

Intellect Design Arena Limited

Earnings Announcement
Q2 FY18 ending 30th September 2017

November 09, 2017



Safe Harbor Statement

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT Products companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Intellect has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Intellect may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.



Executive Summary- Q2 FY 18

Revenue

- Intellect revenue grew 21% in dollar terms over last year same quarter. Revenues stood at \$ 41.75 mn (in INR Rs. 268 Cr) as compared to \$34.5 mn (in INR Rs. 231 cr) in the same quarter last year. INR Revenue registered 16% YoY growth.
- Revenue (in dollar terms) for the H1 FY 18 was higher by 21% as against H1 FY 17
- Revenue (in dollar terms) for the last trailing 9 months was 20% higher than the similar period in the last year

License and AMC

- License and AMC revenue crossed 100 Cr mark and stood at Rs. 106 Cr in Q2 FY 18
- Q2 FY 18 LTM License and AMC revenue (in dollar terms) grew by 30% as against the Q2 FY 17 LTM
- H1 FY 18 License and AMC revenue (in dollar terms) went up by 26% as against H1 FY 17

Digital Transformational Deals

- Intellect was awarded 12 deals including 3 large Digital transformational deals in Q2 FY18



Executive Summary- Q2 FY 18

Gross Margin

- Gross Margin stood at Rs. 133.29 Cr in Q2 FY 18 as against Rs. 115.57 Cr in the same quarter last year
- Gross Margin sustained at 50%

EBITDA and Net Profit

- The company registered positive EBITDA which stood at Rs. 21.82 Cr as against Rs. - 9.89Cr (Negative) in the same quarter last year, showing a movement of Rs. 31.71 Cr in EBITDA.
- Net Profit stood at Rs. 7.95 Cr as against the loss of Rs. 14.86 Cr in the same quarter last year

Collections and DSO

- For three quarters in a row, Intellect recorded healthy collections. Collections for Q2FY 18 stood at Rs. 255.11 Cr
- Days of Sales Outstanding (DSO) improved by 28 days and stood at 158 days in Q2 FY 18 as against 186 days in the same quarter last year. The Net DSO after taking customer advances into account stands at 124 days



Financial Highlights



Q2 FY 18 Financial Highlights

Q2 FY18

41.75 Mn \$

Revenues for Q2 FY 18
\$ terms

21% ↑

YoY revenue
growth USD

₹ 268.47 Cr

Revenues for Q2 FY18
INR terms

16% ↑

YoY Revenue
growth INR

133.29 Cr

Gross margin

50%

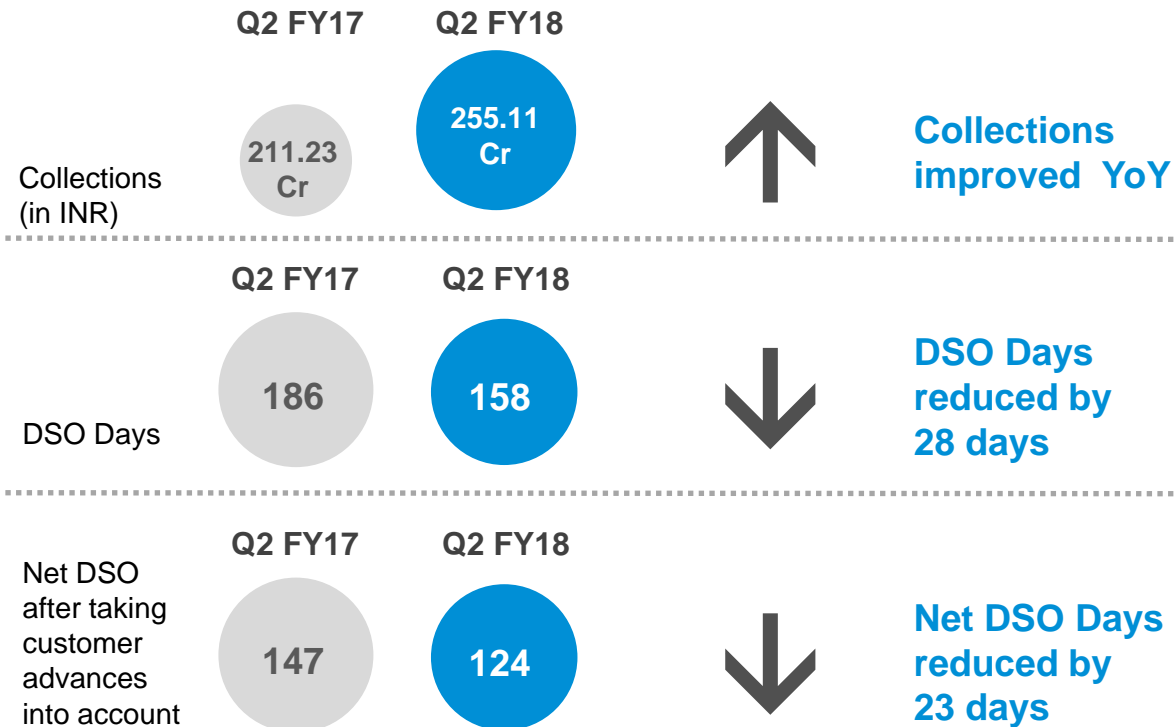
Gross margin %

Average USD – INR Conversion rate
for the quarter (1st July 2017 –
30th Sep 2017) stands at Rs. 64.30



Healthy Collections

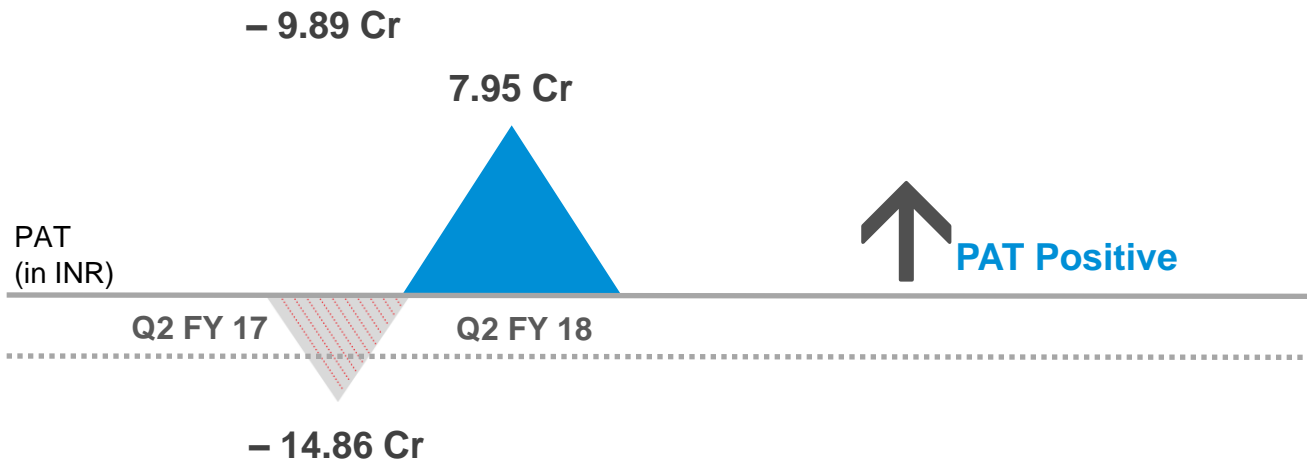
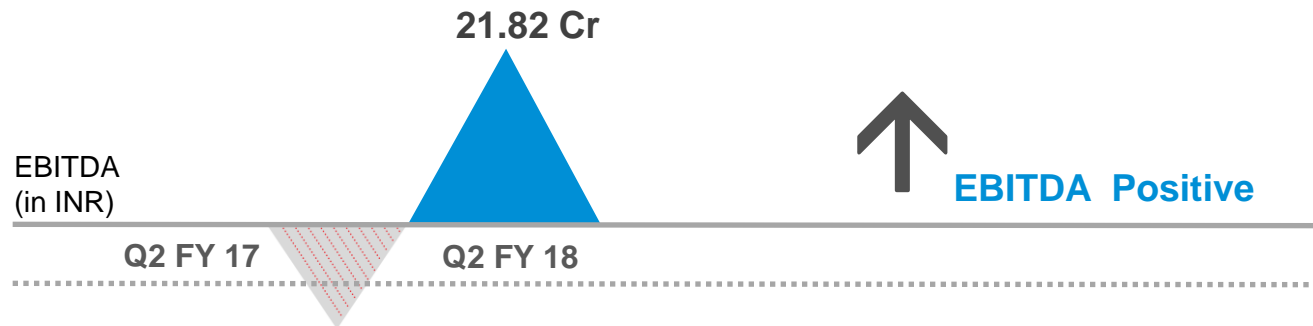
Reduction of
DSOs



Receivables Days (DSO) has been calculated based on annualising the revenue for the period ending 30th Sep 2017 : (Trade Receivables + Revenue Accrued But not billed) / Total Revenue) *365, as per the Consolidated Summary Statements



Significant Milestones



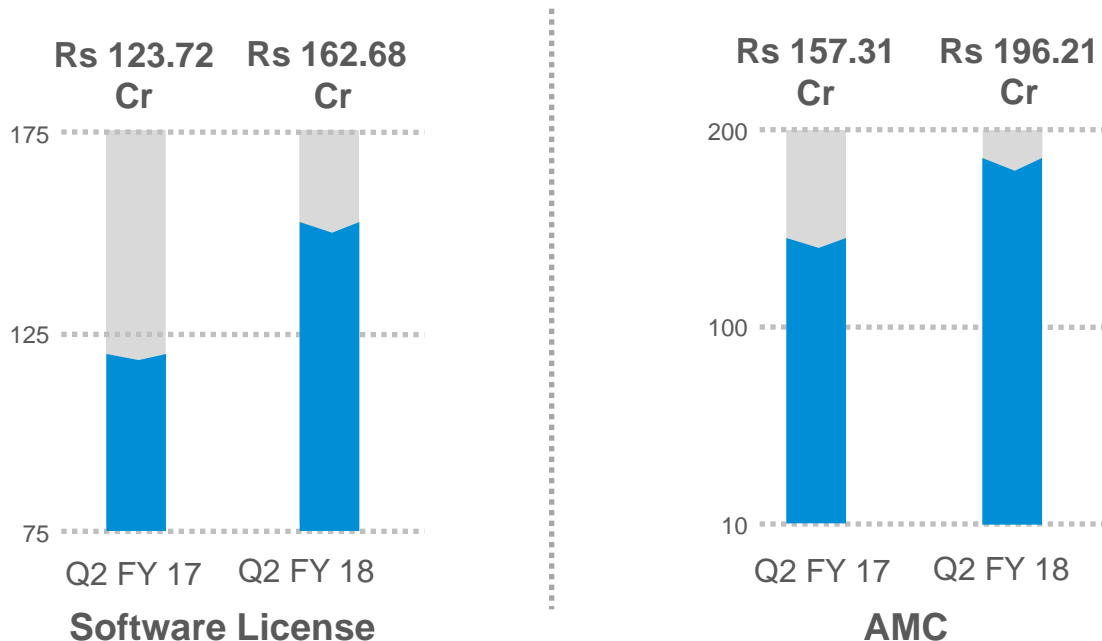


Financial Performance

License +AMC revenue cross Rs 100 crores for the first time in Q2FY 18. It was 105.7 Cr for the quarter

License revenue for Q2 FY18 LTM grew by 31.49% on INR basis

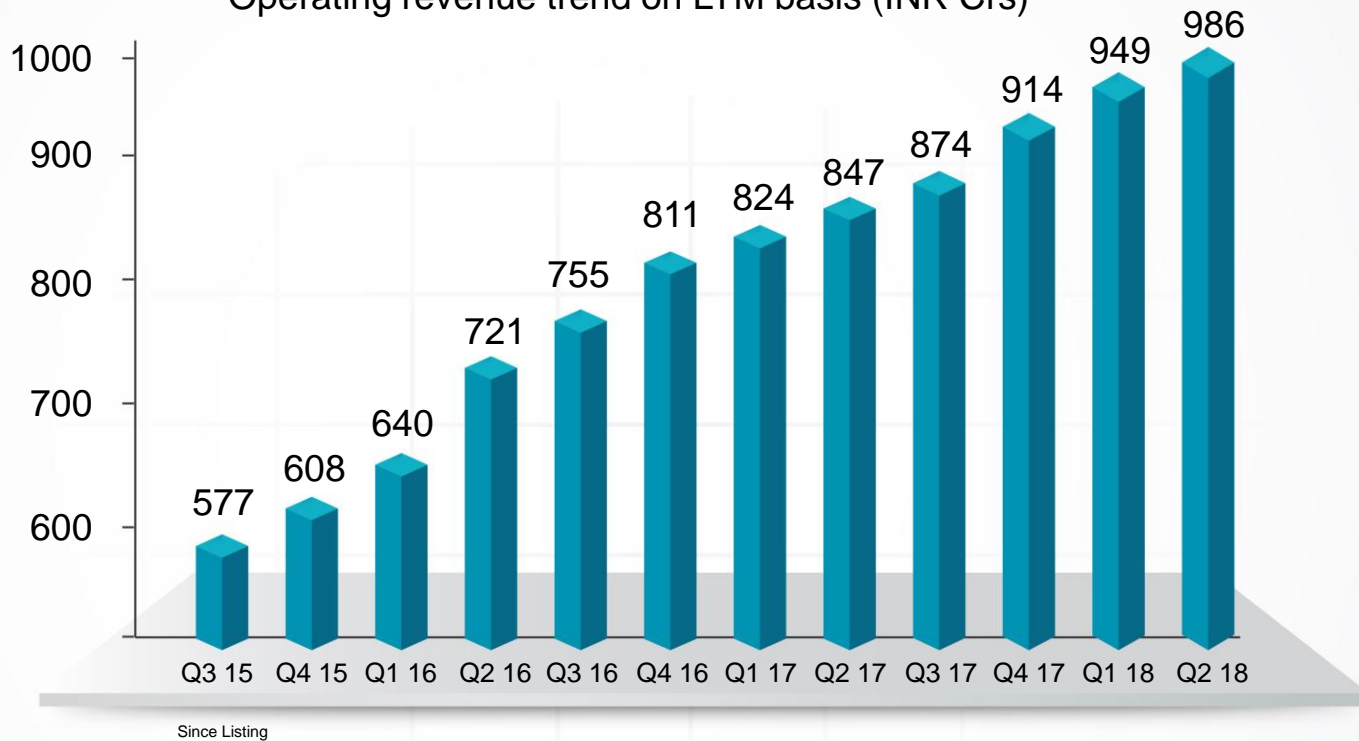
License and AMC Revenue – Last Twelve Months (LTM)



Financial Growth

Positive Trending
Performance over
12 quarters

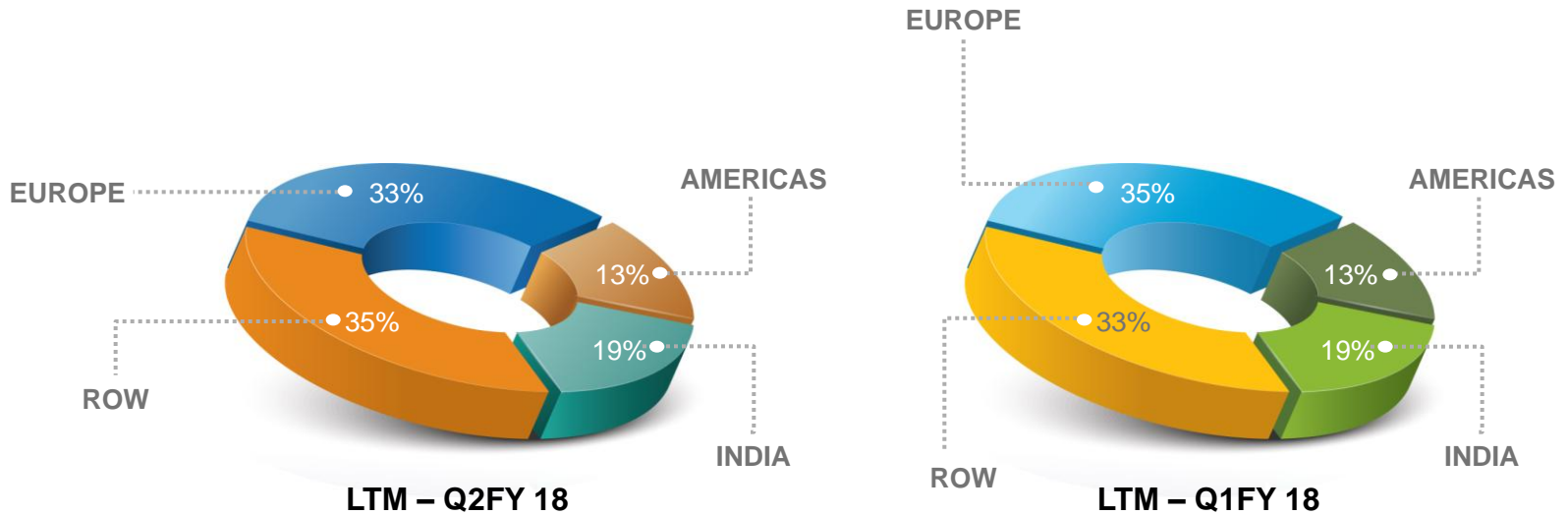
Operating revenue trend on LTM basis (INR Crs)



LTM = Revenue of current quarter + last three quarters



Revenue Distribution: By Markets



LTM = Revenue of current quarter + last three quarters



Financial
Performance

Financial Results for the Second Quarter FY18 Ended September 30, 2017

Rs. In Lakhs

Function wise
classification of
statement of Profit and
Loss Account
(Consolidated
Unaudited)

Particulars	QUARTER ENDED			YEAR ENDED
	September 30, 2017 (Q2 FY 18)	June 30, 2017 (Q1FY18)	September 30, 2016 (Q2 FY17)	March 31, 2017 (FY17)
INCOME				
Revenue from Operations	26,847.46	24,116.80	23,096.42	91,357.50
EXPENDITURE				
Software development expenses	13,518.24	12,255.40	11,539.28	46,326.00
Gross Margin	13,329.22	11,861.40	11,557.14	45,031.50
Gross Margin %	49.65%	49.18%	50.04%	49.29%
Selling & marketing and General & Administrative expenses	9,037.14	8,627.22	10,432.68	39,102.94
Research & Engineering expenses	1,915.47	1,424.27	1,987.05	7,192.08
Provision for Debts and Write offs	195.00	195.00	126.00	1,233.16
Total Expenditure	24,665.85	22,501.89	24,085.01	93,854.18
EBITDA	2,181.61	1,614.91	(988.59)	(2,496.68)
Depreciation/Amortisation	592.96	588.80	610.24	2,413.99
Finance Charges	394.03	418.39	240.67	1,130.24
Profits / (Loss) before other income / minority interest	1,194.62	607.72	(1,839.50)	(6,040.91)
Other Income including exceptional items	330.98	298.64	265.95	3,429.72
Minority Interest/ Share of profit/(loss) of Associate Companies	(546.46)	(469.32)	357.20	656.24
Profit / (Loss) before tax	979.14	437.04	(1,216.35)	(1,954.95)
Provision for taxation	183.84	363.24	270.00	283.63
Profit / (Loss) after tax	795.30	73.80	(1,486.35)	(2,238.58)



Business Highlights



Digital Transformational Deals

Three large transformational deals

- Bangkok Bank, largest bank of Thailand with 17 million accounts including business and retail customers and a nationwide network of over 1,200 branches chose Intellect as their technology partner to implement a comprehensive cash management platform and corporate portal. This deal win against established global competition paved our entry into Thailand
- One of the top 5 private banks in India providing a wide range of financial products and services has chosen Intellect for the Digital transformation of Corporate Banking. It is a three year transformational deal.
- Government eMarketplace, under the auspices of the Department of Commerce, Ministry of Commerce & Industry, Govt. of India (GoI) has awarded the most ambitious, comprehensive and innovative Government eMarketplace (GeM) – online eCommerce portal to a consortium led by Intellect Design Arena Limited, against all global competition.

12

Deal wins in Q2 FY 18

16

Successful Go-live in Q2 FY 18

Deal
Commentary.
Increasing ability
to win large
turnkey financial
infrastructure



Other significant deals

- One of India's most progressive and innovative banks has selected Intellect to implement its Digital Transaction Banking (DTB) platform from iGTB – powered by an integrated frontend omni-channel Corporate Banking eXchange (CBX) portal and augmenting the front end portal of their existing Trade Finance with iGTB's CBX
- A leading banking and financial services organisation in Middle East has signed a deal with Intellect for Digital Transformation of the Corporate Banking
- A company of specialist insurance businesses with operations in Europe, the US, Asia, Middle East and Australia has chosen Intellect's Risk Analyst, the only AI based risk discovery and assessment software for commercial insurance in the industry.
- One of the leading providers of commercial insurance in the United States has chosen Intellect's Xponent, an AI and Analytics based underwriting workstation developed to transform the way commercial lines are underwritten today.
- The Third largest private-sector banks in India offering a comprehensive suite of financial products has chosen Intellect' SME Digital Portal to service over 30,000 of its existing SME customers



Other significant deals

- One of the leading PSU banks in India has chosen Intellect Cards as their PaaS partner for their green field Credit Card Business for a seamless management of Credit Cards handled by the bank. The Intellect product provides flexibility at a lower operating cost which makes it an ideal platform for card services.
- The third largest bank by assets in the United Arab Emirates has chosen Intellect's Digital Collect
- A leading group of companies in Peru providing financial services, asset management and capital markets has chosen Intellect's OneMARKETS for its Custody Solution.
- An Indian multinational banking and financial services company has chosen Intellect OneTREASURY for its Treasury Mid Office operations.



Vital Parameters - Healthy

1. Market Penetration. Demonstrates Digital competitiveness

The current funnel (Active Pursuits) of Intellect is around \$433 mn, out of which \$396 mn is accounted for by 213 opportunities.

2. Destiny Deal Pipeline. A Strong indicator of growth

We have over 28 high value active pursuits:

- 6 pursuits are of value more than Rs. 50 Cr. each
- 10 pursuits are of value between Rs. 30 Cr - Rs. 50 Cr. each
- 12 pursuits are of value between Rs. 20 Cr - Rs. 30 Cr. Each



Significant Implementations

- **Life Insurance Corporation (LIC)**, one of the world's largest insurers went live with a new portal that allows its customers to buy policies, pay premium and make modifications to their existing policies online. The move is set to benefit LIC's twenty-nine crore policy-holders.
- Intellect successfully implemented its complete end-to-end Digital Core Banking solution at Utkarsh Small Finance Bank Ltd, India. Utkarsh is a premier micro-finance institution in India and received its license for setting up a Small Finance Bank last year.



Other Significant Implementations

- Phase 2 of the Global Payment Orchestration from iGTB is live in one of the largest Canadian banks. The implementation of phase 2 of the bank's next generation payments infrastructure for business clients will drive growth by leading with innovation while helping to simplify how clients manage their business.
- One of the leading banks in India has gone live with Trade finance from iGTB for their corporate customers. It has also implemented Treasury and Retail Remittance solution from Intellect.
- One of the leading financial services organisation in Malaysia, with a heritage of more than 100 years and a largest lender bank in Indonesia have gone live with Digital Transaction banking platform suite to lead in Corporate Banking.
- A leading financial institution in India has gone live with Intellect's Supply Chain Finance solutions from iGTB to automate the best financing programs for various stakeholders, thereby achieving operational efficiency



Other Significant Implementations

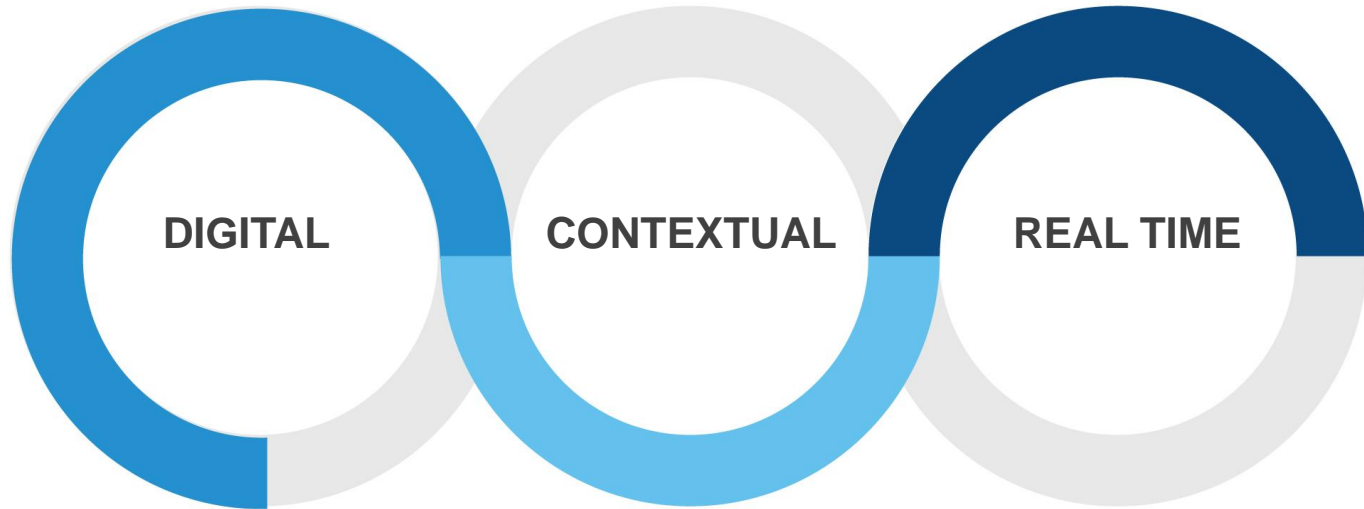
- Intellect Digital Core went live in one of the largest lender banks in Japan and one of the leading commercial banks in Uganda which makes Digital Core operational in 55 sites.
- One of the PSU Banks and a leading private sector bank in India and a well known financial institution from Bhutan have gone live with Intellect Lending Suite. With this Intellect Lending is successfully running in 68 sites.
- One of the leading multi-national banks in America and a leading financial institution in India has gone live with Intellect OneTreasury. This makes Intellect OneTreasury running in over 50 banks including Reserve Bank of India, NABARD, Saigon Hanoi Bank, National Bank of Ethiopia, UCO Bank and Housing Finance Bank.
- Intellect's OneMarkets has gone live in a leading independent investment company in Turkey. It has also gone live in one of the largest private sector banks in India for Custody Solutions from OneMarkets.



Innovation and Leadership

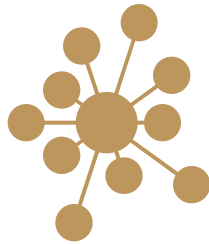


IP Strategy





Intellectual Product – New Product Launch



INTELLECT[™]
DIGITAL BANKING

**INTELLECT
DIGITAL CORE 17.1**

<http://www.igcb.com/digital-core.html>



**CONTEXTUAL BANKING
EXPERIENCE (CBX)**

<http://www.igtb.com/index.html#videowrap>



Acclaimed by
Experts

Leadership Position



Winner – Payments

Intellect Payments
Transformation at CIBC
ranked “Winner – Payments”
at 2017 IDC Real Results
Awards

Digital Transformation Leader

IDFC Bank won IDC "Digital
Transformation Leader" Award for
Omni-Experience Innovation
category powered by iGTB at IDC
Digital Summit 2017



Acclaimed by
Experts

Awards and Accolades

Intellect Design Arena emerged as a "Strong Performer" in Forrester's report, "Forrester Wave: Digital Banking Engagement Platforms 2017"

Intellect Design Arena recognized as a Challenger in Gartner's Magic Quadrant for Global Retail Core Banking

Intellect iRTM enters Chartis RiskTech Quadrant for Enterprise Stress Testing

Intellect SEEC has earned the prestigious 2017 SMA Innovation in Action Award for Implementation for its product Intellect Risk Analyst.

Intellect SEEC has earned the prestigious Gold and Bronze status in the Golden Bridge Awards® for its product, Intellect Risk Analyst and its CEO, Pranav Pasricha respectively.



Management Commentary



Arun Jain

Chairman & Managing Director

“Winning three large digital transformational deals in a single quarter is a very satisfying moment for me. Each transformational deal required very detailed planning – bringing in the right leaders, right competent team members and customer references to assure to create a winning proposition. I must celebrate the maturity of our leadership team who made these deal wins possible which will create pathways for more such wins in the coming quarters.”



S Swaminathan

Chief Financial Officer

“Intellect over the last 3 quarters have been able to demonstrate consistent growth of revenues coming from its rich portfolio of FinTech products, moving to a total of 116 million dollar revenue representing 20% growth over the same period last year. During this period, Intellect has also brought stability of remaining EBITDA positive and healthy collections through efficiency in Cost and Cash Management.”

