



# IRIS Business Services Limited

12<sup>th</sup> June, 2018

To,  
**BSE Limited**  
Corporate Relationship Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.

Scrip Code: 540735

**Sub: Article published in Business India, June 4-17 edition**

Dear Sir/ Madam,

Please find enclosed herewith an article published in Business India, June 4-17 edition titled "Spreading Global footprint" pertaining to the business of the Company.

This will also be made available on the Company's website at [www.irisbusiness.com](http://www.irisbusiness.com).

The above is for your information and records.

Thanking You,  
Yours faithfully,  
For **IRIS Business Services limited**

A handwritten signature in red ink, appearing to read 'Jay Mistry', is written over a light blue circular stamp.

**Jay Mistry**  
Company Secretary & Compliance Officer



Encl: As above

# Spreading global footprint

## IRIS Business Software enters the analytics space

Like all journalists, Swaminathan Subramaniam, 56, a trained economist at Yale, aspired to change the world and set things right. Having worked in leading organisations such as *The Economic Times* and *Business India*, Swami, as he is popularly called, realised the futility of his aspirations. Early on in life, he decided to narrow down his focus and concentrated on changing his own little world. Sometime in the mid-1990s, he set out to become an entrepreneur. Today, he is the promoter, whole-time director and CEO of IRIS Business Services Ltd, a ₹100 crore, SME listed company on the Bombay Stock Exchange.

His journey from a journalist to an entrepreneur was not an easy one. Most journeys are not. However, Swami was fortunate to have found a couple of equally passionate team members who backed him right through. Deepta Rangarajan, 52, a chemical engineer from IIT and an MBA from IIM A, and Balachandran Krishnan, 55, also an MBA from Bengaluru and a graduate in chemical engineering from the University of Calicut, have traversed the entire journey with Swami. Enthused by Swami's passion to set up an independent research house, both left their jobs as researchers at CRISIL to team up with him. Swami and Rangarajan, who had earlier worked with American Express Bank before joining CRISIL, eventually tied the knot. Apart from managing their house, she also heads the HR department in her capacity as a whole-time director and chief operating officer. Balachandran, also a whole-time director, is the CFO.

"We did feel like quitting several times during our journey," candidly confesses Krishnan, but ultimately, the devotion of Swami held the team together. From a small research outfit, known by its brand, myiris.com, set up in anticipation of huge demand for corporate analytical reports by foreign investors who had started coming in to India in the early 1990s, the company



PHOTOS: SANJAY BORADE

Subramaniam: changing the world

kept on continuously reinventing itself to stay relevant. However the DNA of the company remained unchanged – structured data. Platforms changed, means of dissemination changed, as did the target audience it catered to during the entire evolution since the incorporation of a corporate entity, a fintech company in 2000.

### Language for finance

The catalytic factor which really formed the back-rock of success of the company was XBRL or eXtensive Business Reporting Language, an open-source standard, which has now become the *de facto* standard for financial information reporting used by regulators round the world. Defined as the open standard for digital business reporting, it is managed by a not-for-profit consortium, XBRL International. It is seen as a natural evolution of earlier modes in which reports were transmitted through the paper, PDF or HTML modes. Loosely defined as bar-codes for reporting, XBRL's unique tags, associated with reporting facts, facilitate consumption of information with confidence, as standards are

uniformly applied on all reports. Currencies can vary, as can languages. IRIS has the ability to offer reports in various languages.

In 2005, Edgar Online contracted IRIS for conversion of historical filings of US companies into XBRL. Gaining on this experience, Swami, who was then regarded as a evangelist of sorts for XBRL, built a product – an iFile, which facilitated reports to be filed with the regulators, initially BSE and subsequently NSE, SEBI and the Reserve Bank of India. Catering to the regulators, central banks, capital market regulators, stock exchanges, business registries, by providing software products on an annual licence model basis, the company got a first mover's advantage in an evolving industry called RegTech – an acronym to denote the use of new technologies to solve regulatory and compliance requirements, effectively and efficiently.

With regulators round the world latching on to XBRL, IRIS started expanding its footprint across the globe. Collaborating with leaders was the natural way ahead. The product iFile is sold by partners and franchisees in other countries. IRIS has subsidiaries in Italy and the US, besides India. The company believes in pursuing organic growth and markets implemented projects on the Johannesburg Stock Exchange, South Africa, winning contracts for conversion from UK, US Sec Filings amongst others. iFile is widely used by regulators in the Gulf, Saudi Arabia, Qatar, Kuwait, besides Singapore, Malaysia, Thailand. Still in its infancy, the RegTech market holds a lot of promises for the fintech company.

This was, however, still seen as a service provider, the conversion jobs

### Good show

	2018	2017
Total income	35.58	27.57
EBIDTA	0.9	-5.41
PAT	-5.16	-10.8
EPS	-3.18	-7.64
Networth	30.1	18.99
Long term borrowings	6.87	9.83

being in the nature of a BPO/KPO. It was in 2015 that the company took a strategic shift to position itself from a service provider in the regTech space to concentrate on building products. Beyond using XBRL, it also started building products in JSON, which is currently used for GST filings in India. "The business currently revolves around three broad classifications – Collect, Create and Consume," explains Swami. iFile remains the flagship product in the Collect division. It helps regulators to collect data from their regulated entities. For the regulated entities the company has created two products Carbon and iDeal in the create division. These products facilitate banks and enterprises to generate data in ready-to-file submissions to the regulators.

### Filing platform

The company has launched a filing platform IRIS GST to help businesses comply with the GST regime. IRIS GST is a cloud-based product which helps enterprises comply with the GST mandate and assists in filing and reconciliation. This market is estimated to be ₹5,000 crore. "Data sharing and real-time analytics can be used for providing insights on working capital management and financing," says Rahul Dhamne, who is handling the product. "Another product, Irisperidot, a software product, which allows easy identification of the establishment collecting GST and details of the owners, is the first product, expected to be launched in July," adds Dhamne. The product, which would be free to use, also indicates whether the tax collected is regularly paid or not. It gives the last month for which the tax has been filed. A finance ministry official is likely to launch the product aimed to benefit tax payers wishing to check the genuineness of the party collecting the tax. The company has also another offering, eAudit solution, which is used for verifying XBRL data at ledger levels.

"Carbon is to be unveiled in South Africa in the first fortnight," informs Gautam Mahanti, who is in charge of marketing the product. Like several finance companies, none of the 300 employees have any identification. They also have no exit strategy. With a significant number of employees under 30,



Krishnan & Rangarajan: part of the journey

formal structured meetings in conference rooms are a no-no. Stand-up meetings are the order of the day and, given the huge office premises, visitors are often perplexed by small crowds in different corners. "A single agenda or a couple of points to be made are done at these meetings," says Swami. "Formal meetings take a lot of time, involve unnecessary paperwork."

Rangarajan is of the opinion that, while the service sector will grow along with the product offerings, the big jump will be provided in the Analytics space. "Analytics will be the real game changer." Given the huge amount of structured data being generated through XBRL and JSON, a product for downloading data, aggregating it will be useful for data aggregators, analytic firms and institutional investors. IRIS has started working on various products to leverage its strengths on collection and compilation of data. IRIS DCP (data consumption platform) will also facilitate integration of third party data including market, trade and industry and economic data. Additional products, which can be integrated, including those for social, demographic and policy data sets, are being worked on. The annual market share for this is estimated to be about ₹20,000 crore annually. Balachandran says: "Digital outreach will be at the core of the acquisition strategy."

IRIS Business Services had gone public and was listed on the BSE SME in October 2017. The proceeds from the IPO, ₹16 crore, were used to repay loans of

₹3 crore, besides using ₹5 crore towards product development, which included creating a cloud version of iFile and enhancement of GST and DCP. The balance was utilised for sales and marketing. The huge investments over the last two years towards product development had adversely impacted its performance. Its income during 2016-17 had dipped to ₹27.54 crore from ₹32.91 crore in 2015-16. At the PAT levels the consolidated losses were ₹10.60 crore, as against ₹6.58 crore in 2015-16. In 2017-18, while the company is still in the red, in the second half of the year, it has posted a marginal profit at the PAT level. On a consolidated basis, the PAT has been pruned from ₹10.60 crore in 2016-17 to ₹5.16 crore in 2017-18, while total income was up by nearly 30 per cent to ₹35.6 crore. Given its global footprint, revenues from India contribute to a little under a third of its revenues.

Betting on the huge potentials, the company has drawn the interest of several marquee investors including Edelweiss, Madhu Kela's family and corporate like Vistra ITCL and Millennium Developers. Globally, there are few companies with a presence across all three verticals. Most of the larger companies are in the create segment. These include Workiva, a US-based enterprise company (with a market cap of \$1.1 billion) and Issuer Direct (market cap: \$52 million). Both these companies, however, cater largely to the US markets. IRIS, with a market cap of ₹100 crore (\$15 million), compares well with them, with its valuation of 4-5x sales. Analytix Insight, a Toronto-based company, has a market cap of \$32 million and is valued at nearly 9x sales, while GRC International group, a London-based group, with a footprint across all verticals, has a market cap of \$154 million. Being a recently AIM listed company, no records of its finances are available, but it is believed to enjoy good valuations to sales. Given that there are only a few companies globally in the regTech space and even fewer in the data consume space, IRIS is worth watching and may join the big league and get listed before 2019-20, where its worth would be noticed by other discerning investors.

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