
| Closing Balance | (6,06,59,935) | 4,01,950 |
| Total | 5,28,34,288 | 11,22,94,733 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 5 LONG-TERM BORROWINGS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Term loans | | |
| # from Federal Bank | 6,87,81,534 | 9,15,66,719 |
| (Secured against Property at T-231, 3rd Floor, Tower No. 2, International Infotech Park, Vashi, Navi Mumbai - 400 703) | | |
| Loan Sanctioned ₹ 16,00,00,000 on 16th March 2015 | | |
| Interest Rate - Base rate + 1.15% p.a. (variable) | | |
| Current Interest Rate 10.79% (Previous year 10.79%) | | |
| Repayable in 84 months in 28 quarterly instalments | | |
| This loan is guaranteed by executive directors of the Company | | |
| Amount disclosed under the head Other Current Liabilities See Note No. 8 (a) | (2,27,85,185) | (2,27,85,185) |
| Total | 4,59,96,349 | 6,87,81,534 |

Note 6 LONG-TERM PROVISIONS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | | |
| - Gratuity | 1,71,78,609 | 1,29,66,233 |
| - Leave Encashment | 23,84,783 | 13,15,638 |
| Total | 1,95,63,392 | 1,42,81,871 |

Note 7 SHORT-TERM BORROWINGS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Secured | | |
| (a) Loans repayable on demand | | |
| from banks | | |
| Cash Credit from Federal bank | 5,94,34,514 | 6,76,05,463 |
| Loan Sanctioned ₹ 6,00,00,000 on 01st April 2018 | | |
| Interest Rate - Base rate + 2.01% p.a. (variable) | | |
| Current Interest Rate as on 31.03.2019 11.70% (Previous year 11.53%) | | |
| This loan is guaranteed by executive directors of the Company | | |
| Total | 5,94,34,514 | 6,76,05,463 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 8 OTHER CURRENT LIABILITIES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| (a) Current maturities of long-term debt - Federal Bank | 2,27,85,185 | 2,27,85,185 |
| (b) Income billed in Advance | 2,79,95,110 | 2,54,03,150 |
| (c) Accrued expenses | 11,98,255 | 26,50,121 |
| (d) Other Payables | | |
| - Refundable Deposits received | - | 90,000 |
| - Statutory Dues | 40,77,669 | 34,54,893 |
| - Amounts Payable to staff against Expenses incurred | 56,878 | 1,30,681 |
| - Salaries, Wages & Bonus Payable | 4,59,35,485 | 4,49,08,283 |
| - Contribution to PF / ESIC / MLWF Payable | 8,69,775 | 8,27,513 |
| - Other Payables | 47,74,879 | 19,19,294 |
| Total | 10,76,93,236 | 10,21,69,120 |

Note 9 SHORT-TERM PROVISIONS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| (a) Provision for employee benefits | | |
| - Incentives | 5,24,05,803 | 5,46,77,370 |
| - Gratuity | 46,62,622 | 55,13,083 |
| - Leave Encashment | 14,49,819 | 12,63,062 |
| (b) Others | | |
| Provision for Expenses Payable | | |
| - Audit Fees | 9,80,325 | 8,19,000 |
| - Consultancy Charges | 10,85,499 | 58,40,703 |
| - Others | 34,86,700 | 72,94,686 |
| Provision for Taxes | 6,00,34,789 | 6,66,71,524 |
| Total | 12,41,05,557 | 14,20,79,428 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 10 PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

| Particulars | Gross Block | | | | Accumulated Depreciation and Impairment | | | | Net Block | | |
|---|----------------------------|------------------------|--|-----------------------------|---|----------------------------|--------------------------------------|---|--------------------|-----------------------------|-----------------------------|
| | Balance as at 1 April 2018 | Additions/ (Disposals) | Acquired through business combinations | Revaluations/ (Impairments) | Balance As at 31 March 2019 | Balance as at 1 April 2018 | Depreciation charge at 31 March 2019 | Adjustment due to revaluations / Impairment | On disposals | Balance As at 31 March 2018 | Balance As at 31 March 2019 |
| a) Tangible Assets | | | | | | | | | | | |
| Leasehold | | | | | | | | | | | |
| Buildings | 10,70,93,510 | - | - | - | 10,70,93,510 | 1,06,48,007 | 19,47,150 | - | - | 9,64,45,503 | 9,44,98,353 |
| Freehold | | | | | | | | | | | |
| Plant and Equipment | 6,03,79,317 | 12,03,971 | - | - | 5,60,57,566 | 5,63,06,432 | 20,52,077 | - | 55,25,722 | 40,72,885 | 32,24,778 |
| | | (55,25,722) | | | | | | | | | |
| Furniture and Fixtures | 38,31,976 | 1,22,500 | - | - | 38,18,916 | 30,91,915 | 2,04,629 | - | 1,08,134 | 7,40,062 | 6,30,506 |
| | | (1,35,560) | | | | | | | | | |
| Office equipment | 50,77,143 | - | - | - | 50,77,143 | 50,67,469 | 6,098 | - | - | 9,674 | 3,577 |
| Total | 17,63,81,946 | (43,34,811) | - | - | 17,20,47,135 | 7,51,13,823 | 42,09,954 | - | 56,33,856 | 10,12,68,124 | 9,83,57,215 |
| b) Intangible Assets | | | | | | | | | | | |
| Database | 6,00,450 | - | - | - | 6,00,450 | 6,00,450 | - | - | - | - | - |
| URLs | 5,00,000 | - | - | - | 5,00,000 | 5,00,000 | - | - | - | - | - |
| Computer software | 1,95,81,491 | - | - | - | 1,51,29,682 | 1,70,20,175 | 10,07,715 | - | 44,51,809 | 25,61,316 | 15,53,601 |
| | | (44,51,809) | | | | | | | | | |
| Software developed in-house | 28,28,53,030 | 17,71,93,270 | - | - | 46,00,46,300 | 19,86,36,503 | 3,56,42,820 | - | - | 8,42,16,527 | 22,57,66,977 |
| Total | 30,35,34,971 | 17,27,41,461 | - | - | 47,62,76,432 | 21,67,57,128 | 3,66,50,535 | - | 44,51,809 | 8,67,77,843 | 22,73,20,578 |
| c) Capital Work In Progress | | | | | | | | | | | |
| Total | - | - | - | - | - | - | - | - | - | - | - |
| d) Intangible assets under Development | | | | | | | | | | | |
| Total | 17,32,92,540 | 39,00,730 | - | - | - | - | - | - | - | 17,32,92,540 | - |
| | | (177,93,270) | | | | | | | | | |
| Total | 65,32,09,457 | (48,85,890) | - | - | 64,83,23,567 | 29,18,70,951 | 4,08,60,489 | - | 1,00,85,665 | 32,26,45,775 | 32,56,77,793 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 11 LONG-TERM LOANS AND ADVANCES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Security Deposits | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 4,74,410 | 4,74,410 |
| Doubtful | | |
| Less: Provision for doubtful deposits | - | - |
| Total | 4,74,410 | 4,74,410 |

Note 12 OTHER NON-CURRENT ASSETS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Term Deposits with remaining maturity exceeding 12 months (Term Deposits offered as security against bank guarantees) | 9,87,020 | 67,76,794 |
| Total | 9,87,020 | 67,76,794 |

Note 13 TRADE RECEIVABLES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 7,91,98,202 | 12,01,60,398 |
| Unsecured, considered doubtful | - | 4,56,790 |
| Less: Provision for doubtful debts | - | (4,56,790) |
| | 7,91,98,202 | 12,01,60,398 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 3,94,87,721 | 1,33,11,453 |
| Unsecured, considered doubtful | 25,01,636 | 22,61,314 |
| Less: Provision for doubtful debts | (25,01,636) | (22,61,314) |
| | 3,94,87,721 | 1,33,11,453 |
| Total | 11,86,85,923 | 13,34,71,851 |

Trade Receivable stated above include debts due by:

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| Partnership of Director | 1,21,04,978 | 56,91,359 |
| Other officers of the Company * | Nil | Nil |
| Firm in which director is a Partner * | Nil | Nil |
| Private Company in which director is a member | 12,10,991 | 9,98,591 |
| Total | 1,33,15,969 | 66,89,950 |

*Either severally or jointly

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 14 CASH & BANK BALANCE

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| 1. Cash & Bank Balance | | |
| a. Balances with banks | 2,01,05,325 | 5,14,20,572 |
| b. Cash on hand | 10,092 | 8,179 |
| c. Term Deposits with original maturity less than or equal to 3 months | 40,10,096 | 18,28,717 |
| 2. Other Bank Balances | | |
| a. Term Deposits with remaining maturity of 12 months or less | 3,46,05,686 | 3,02,49,247 |
| Total | 5,87,31,199 | 8,35,06,715 |

Note 15 SHORT-TERM LOANS AND ADVANCES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|----------------------------|-------------------------|-------------------------|
| Others | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | - |
| Prepaid Expenses | 84,94,195 | 69,33,356 |
| Loans to Staff | 1,25,331 | - |
| Advances to Staff | 1,75,077 | 60,035 |
| Total | 87,94,603 | 69,93,391 |

Note 15(a) LOANS AND ADVANCES TO RELATED PARTIES

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| Private Company in which director is a member* | - | - |
| Total | - | - |

*Either severally or jointly

Note 16 OTHER CURRENT ASSETS

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|------------------------------------|-------------------------|-------------------------|
| Interest Accrued on Fixed Deposits | 4,63,021 | 3,88,812 |
| Taxes on Income | 8,58,97,490 | 10,20,49,380 |
| GST, Service Tax Refund Claim | 1,86,097 | 44,03,457 |
| Service Tax Input Credit | - | 6,26,384 |
| GST Input Credit | 21,30,058 | 17,14,274 |
| Unbilled Revenue (net) | 2,78,77,487 | 2,84,67,154 |
| Other Current Assets | 36,76,336 | 44,85,503 |
| Total | 12,02,30,489 | 14,21,34,964 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 17 REVENUE FROM OPERATIONS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Sale of products | 10,27,22,769 | 7,14,84,928 |
| XBRL Related Projects & Services | 27,14,26,142 | 25,57,13,525 |
| myiris.com, Content and Technology Services | 2,47,95,222 | 2,23,15,691 |
| Total | 39,89,44,133 | 34,95,14,144 |

Note 18 OTHER INCOME

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Interest income | 51,42,458 | 22,45,023 |
| Net exchanges gain | 38,74,072 | 3,69,150 |
| Other non-operating income (net of expenses directly attributable to such income) | 16,85,668 | 37,70,198 |
| Total | 1,07,02,198 | 63,84,371 |

Note 19 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Salaries and wages | 24,00,69,444 | 19,44,99,309 |
| Contribution to provident and other funds | 1,00,10,941 | 95,02,704 |
| Staff welfare expenses | 17,77,649 | 6,40,824 |
| Employee stock option expenses | 16,46,028 | 22,16,220 |
| Total | 25,35,04,062 | 20,68,59,057 |

Note 20 FINANCE COST

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--------------------------|------------------------------|------------------------------|
| Interest expense | 1,44,57,888 | 1,90,56,494 |
| Bank charges/ commission | 15,74,095 | 9,63,224 |
| Total | 1,60,31,983 | 2,00,19,718 |

Note 21 DEPRECIATION AND AMORTISATION EXPENSES

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--------------------------------------|------------------------------|------------------------------|
| Depreciation | 4,08,60,489 | 4,48,86,595 |
| Amortisation of preliminary expenses | - | - |
| Total | 4,08,60,489 | 4,48,86,595 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 22(a) OTHER EXPENSES (I)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| Legal, Professional and Consultancy Fees | 2,47,17,296 | 2,05,38,129 |
| Directors' Sitting Fees | 6,10,000 | 3,40,000 |
| Travelling and Conveyance | 87,20,491 | 97,63,239 |
| STPI / Non-STPI - Annual Service Charges | 2,25,000 | 6,75,000 |
| Commission / Brokerage Charges | 14,45,339 | 8,24,944 |
| Postage, Telephone & Communication Charges | 36,55,725 | 43,97,813 |
| Advertisement Expenses | 1,37,084 | - |
| Printing & Stationery | 3,19,512 | 2,08,802 |
| Business Promotion Expenses | 3,08,789 | 8,59,368 |
| Foreign Travel Expenses | 2,43,05,722 | 1,92,04,800 |
| Onsite Marketing & Sales Expenses | 5,25,000 | - |
| Donation | 3,00,000 | - |
| Software Development Expenses | 76,57,365 | 33,57,200 |
| Conference Expenses | 6,48,961 | 11,800 |
| Data Sourcing Expenses | 16,93,873 | 6,57,449 |
| Internet Co-Location Charges | 83,84,978 | 84,61,508 |
| Membership Fees | 16,47,738 | 2,38,542 |
| Registry Maintenance Expenses | 95,514 | 59,671 |
| Office Maintenance Expenses | 25,33,501 | 21,62,113 |
| Repairs & Maintenance Expenses | 3,58,421 | 1,69,548 |
| Staff Recruitment Charges | 2,63,944 | - |
| Kuwait Retention Expenses | 12,56,849 | 5,05,152 |
| Software License & Hardware Fees | 2,52,25,531 | 2,64,98,697 |
| Bad Debts Written-Off | 23,83,847 | 89,27,054 |
| Sundry Balance Written-Off | 1,86,50,888 | 88,09,735 |
| Provision for Doubtful Debts and Others | 20,23,645 | 2,31,087 |
| IPO Expenses and Listing Fees | 6,25,561 | 45,97,097 |
| Loss on Disposals of Fixed Assets | 27,426 | 1,91,893 |
| Total | 13,87,48,000 | 12,16,90,641 |

Note 22(b) OTHER EXPENSES (II)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|-------------------------------|------------------------------|------------------------------|
| Payment to auditors as | | |
| Auditor | 7,08,250 | 8,74,187 |
| For taxation matters | 2,50,000 | 2,20,000 |
| For other services | 65,000 | 65,000 |
| Reimbursement of expenses | 31,480 | 29,520 |
| Total | 10,54,730 | 11,88,707 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 22(c) OTHER EXPENSES (III)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Prior year Adjustments (Net) Expense / (Income) | 2,69,374 | 40,95,631 |
| Total | 2,69,374 | 40,95,631 |

Note 22(d) OTHER EXPENSES (IV)

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| (a) Electricity & Water Charges | 46,17,413 | 35,48,723 |
| (b) Rent | 37,97,765 | 33,30,789 |
| (c) Repairs to machinery | 7,72,720 | 7,65,678 |
| (d) Insurance | 11,06,528 | 2,56,798 |
| (e) Rates and taxes, excluding, taxes on income | 8,78,314 | 27,49,018 |
| (f) Miscellaneous expenses | 15,91,640 | 23,99,197 |
| Total | 1,27,64,380 | 1,30,50,203 |
| Note 22(a+b+c+d) | 15,28,36,484 | 14,00,25,182 |

Note 23 EXCEPTIONAL ITEMS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---------------------------------------|------------------------------|------------------------------|
| Diminution in the value of investment | - | - |
| Total | - | - |

Note 24 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| (i) Contingent Liabilities | | |
| (a) Guarantees | 2,51,25,522 | 3,28,26,416 |
| (b) Revenue Commitment | - | 2,61,192 |
| Total | 2,51,25,522 | 3,30,87,608 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 25 TAXES ON INCOME

Current Tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax is computed in respect of timing differences in accordance with Accounting Standard 22. The components of deferred tax liabilities / assets are as under;

| Particulars | (Amount in ₹) | |
|--|-------------------------|-------------------------|
| | As at 31 March, 2019 | As at 31 March, 2018 |
| Deferred tax assets in respect of: | | |
| Provision for Gratuity & Leave Encashment | 66,75,717 | 54,75,084 |
| Provision for Bad Debts | 6,50,425 | 7,06,707 |
| Provision for Bonus | 1,36,25,509 | 1,42,16,116 |
| Total | 2,09,51,651 | 2,03,97,907 |
| Deferred tax liabilities in respect of: | | |
| Depreciation | 2,63,53,565 | 2,10,73,856 |
| Total | 2,63,53,565 | 2,10,73,856 |
| Net Deferred Tax Asset / Liability | 54,01,914 | 6,75,949 |
| Deferred tax expenses (Net) | 47,25,965 | (42,73,918) |

Minimum Alternative Tax (MAT) Credit

In accordance with accounting policy of the Company, MAT credit balance not recognised as an assets as at 31.03.2019 is ₹ 3,75,54,770/- (As at 31.03.2018 is ₹ 3,75,54,770/-).

Note 26 OPERATING LEASES

The Company had entered into leave & license arrangement for its office premises for a period of 60 months. This lease term expired on April 30,2018 and the same is not renewed. However, with the permission of landlord, the Company is continuing the use of the said premises till the time landlord allows with the same rentals as were applicable at the time of expiry of the earlier agreement.

The total future minimum lease payments under the leave & license arrangements classified as operating lease for each of the periods is given below:

| Particulars | (Amount in ₹) | |
|-------------------------|-------------------------|-------------------------|
| | As at 31 March, 2019 | As at 31 March, 2018 |
| In less than a year | NIL | NIL |
| In 1 year to 5 years | NIL | 2,61,192 |
| In greater than 5 years | NIL | NIL |

Note 27 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

| Particulars | (Amount in ₹) | |
|--|-------------------------|-------------------------|
| | As at 31 March, 2019 | As at 31 March, 2018 |
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 27,86,336 | 17,99,221 |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 28.1 EMPLOYEE BENEFITS

The disclosures required as per the revised Accounting Standard (AS) 15 -Employee Benefits (revised 2005) are as under:

Defined benefit plan (Gratuity) - As per the independent actuarial valuation carried out as at March 31, 2019

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| (A) Change in Present Value of Obligation | | |
| Defined Benefit Obligation, Beginning of Period | 2,27,98,049 | 1,94,46,276 |
| Service Cost | 30,52,282 | 29,37,176 |
| Interest Cost | 16,24,044 | 13,19,621 |
| Actual Plan Participants' Contributions | - | - |
| Actuarial (Gains)/Losses | 4,97,199 | 10,23,237 |
| Changes in Foreign Currency Exchange Rates | - | - |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefit paid directly by the Company | (8,18,574) | (24,00,023) |
| Past Service Cost | - | 4,71,762 |
| Losses / (Gains) on Curtailments/Settlements | - | - |
| Defined Benefit Obligation, End of Period | 2,71,53,000 | 2,27,98,049 |
| (B) Change in Fair Value of plan assets | | |
| Fair value of Plan Assets, Beginning of Period | 43,18,733 | 53,08,272 |
| Expected Return on Plan Assets | 3,25,201 | 3,30,775 |
| Actual Company Contributions | 17,55,872 | 12,34,185 |
| Actual Plan Participants' Contributions | - | - |
| Changes in Foreign Currency Exchange Rates | - | - |
| Actuarial Gains/(Losses) | (2,72,565) | (1,54,476) |
| Benefits Paid by the insurer | (8,18,574) | (24,00,023) |
| Acquisition/Business Combination/Divestiture | - | - |
| Assets extinguished on Settlements/Curtailments | - | - |
| Fair value of Plan Assets, End of Period | 53,08,667 | 43,18,733 |
| (C) Amount recognised in the Balance Sheet | | |
| Defined Benefit Obligation | 2,71,53,000 | 2,27,98,049 |
| Fair value of Plan Assets | 53,08,667 | 43,18,733 |
| Funded Status - (Surplus)/Deficit | 2,18,44,333 | 1,84,79,316 |
| Past Service Cost not yet Recognised | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| (Asset)/Liability Recognised in the Balance Sheet | 2,18,44,333 | 1,84,79,316 |
| (D) Net Gratuity Cost | | |
| Service Cost | 30,52,282 | 29,37,176 |
| Interest Cost | 16,24,044 | 13,19,621 |
| Expected Return on Plan Assets | (3,25,201) | (3,30,775) |
| Past Service Cost | - | 4,71,762 |
| Net Actuarial Losses/(Gains) Recognised during the period | 7,69,764.00 | 11,77,713 |
| (Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| Total Expense/(Income) included in "Employee Benefits Expense" | 51,20,889 | 55,75,497 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 28.1 EMPLOYEE BENEFITS (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------------------------|----------------------------|
| Assumptions used in accounting for gratuity costs | | |
| Date of Valuation | | |
| Discount Rate | 7.43% | 7.53% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Expected Rate of Return on Assets | 7.43% | 7.53% |
| Demographic Assumptions | | |
| Mortality | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Employee Turnover/ Withdrawal Rate | 18.00% | 25.00% |
| Retirement Age | 60 years | 60 years |

Note 28.2 PROVISION FOR LEAVE ENCASHMENT

Accounting Standard 15 (Revised 2005) Disclosures

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| Amounts Recognised in Statement of Profit & Loss at Period-End | | |
| Service Cost | 4,63,385 | 4,33,070 |
| Interest Cost | 1,64,068 | 1,66,208 |
| Expected Return on Plan Assets | - | - |
| Past Service Cost | - | - |
| Net Actuarial Losses/(Gains) Recognised during the period | 6,28,449 | (8,73,605) |
| (Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures | - | - |
| Unrecognised Asset due to Limit in Para 58(B) | - | - |
| Total Expense/(Income) included in "Employee Benefits Expense" | 12,55,902 | (2,74,327) |
| Change in Defined Benefit Obligation during the Period | | |
| Defined Benefit Obligation, Beginning of Period | 25,78,700 | 28,53,027 |
| Service Cost | 4,63,385 | 4,33,070 |
| Interest Cost | 1,64,068 | 1,66,208 |
| Actual Plan Participants' Contributions | - | - |
| Actuarial (Gains)/Losses | 6,28,449 | (8,73,605) |
| Changes in Foreign Currency Exchange Rates | - | - |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefits Paid | - | - |
| Past Service Cost | - | - |
| Losses / (Gains) on Curtailments/Settlements | - | - |
| Defined Benefit Obligation, End of Period | 38,34,602 | 25,78,700 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 28.2 PROVISION FOR LEAVE ENCASHMENT (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|----------------------------|----------------------------|
| Reconciliation of Amounts recognised in Balance Sheet | | |
| Balance Sheet (Asset)/Liability, Beginning of Period | 25,78,700 | 28,53,027 |
| Total Expense/(Income) Recognised in Profit & Loss | 12,55,902 | (2,74,327) |
| Acquisition/Business Combination/Divestiture | - | - |
| Benefit Payouts | - | - |
| Balance Sheet (Asset)/Liability, End of Period | 38,34,602 | 25,78,700 |
| Assumptions used in accounting for leave encashment | | |
| Date of Valuation | | |
| Discount Rate | 7.43% | 7.53% |
| Salary Escalation Rate | 7.00% | 7.00% |
| Expected Rate of Return on Assets | NA | NA |
| Demographic Assumptions | | |
| Mortality | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Employee Turnover/ Withdrawal Rate# | 18.00% | 25.00% |
| Retirement Age | 60 years | 60 years |
| Leave Availment Ratio | 10% | 10% |

Note 29 EMPLOYEE STOCK OPTION SCHEME

The Company provides share-based payment schemes to its employees. The relevant details of the scheme are as follows:

On September 11, 2017, the Board of Directors approved the "IRIS Business Services Limited – Employee Stock Option Scheme 2017" ("Scheme") in order to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company with an intent to attract and retain talent in the organization. The aforesaid Scheme was duly approved by shareholders in its Extra-Ordinary General Meeting held on September 13, 2017. The Nomination and Remuneration Committee of the Board has granted options under the said Scheme to certain category of employees as per criteria laid down by Nomination and Remuneration committee of the Board.

The shareholders of the Company approved the ratification of the Scheme and extension of the benefits of the Scheme to the employees of Subsidiary Company(ies) by Special Resolutions through Postal Ballot on March 29, 2019. Key terms of the scheme:

| | |
|----------------------------------|--|
| Date of Shareholder's Approval | September 13, 2017 |
| Total Number of Options approved | 7,00,000 |
| Vesting Schedule | Option shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 4 (Four) years from the date of grant |
| Maximum term of Options granted | 9 Years |
| Method of Settlement | Shares |
| Source of shares | Primary-Fresh equity allotment by the Company |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 29 EMPLOYEE STOCK OPTION SCHEME (contd...)

Option Movement during the year ended March 2019

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|---|-------------------------|-------------------------|
| No. of Options Outstanding at the beginning of the year | 7,00,000 | - |
| Options Granted during the year | - | 7,00,000 |
| Options Forfeited / Cancelled / Surrendered during the year | 1,40,000 | - |
| Options Lapsed during the year | 8,000 | - |
| Number of options Outstanding at the end of the year | 5,52,000 | 7,00,000 |

Method and Assumptions used to estimate the fair value of options granted during the year ended: The fair value has been calculated using the Black Scholes Option Pricing model.

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--------------------------|---------------------------|---------------------------|
| Variables | | |
| Risk Free Interest rate | 6.61% to 7.00% | 6.61% to 7.00% |
| Expected Life (in Years) | 3.5 Years to 6.5 Years | 3.5 Years to 6.5 Years |
| Expected Volatility | 11.73% | 11.73% |
| Dividend Yield | 0.00% | 0.00% |
| Stock Price (in ₹) | 32 | 32 |
| Exercise Price (in ₹) | 32 | 32 |

Stock Price

The stock price of the Company is the listing market price of the Company's equity share on Stock Exchanges on the date of grant.

Under the ESOP Schemes one option entitles one equity share of the Company.

Expected Volatility

Expected volatility is a measure of the amount by which share price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Since shares of the Company got listed only on the Grant Date and there is no history of share price trading, expected volatility had been derived from historic values NSE VIX index as on the Grant date.

Risk-free Rate of interest

The current yield rates of Central Government securities (with similar residual maturity as expected life of stock option) are being considered. This is based on the zero-coupon yield curve for Government Securities obtained from NSE.

Exercise Price

Exercise price is the price which the option holder has to pay at the time of exercising the option. Exercise prices are considered as per the information provided by the Company. As per the rules of ESOP plans, exercise price is the listing price of the shares of the Company on 11th October 2017 which is ₹ 32.00.

Time to Maturity / Expected Life of options

The expected life of an option will be in-between the minimum period before which the options cannot be exercised and the period after which the options cannot be exercised.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date. A weighted average of all the vests has been calculated to arrive at the value of the options granted.

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 29 EMPLOYEE STOCK OPTION SCHEME (contd...)

The time to maturity has been estimated as illustrated by the following example. In case of the grant made on 11 October 2017, the earliest date of vesting is one year from the date of grant that is 11 October 2018. Hence, the minimum life of the option is 1 year. The exercise period is Five years from the date of vest as per the ESOP scheme; hence the maximum life of this vest is 6 years. The expected life is the average of minimum and maximum life, i.e. 3.5 years $[(1 + 6)/2]$. The time to maturity for the remaining vests has been calculated in a similar manner.

Dividend Yield

Expected dividend yield has been taken as "NIL" since the Company has not declared any dividend in the past.

Note 30 SEGMENT REPORTING

The Company has identified business segments (Nature of revenue stream) as its primary segment and geographic segments as its secondary segment. Business segments comprise of Collect Segment (Regulatory platform), Create Segment (Enterprise Platform) and Consume Segment (Data Consumption Platform and Content Services).

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to a specific segment have been allocated on the basis of associated manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Fixed assets that are used interchangeably among segments are not allocated to primary and secondary segments.

Geographical revenue is allocated based on the location of the customer. Geographic segments of the Company are Middle Eastern Countries, America (including Canada and South American countries), Europe, India and Others:

Reporting of Segment wise Revenue, Results and Capital Employed

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| 1. Segment Revenue | | |
| (net sale/income from each segment should be disclosed under this head) | | |
| (a) Segment – Collect | 20,57,65,809 | 21,91,21,955 |
| (b) Segment – Create | 16,83,83,102 | 10,80,76,498 |
| (c) Segment – Consume | 2,47,95,222 | 2,23,15,691 |
| (d) Unallocated | - | - |
| Less: Inter Segment Revenue | - | - |
| Net sales/Income From Operations | 39,89,44,133 | 34,95,14,144 |
| 2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment) | | |
| (a) Segment – Collect | 1,86,06,572 | 3,72,56,202 |
| (b) Segment – Create | (2,15,15,115) | (3,21,02,255) |
| (c) Segment – Consume | (46,04,632) | (31,83,748) |
| (d) Unallocated | 1,07,02,200 | 69,25,251 |
| Total | 31,89,025 | 88,95,450 |
| Less: i) Interest | 1,59,28,053 | 1,99,09,600 |
| ii) Depreciation & Amortisation | 4,08,47,659 | 4,48,77,887 |
| iii) Other non-cash un-allocable expenses | - | - |
| iv) Other un-allocable expenditure net off un-allocable income | - | - |
| Total Profit Before Tax | (5,35,86,687) | (5,58,92,037) |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 30 SEGMENT REPORTING (contd...)

(Amount in ₹)

| Particulars | As at 31 March, 2019 | As at 31 March, 2018 |
|--|-------------------------|-------------------------|
| 3. Segment Assets | | |
| (a) Segment – Collect | 8,45,70,458 | 9,75,14,384 |
| (b) Segment – Create | 9,45,01,550 | 12,72,45,114 |
| (c) Segment – Consume | 16,89,26,174 | 16,98,85,830 |
| (d) Unallocated | 28,55,83,255 | 34,00,51,303 |
| Total assets | 63,35,81,437 | 73,46,96,631 |
| 4. Segment Liabilities | | |
| (a) Segment – Collect | 1,04,26,168 | 2,47,55,597 |
| (b) Segment – Create | 68,83,737 | 83,84,029 |
| (c) Segment – Consume | 37,76,520 | 17,70,806 |
| (d) Unallocated | 37,08,69,104 | 39,86,99,846 |
| Total liabilities | 39,19,55,529 | 43,36,10,278 |
| 5. Total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets); | | |
| (a) Segment – Collect | - | - |
| (b) Segment – Create | - | 3,14,72,509 |
| (c) Segment – Consume | 17,71,93,270 | - |
| (d) Unallocated | 13,26,471 | 7,55,261 |
| Total | 17,85,19,741 | 3,22,27,770 |

Revenues by Geography:

(Amount in ₹)

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|--|------------------------------|------------------------------|
| Country | | |
| India | 13,50,09,193 | 11,43,72,717 |
| Italy | 5,94,757 | 8,62,628 |
| Jordan | 1,23,74,627 | 61,02,430 |
| Kuwait | 1,17,33,267 | 1,55,27,128 |
| Malaysia | 2,70,50,042 | 4,11,29,147 |
| Mauritius | 4,01,39,534 | 3,86,89,847 |
| Qatar | 3,01,23,644 | 77,72,589 |
| Saudi Arabia | 3,17,88,679 | 2,77,22,332 |
| Singapore | 1,72,93,904 | 1,53,62,729 |
| South Africa | 2,93,57,154 | 3,22,77,715 |
| Thailand | 19,33,909 | 3,00,218 |
| Turkey | 8,57,200 | 13,18,949 |
| UAE | 1,47,98,965 | 74,47,347 |
| United Kingdom | 3,31,83,719 | 2,88,03,890 |
| USA | 1,27,05,539 | 1,18,24,478 |
| Total | 39,89,44,133 | 34,95,14,144 |
| Segment assets by Geography: | | |
| India | 65,47,64,270 | 74,95,79,407 |
| Capital assets acquired during the period by Geography: | | |
| India | 17,85,19,741 | 3,22,27,770 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 31 EARNINGS PER SHARE

The EPS computed in accordance with the Accounting Standard 20 on 'Earnings Per Share' issued by the Institute of Chartered Accountants of India is as under:

| Particulars | Year ended 31 March, 2019 | Year ended 31 March, 2018 |
|---|------------------------------|------------------------------|
| Net Profit for the Year | (6,10,61,885) | (5,16,80,993) |
| Weighted Average No. of Shares - Basic | 1,88,79,162 | 1,62,33,211 |
| Weighted Average No. of Shares - Diluted | 1,88,79,162 | 1,62,33,211 |
| <i>(Since the potential dilutive equity shares are anti-dilutive no. of shares considered for diluted EPS is same as basic EPS)</i> | | |
| EPS - Basic | (3.23) | (3.18) |
| EPS - Diluted | (3.23) | (3.18) |
| Nominal value of each Equity Share | 10.00 | 10.00 |

Note 32 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Related Party Transactions

a. Key managerial personnel (KMP), including KMP under Companies Act, 2013

1. S. Swaminathan, Whole Time Director and Chief Executive Officer
2. Deepta Rangarajan, Whole Time Director
3. K. Balachandran, Whole Time Director and Chief Financial Officer
4. Jay Mistry, Company Secretary and Compliance Officer

b. Relatives of Key managerial personnel (KMP)

1. Deepta Rangarajan, Spouse of Mr. S. Swaminathan
2. N Subramaniam, Father of Mr. S. Swaminathan
3. Sivakamu Subramaniam, Mother of Mr. S. Swaminathan
4. S. Chandrasekhar, Brother of Mr. S. Swaminathan
5. S. Swaminathan, Spouse of Ms. Deepta Rangarajan
6. Santhanakrishnan Rangarajan, Father of Ms. Deepta Rangarajan
7. Shanti Rangarajan, Mother of Ms. Deepta Rangarajan
8. Rajlaxmi Nambiar, Spouse of Mr. K. Balachandran
9. Sharanya Balachandran, Daughter of Mr. K. Balachandran
10. Shyama Balachandran, Daughter of Mr. K. Balachandran
11. Vijayalakshmi Nambiar, Mother of Mr. K. Balachandran

c. Enterprises over which the above persons exercise significant influence/ control and with which the Company has transactions during the Year

1. FinX Solutions (UAE)
2. IRIS Knowledge Foundation
3. TVS Electronics Limited

d. Independent Directors

1. Narayan Seshadri, Non-Executive Independent Director (Resigned on 2nd March 2019)
2. Bhaswar Mukherjee, Non-Executive Independent Director
3. Vinod Balmukand Agarwala, Non-Executive Independent Director
4. Ashok Venkatramani, Non-Executive Independent Director

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(Amount in ₹)

| Particulars | Transactions during 2018-19 | Outstanding as at 31.03.2019 | Transactions during 2017-18 | Outstanding as at 31.03.2018 |
|--|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Services rendered | | | | |
| FinX Solutions | 64,13,619 | 1,21,04,978 | 55,93,639 | 56,91,359 |
| IRIS Knowledge Foundation | 1,80,000 | 12,10,991 | 3,60,000 | 10,88,591 |
| TVS Wealth Private Limited | - | - | 10,000 | - |
| TVS Electronics Limited | 4,20,000 | - | 4,70,000 | 4,20,000 |
| | | | | |
| Donations | | | | |
| IRIS Knowledge Foundation | 3,00,000 | - | - | - |
| | | | | |
| Remuneration | | | | |
| S. Swaminathan | 30,00,000 | 78,73,974 | 30,00,000 | 57,54,958 |
| Deepta Rangarajan | 30,00,000 | 24,86,930 | 30,00,000 | 24,86,930 |
| K. Balachandran | 30,00,000 | 27,17,390 | 30,00,000 | 27,17,390 |
| Rajesh Singh (was on employment till 28th February 2018) | - | - | 85,316 | - |
| Jay Mistry | 11,93,335 | 88,418 | 2,93,548 | 99,800 |
| | | | | |
| Reimbursement of Expenses | | | | |
| S. Swaminathan | 22,60,868 | - | 16,47,566 | - |
| Deepta Rangarajan | 12,16,344 | - | 14,33,900 | - |
| K. Balachandran | 2,01,929 | - | 7,11,128 | - |
| Jay Mistry | 18,302 | - | 2,795 | - |

Note 33 DETAILS OF MOVEMENT IN PROVISIONS AND CONTINGENT LIABILITIES, IN TERMS OF ACCOUNTING STANDARD 29 IS AS UNDER:

(Amount in ₹)

| Particulars | Opening Balance as on 01-04-2018 | Additions during the year | Reversal/ adjustments | Closing Balance as on 31/03/2019 |
|---|----------------------------------|---------------------------|-----------------------|----------------------------------|
| Nature of Provision | | | | |
| Provision for Income Tax | 6,66,71,524 | - | 66,36,735 | 6,00,34,789 |
| Provision for Deferred Tax (Asset)/ Liability | 6,75,949 | 47,25,927 | - | 54,01,876 |
| Provision for Gratuity | 1,84,79,316 | 33,61,915 | - | 2,18,41,231 |
| Provision for leave encashment | 25,78,700 | 12,55,902 | - | 38,34,602 |
| Provisions in respect of Employee Benefits | 5,46,77,370 | - | 22,71,567 | 5,24,05,803 |
| Provision for Bad & Doubtful Debts | 27,18,104 | 21,61,561 | 23,78,029 | 25,01,636 |
| Provision for Other Expenses Payable | 1,39,54,389 | 1,38,53,445 | 2,22,55,310 | 55,52,524 |
| Provision for Security Deposit | - | 8,50,000 | - | 8,50,000 |
| | | | | |
| Movements in Contingent Liabilities | | | | |
| Contingent Liabilities | 3,28,26,416 | - | 77,00,894 | 2,51,25,522 |

Notes to the Consolidated Financial Statement for the year ended 31 March, 2019

Note 34 NOTE ON ACTIVITIES OF SUBSIDIARY

"IRIS Business Services (Asia) Pte. Ltd."

As at 31st March 2019, the subsidiary's total liabilities exceeded its total assets by SGD 37,013 (₹ 18,76,988/-) (as at March 31, 2018, by SGD 64,022 i.e. ₹ 31,80,722/-). Its financial statements have been prepared on a going concern basis. We are committed to provide necessary financial support as and when necessary and there will not be any financial crisis in the said subsidiary.

Note 35 ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES AND ASSOCIATE

| Particulars | Net Assets | | Share in Profit / (Loss) | |
|---|-----------------------------------|---------------------|--------------------------------------|----------------------|
| | As a % of consolidated net assets | Rupees | As a % of consolidated Profit/(Loss) | Rupees |
| Parent | | | | |
| IRIS Business Services Limited | 108.60% | 26,24,13,933 | 88.85% | (5,42,30,870) |
| Subsidiaries | | | | |
| IRIS Business Services, LLC | -0.83% | (20,17,104) | 13.30% | (81,15,347) |
| Atanou S.r.l. | 0.35% | 8,51,880 | 0.19% | (1,16,647) |
| IRIS Business Services (Asia) Pte. Ltd. | -0.78% | (18,76,954) | -2.33% | 14,24,336 |
| Sub Total | 107.34% | 25,93,71,754 | 100.00% | (6,10,38,528) |
| Less: Effect of intercompany adjustments / eliminations | 7.34% | 1,77,45,846 | 0.00% | - |
| Total | 100.00% | 24,16,25,908 | 100.00% | (6,10,38,528) |

Note 36

In the opinion of the Board, all assets other than fixed assets and non-current investments have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.

Note 37

Previous year's figures have been regrouped wherever necessary.

As per our Report of even date attached

For **M. P. Chitale & Co.**
Chartered Accountants
FRN: 101851W

For and on behalf of Board of Directors of IRIS Business Services Limited

Santosh More
Partner
Membership No. 114236

Swaminathan Subramaniam
Whole Time Director & CEO
DIN: 01185930

Deepta Rangarajan
Whole Time Director
DIN: 00404072

Place : Mumbai
Date : May 25, 2019

Balachandran Krishnan
Whole Time Director & CFO
DIN: 00080055

Jay Mistry
Company Secretary



IRIS Business Services Limited

T-231, Tower 2, 3rd Floor, International Infotech Park, Vashi Station, Vashi,
Thane - 400 703, Maharashtra, India, Tel.: +91 22 6723 1000

Fax: +91 22 2781 4434, E-mail: cs@irisindia.net.

CIN: L72900MH2000PLC128943

ATTENDANCE SLIP

(To be presented at the entrance)

I / We hereby record my/our presence at the 19th Annual General Meeting of IRIS Business Services Limited to be held on Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association (NMSA), Sector-1A, Vashi, Navi Mumbai-400 703, or at any adjournment thereof.

NAME OF THE MEMBER / PROXY /
AUTHORISED REPRESENTATIVE :

NAME OF THE PROXY / AUTHORISED
REPRESENTATIVE :

FOLIO NO. :

*DP ID & CLIENT ID :

NO. OF SHARES HELD :

*Note: In case the shares are held in dematerialized form

SIGNATURE OF THE MEMBER:

SIGNATURE OF THE PROXY/
AUTHORISED REPRESENTATIVE:

Notes:

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting.



IRIS Business Services Limited

T-231, Tower 2, 3rd Floor, International Infotech Park, Vashi Station, Vashi,
Thane - 400 703, Maharashtra, India, Tel.: +91 22 6723 1000
Fax: +91 22 2781 4434, E-mail: cs@irisindia.net.
CIN: L72900MH2000PLC128943



FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the
Companies (Management and Administration) Rules, 2014]

I / We hereby record my/our presence at the 19th Annual General Meeting of IRIS Business Services Limited to be held on Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association (NMSA), Sector-1A, Vashi, Navi Mumbai-400 703, or at any adjournment thereof.

CIN : _____
Name of the company : _____
Registered Office : _____

Name of the member(s) : _____
Registered address : _____
Email Id : _____
Folio No. / Client Id : _____
DP ID : _____

I/We, being the member(s) of IRIS Business Services Limited holding _____ shares of the above named company, hereby appoint

1 Name : _____
Address : _____

Email Id : _____ Signature : _____

or failing him/her

2 Name : _____
Address : _____

Email Id : _____ Signature : _____

or failing him/her

3 Name : _____
Address : _____

Email Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the company, to be held on Saturday, 27th July, 2019 at 11:00 a.m. (IST) at Navi Mumbai Sports Association (NMSA), Sector-1A, Vashi, Navi Mumbai-400 703, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Resolution(s) | AGAINST | FOR |
|---------|---|---------|-----|
| 1 | To consider and adopt audited financial statements (standalone and consolidated) as on 31 st March, 2019 | | |
| 2 | To Re-appoint Mr. Balachandran Krishnan, who retires by rotation | | |

Signed this _____ day of _____ 20 _____

Member's Signature

Signature of 1st Proxy

Signature of 2nd Proxy

Affix Revenue
Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the Meeting
2. Those Members who have multiple folios with different jointholders may use copies of this Attendance Slip/Proxy Form.

Corporate Information

BOARD OF DIRECTORS

Vinod Agarwala

Independent Director

Bhaswar Mukherjee

Independent Director

Ashok Venkatramani

Independent Director

Swaminathan Subramaniam

Whole Time Director & CEO

Deeptha Rangarajan

Whole Time Director

Balachandran Krishnan

Whole Time Director & CFO

COMPANY SECRETARY & COMPLIANCE OFFICER

Jay Mistry

CORPORATE IDENTITY NUMBER (CIN)

L72900MH2000PLC128943

REGISTERED OFFICE

IRIS Business Services Limited

T-231, Tower 2, 3rd Floor,

International Infotech Park,

Vashi Station, Vashi - 400 703,

Maharashtra, India

Tel. : +91 22 6723 1000

Fax: +91 22 2781 4434

E-mail: cs@irisindia.net

Website: www.irisbusiness.com

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

CIN: U67190MH1999PTC118368

C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083

Tel: +91 22 49186000

Fax: +91 22 4918 6060

Email: mumbai@linkintime.co.in

Website: www.linkintime.co.in

STATUTORY AUDITORS

M/s. M. P. Chitale & Co., Chartered Accountants

Firm Registration No. 101851W

LEGAL ADVISORS

Chitale Legal, Mumbai

VBA Legal, Mumbai

Valsangkar & Associates, Patent Attorney, Pune

John C. Olmstead, Attorney at Law, New York

BANKERS

The Federal Bank Limited

HDFC Bank Limited

ICICI Bank Limited

State Bank of India

IDBI Bank Limited



IRIS BUSINESS SERVICES LIMITED

TOWER 2, 3RD FLOOR
INTERNATIONAL INFOTECH PARK
VASHI, NAVI MUMBAI 400703
MAHARASHTRA
INDIA

#07-08, JIT POH BUILDING
19 KEPPEL ROAD
SINGAPORE - 089058

111, PRESIDENTIAL BOULEVARD SUITE
246, BALA CYNWYD, PENNSYLVANIA 19004,
UNITED STATES OF AMERICA