



CHAIRMAN'S ADDRESS AT THE 8th ANNUAL GENERAL MEETING OF THE COMPANY

Good Morning Ladies and Gentlemen,

It gives me immense pleasure to welcome you to the 8th Annual General Meeting.. Intellect has finished FY 18-19 with several accomplishments. Your presence here is a testimony of your belief and engagement with the company and I sincerely thank you for the same.

In my communication last year, I had mentioned about the commencement of Intellect 2.0 – the next three-year phase in our journey. We had defined three goals for ourselves during this phase.

1. Industrialization of our Products and Processes
2. Monetization of the investments made in our Intellectual Property
3. Making Customer Centricity the central theme of everything we do

We termed FY18–19 as Intellect 2.1, the first year of this phase. I am delighted to report that the results of this year reflect realization of these goals with definite pointers to scaling greater milestones in the days ahead. Let me highlight a few

A. Business Growth

1. iGTB – The Global Transaction Business – one of our four Business units achieved a revenue of Rs. 678 Cr in FY19 –greater than the revenue of Intellect as a whole in FY15

2. We recorded a revenue of Rs. 1,459 Cr representing 36% growth over the previous year and 25% Compounded Annual Growth Rate (CAGR) between FY15 and FY19. Total revenues grew 2.4 times over this four year period
3. License revenue multiplied 4 times between FY15 and FY19 – from Rs. 86 Cr to Rs. 345 Cr – 41% CAGR during this period. Per deal average license revenue also moved up by a factor of 4 from Rs. 1.5 Cr to over Rs. 6 Cr during this period
4. By deeper engagement in their Digital Transformation agenda, our average revenue with Top 20 customers more than doubled from Rs. 18 Cr in FY15 to around Rs. 42 Cr in FY19.
5. 65% of our revenues are from the Advanced Financial Markets of Americas, Europe, Japan, Australia and Singapore – an assertion of acceptance of our Products by financial institutions in these markets
6. 85% of our revenues are from existing customers – testimony of their confidence in us
7. In 24 countries across the globe – 9 of which are from Advanced Markets and 15 from Growth Markets – one of the top 3 financial institutions of that market is our customer

B. Profitability

Your company has equally focussed on profitability while driving growth. A calibrated investment plan in Product development and Sales & Marketing, with no compromise on Technology investments has ensured that our bottom line is secured while supporting the Growth requirements.

1. We have consistently delivered around 50% margins every Quarter.
2. Our Earnings before Interest, Depreciation and Tax – EBIDTA– has more than doubled over FY18 to 148.50 Cr in FY19 and is now over 10% of revenues. Our Profits after Tax also nearly tripled over a year ago to Rs. 131 Cr.
3. SG&A costs are now 31% of Revenues from 35% last year and 44% in 2016-17. Product engineering and research costs are now 14% of revenues as against 18% last year

C. Deal Pipeline

While the above metrics present highlights of past performance, here are some pointers for sustainability of your company's performance.

1. We commenced FY20 with a strong order backlog of over Rs. 1,830 Cr.
2. We are in the reckoning in 35+ high value deals, each of over Rs. 20 Cr in value

D. Inside Intellect -

Having shared an outside view of Intellect. I wish to briefly touch upon the 'Inside story' – how a structured and calibrated investment in IP led to the above results.

The MTP – Massive Transformative Purpose of our existence is to reduce the immense complexity of banks and other financial institutions, whom we serve.

a. Investment in Design Thinking

We have been unravelling this complexity and providing holistic technology solutions by leveraging our investment in Design Thinking. We believe in the three cardinal Laws of Design Thinking that have provided tangible outcomes of Reduced Complexity, Comprehensiveness of Solutions, Managing Continuous Change and Reducing Cost.

#1 Less is More

#2 Last 2% is 200%

#3 Theory of 1000gm, 100gm and 10gm

b. Intellect's Design DNA – Development of Frameworks

The application of Design Thinking, as a first step, led to observation of patterns and development of two knowledge frameworks that attack the complexity and ensure completeness of our solutions. The first framework L0/L1 helps catalogue our Customer's Business architecture in a structured, top-down manner, while the second – COPARIS – benchmarks our technology solutions across seven key dimensions.

c. Low Coding Platforms

Another significant insight was that raw coding was the key source of defects. Therefore, towards building robust and agile products that could be implemented in an industrialised manner, we created a set of six low coding technologies:

1. Digital Canvas
2. Digital Hub
3. Intellect Big Data platform
4. Purple Fabric
5. Olive Fabric
6. ARX

These platforms replace coding with configuration and lay the foundation for our suite of Contextual, API-led products powered by Artificial Intelligence and Machine Learning. I shall touch upon them shortly.

d. Implementation Certainty

We next addressed effective implementation of these products for our Customers. Our delivery process is now almost algorithmic, powered by the Delivery Excellence Framework - an exhaustive set of seamless processes that include joint Product Walkthroughs with our Customers, Test Walkthroughs, Customer User Journey and Model bank-based implementation. In FY19, we went live in 50 new customer installations, 18 of which are large transformation initiatives. IDC – Intellect Digital Core, our flagship Core Banking product and Exponent/ Risk Analyst products from our Insurance Business have also successfully been deployed on the Cloud.

Products apart, the above frameworks, platforms and the Design Thinking led approach are our differentiators that set us apart from competition to be our customer's first port of call.

E. Our Products

I had made multiple references to our Products. I wish to briefly mention about each of them

Intellect Digital Core: This platform enables contextual, real time Banking across channels offering superior Customer Engagement and Operational saves. It equips Banks with agility to respond to Market, deep analytics to understand the customer and personalize offerings to micro-segments and connect seamlessly to the Ecosystem. The Product has gone live recently with three installations in the advanced Markets of UK and Australia and won a second deal in the UK, apart from a host of installations across IMEA and APAC, both in on-premise and cloud model. New Bank Licensees, Digital banks and Core Bank replacements provide us opportunities for this product

Intellect Lending is an comprehensive solution that addresses the complete Lending lifecycle from Origination to Disbursement to Collection powered by Artificial Intelligence for credit and collection decisions. Apart from Banks, we have NBFCs, Co-operatives, Housing Finance Cos and Development agencies adopting our product

Intellect Cards was a pioneering development with Citi, the Market leaders in Cards in India. With a rich functionality built over three decades and equipped with e-wallet capabilities, this product has found adoption in India, Middle east , Latin America both in the traditional as well as Platform as a Service (Paas) model

Intellect Quantum is the Category leader in the specialized Market for Central banks that enables them meet their unique Governance responsibilities such as Currency Management, Public Debt Management, Government Treasury, Government payments and receipts, Citizen's Portal. Adopted across continents- from RBI in India, Central Banks in Africa, Europe and APAC, this also finds application with Federal Governments and Departments

Capital Cube is a high end combination of Treasury and Asset-Liability management that enables Bank treasurers meet multiple objectives of Liquidity, Risk Management, Trading efficiency, Compliance and Capital adequacy. Powering the world's most sophisticated Treasury Operations with a Market leader, this product has nearly 50

installations in Growth Markets and is sought after by Insurance Cos and Development Finance organizations. Apart from opportunities alongwith Intellect Digital Core, Wave2 transformation amongst Banks also trigger leads for this product

Capital Alpha is a product for the Retail and Enterprise Brokers combining functionalities across their Front, Mid and back-offices and powering them with Speed, leverage, risk management and Contextual Research and Analytics. Approved across multiple stock exchanges, this Product is also adopted by other Capital market participants such as Custodians and seeks to replace disparate solutions currently in vogue.

In the Transaction Banking vertical, Digital Transaction Banking suite, a category leader, enables Banks to deliver seamless experience across Corporate Financial Supply chain.

CBX – the contextual Banking exchange supports user journeys across Corporate Banking and is powered by AI/ ML to produce predictive analytics with a leading edge User Interface. These products have a wide footprint in Growth Markets

Our Payments product supports the payment cycle – end to end, differentiating itself with intelligent workflows and a high straight through processing.

The Liquidity Management and , Trade & Supply Chain Finance products integrate Corporate Treasury functions as well as trade partners across geographies, currencies , presenting a unified management platform.

The Corporate Banking products are targeted to Banks that are expanding to this space and looking for fee based income opportunities. These products have high acceptance in Advanced markets with a total of 80 customers

WealthQube is our product for Wealth Managers, Private Bankers and advisory firms built with the Relationship Manager at the center , equipping him with multiple offices, desks and tools. They combine analytics, decisioning and transaction capabilities across exchanges, currencies and asset classes. Fast expanding in APAC , this product pursues opportunities in specific targeted countries

Our SEEC Business addresses the Digital and Data needs of the Insurance sector. Xponent, a product for the Under-writer leverages the power of AI/ ML and advanced analytics to offer intelligent quotes. This path breaking ability to scan structured and unstructured data sources, validate , enrich and contextually tailor them for Business decisions has lead us to offer DaaS – Data as a Service to Insurers to begin with and later to other segments. We expect to make significant inroads ahead of competition in this space very soon, with significant Cloud deal wins with Market leaders in the US.

Rightfully so, our products continue to figure consistently in the top slots in various analyst reports. Four of the 12 products are ranked amongst the Top 2 in their respective categories. The prestigious iGTB Oxford School of Transaction Banking is now a signature event attracting the who's who of Corporate Banking from the world over. The leadership team of our Insurance Business, iSEEC, is repeatedly invited to address Thought Leadership sessions in the advanced markets of the US and Europe. And the most rewarding to us is the willingness of our customers to happily be our advocates.

These products spearhead business outcomes for our clients, delivering 20% reduction in costs and 20% increased business generation. Just as a data point, over 70 of our 240 customers have logged in less than 10 defects in the last six months. This is testimony of the stability and robustness of our Products.

The results presented earlier are a testimony of the success of Intellect 2.0 agenda– of industrialising our products and processes and accelerating monetisation of our products for higher License realisation, larger deals and greater wallet share with our customers. I look forward to sharing further stories of success as we progress into Intellect 2.2, the second year of Intellect 2.0. Your company is geared to being a Global Products Company from India.

In closing, I wish to place on record my deep appreciation and gratitude to our associates whose commitment, passion, quest for excellence and leadership have driven these outcomes.

I also wish to immensely thank the Members of our Board who have invested their time with our Leadership team and personally mentored our Senior Managers, apart from offering valuable guidance on several matters of direction, governance and strategy

Finally, I thank you – all of our shareholders - for your confidence in us and for being part of our journey. I can promise that it will be increasingly exciting and rewarding.