

Intellect/SEC/2019-20

July 24, 2019

1. **The National Stock Exchange of India Ltd.,**
Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla
Complex,
Bandra (E), Mumbai – 400 051.

Scrip Code :
INTELLECT

2. **The BSE Ltd.**
1st Floor, New Trade Ring, Rotunda Building, PJ Towers,
Dalal Street, Fort, Mumbai – 400 001.

Scrip Code :
538835

Dear Sirs,

Sub: Intimation under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30(6) and other relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the presentation being made on financial results to analysts and institutional investors on July 24, 2019.

Kindly take the above information on record.

Yours truly,
for Intellect Design Arena Limited


V V Naresh
Company Secretary and Compliance Officer
Encl: As above



Intellect Design Arena Limited

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CONTEXTUAL AND DIGITAL

LEADING THE TRANSFORMATION AGENDA

Q1 FY20 Results ending 30th June, 2019

Earnings Announcement



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 Design Arena 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 Design Arena 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.

Q1 FY 20 – Management Overview



The business is looking healthier at end of the first quarter, though there are some slippages of a few deals. The shortfall in EBITDA during this quarter is attributable to lesser license revenues.

Intellect Digital Core (IDC 19.1) gaining Momentum

After establishing GTB products in the leadership quadrant and having achieved predictable growth, we have now started seeing momentum picking up for Intellect Digital Core (IDC) which means that the second line of business is in a profitable trajectory.

Intellect SEEC cracked Underwriters data algorithm

Using more than 1800 data sources, Big Data processing and Machine Learning has been accepted by one of largest insurance players. This has helped transcend Intellect SEEC in the Intelligent Data space, which highly scalable

Started process of delayering and shifting talent

With the maturity of products we have started the process of delayering and shifting some design talent from US and Canada to India. With this initiative we are able to contain the costs

Focus of Qualitative opportunities has started yielding results

At the end of the June quarter, we have 134 qualified opportunities amounting to USD 475 million averaging USD 3.4 million. We believe around 500 million dollar funnel is the right size to provide the right focus for closure.

Collections equal to revenue

Collections in the last quarter equals to revenues. In absolute value, it has come down marginally by 5 crores.

20% growth in Revenues

As of now we have visibility of 20 percent growth in revenues

Executive Summary Q1FY20



E1: Revenue

- Total Revenue for Q1 FY20 grew by **14.41% YoY at INR 343.38 Cr** as against INR 300.13 Cr in the same quarter last year
- In \$ terms, Q1 FY20 Revenue grew by **10.3% YoY at US \$ 49.36 Mn** as against US \$ 44.76 Mn in the same quarter last year

E2: License Revenue

- Q1 FY20 License Revenue registered **41% growth YoY at INR 65.77 Cr** as against INR 46.72 Cr in the same quarter last year.
- Q1 FY20 AMC Revenue registered **8% growth YoY at INR 59.67 Cr** as against INR 55.26 Cr in the same quarter last year

Executive Summary Q1FY20



E3: Digital led wins

• Deal Deferment

- Three deals with license revenue of \$2.2 Mn (Rs. 15.4 Cr) deferred in the last Quarter, in respect of which documentation could not be completed and will be accounted in Q2 FY 20
- If these had been considered, our revenue growth would have been 19.5% YoY with gross margin of 49%

- Q1 FY20 recorded 5 Digital led wins including 2 large Digital Transformation deal wins
 - **iGTB strikes a large deal win in Vietnam reiterating our market leadership in the country:** Largest Banking Group in Vietnam chose iGTB for the Digital Transformation of its end-to-end transaction banking business. iGTB will help the bank to achieve its objective of becoming the largest multi-functional financial group in non-Japan Asia with true Digitalisation. This is the fifth deal win in Vietnam outbeating our competition, which reiterates our leadership in the country.
 - **Bank of Mongolia drives digital transformation vision with Intellect:** Intellect will implement its award-winning Quantum Central Banking Solution. The solution is well poised to accelerate the Bank of Mongolia's digital transformation initiatives under the Payment System Modernization project funded by Asian Development Bank (ADB).

Executive Summary Q1FY20



E4: Gross Margin, EBITDA and PAT

- Gross Margin is at INR 161.79 Cr in Q1 FY20 registering 15 % as against INR 140.71 Cr in the same quarter last year
- Gross Margin % is at 47.12%
- Q1 FY20 EBITDA is at INR 12.25 Cr
- Net Profit is at INR 3.39 Cr

E5: Order backlog – Cloud/Subscription deals

- Order backlog relating to GeM - INR 400 Cr as of Q1 FY20
- Order backlog relating to other Cloud deals – INR 300 Cr as of Q1 FY 20

E6: Collections and Investment in Product Development (Capitalised)

- Collections for Q1 FY20 is at INR 338.19 Cr
- The Net Days of Sales Outstanding (DSO) after taking customer advances into account is 119 days in Q1 FY20
- Investment in Product Development (Capitalised) is at INR 29.45 Cr

E7: Cash and Debt position

- Cash and Cash Equivalent is at INR 114.52 Cr as against INR 108.46 Cr in Q4 FY19
- Net Cash is at INR 10.46 Cr as against INR 72.14 Cr in Q4FY19
- Term loan is at INR 88.22 Cr as against INR 96.09 in Q4FY19

Executive Summary Q1FY20



E8: iGTB registered INR 131.52 Cr Revenue

- iGTB registered INR 131.52 Cr revenue in Q1 FY 20 as against INR 122.24 Cr in the same quarter last year
- iGTB recorded 58.67% of its Q1 FY 20 revenue from Advanced Markets

E9: IDC 19.1 gaining momentum

- Registered 2 deal wins in this quarter
- Out of 3 deferred deals are for IDC 19.1 which will be accounted in Q2 FY20

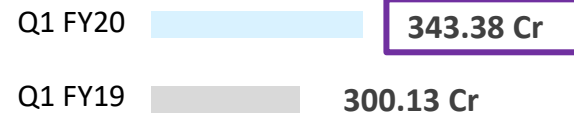
E10: Implementations

- Intellect went live in 9 financial institutions across the world during this quarter
- Some of the significant implementations in Q1 FY 20 include:
 - Leading banking group in Austria implemented iGTB's SWIFT certified, Digital Trade Finance platform
 - One of the top 100 Property & Casualty companies in the United States has gone 'live' with the Underwriting Workstation Platform.
 - Leading financial services organisation in Malaysia went 'live' with iGTB's Digital Transaction Banking (DTB)
 - Leading Saudi Arabian bank went 'live' with Phase 1 of the CBX Retail and Digital Transaction Banking

Q1 FY20 – Registering 14% growth YoY

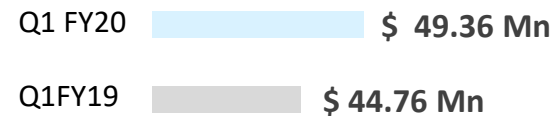
Q1 FY20 REVENUE (INR)

343.38 Cr ↑ 14.41%



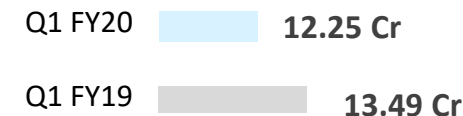
Q1 FY20 REVENUE (US \$)

\$ 49.36 Mn ↑ 10.30%



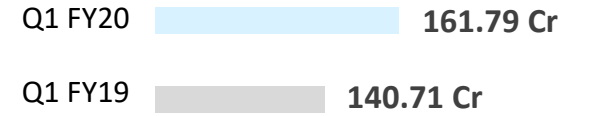
EBITDA (INR)

12.25 Cr ↓



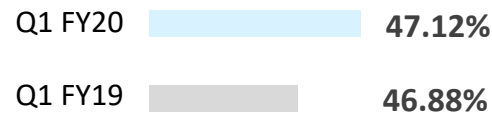
GROSS MARGIN (INR)

161.79 Cr ↑ 14.98%



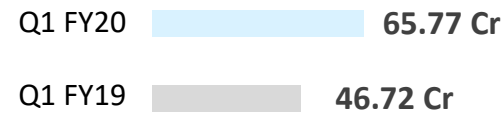
GROSS MARGIN % (INR)

47.12 % ↑



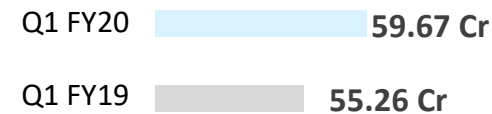
LICENSE (INR)

65.77 Cr ↑ 40.80%



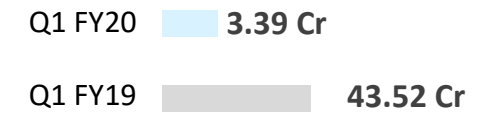
AMC (INR)

59.67 Cr ↑ 7.98%



PAT (INR)

3.39 Cr ↓



Collections for
Q1 FY20 (INR)

338.19 Cr

Net DSO (including
Customer advances)

119 Days

Investment in Product
Development (Capitalized)

29.45 Cr

Deal Wins in Q1 FY20

5

Large Deal Wins

2

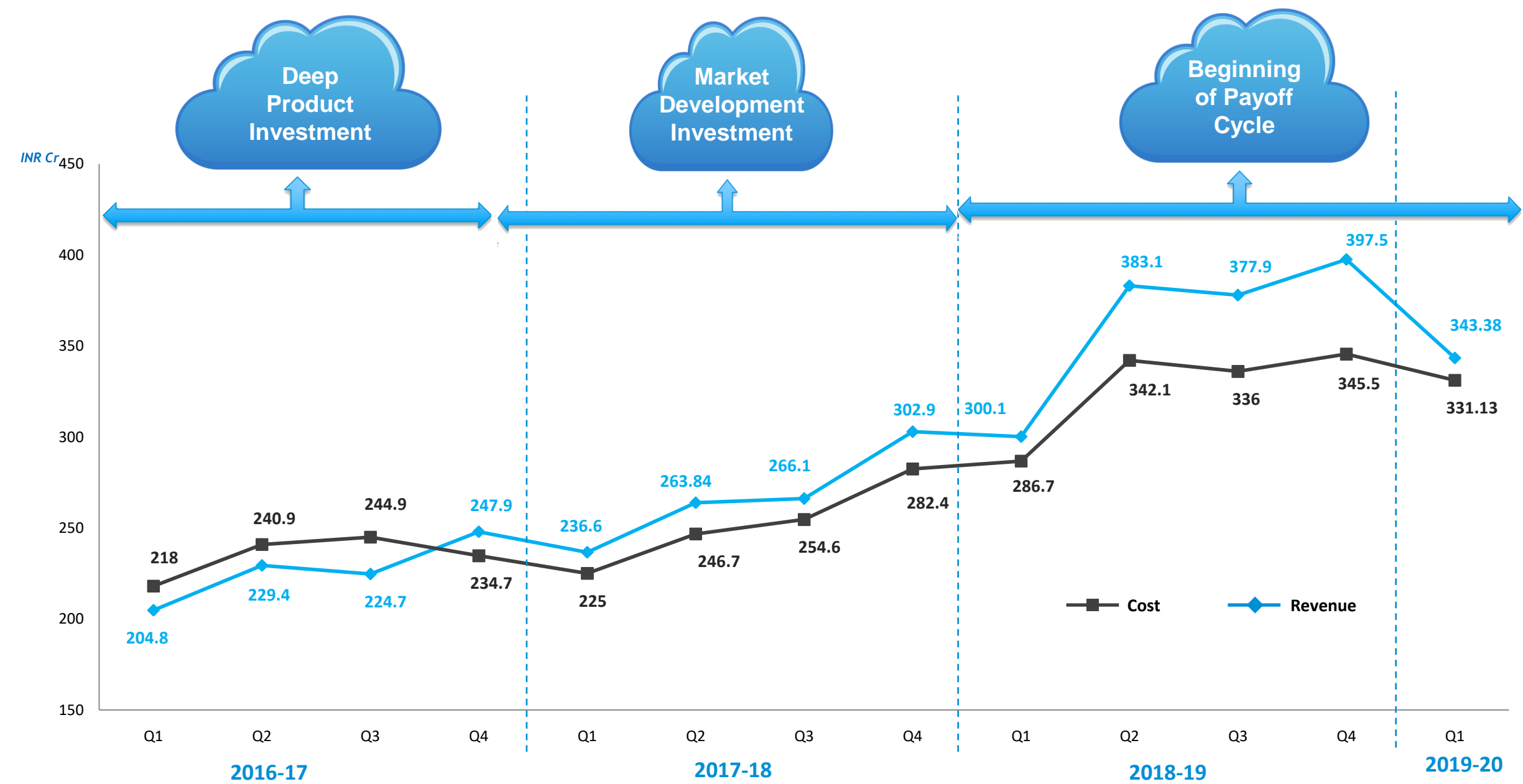
Implementations
(Go Lives)

9

CSR contribution

0.75 Cr

Total Revenue & Cost Trend

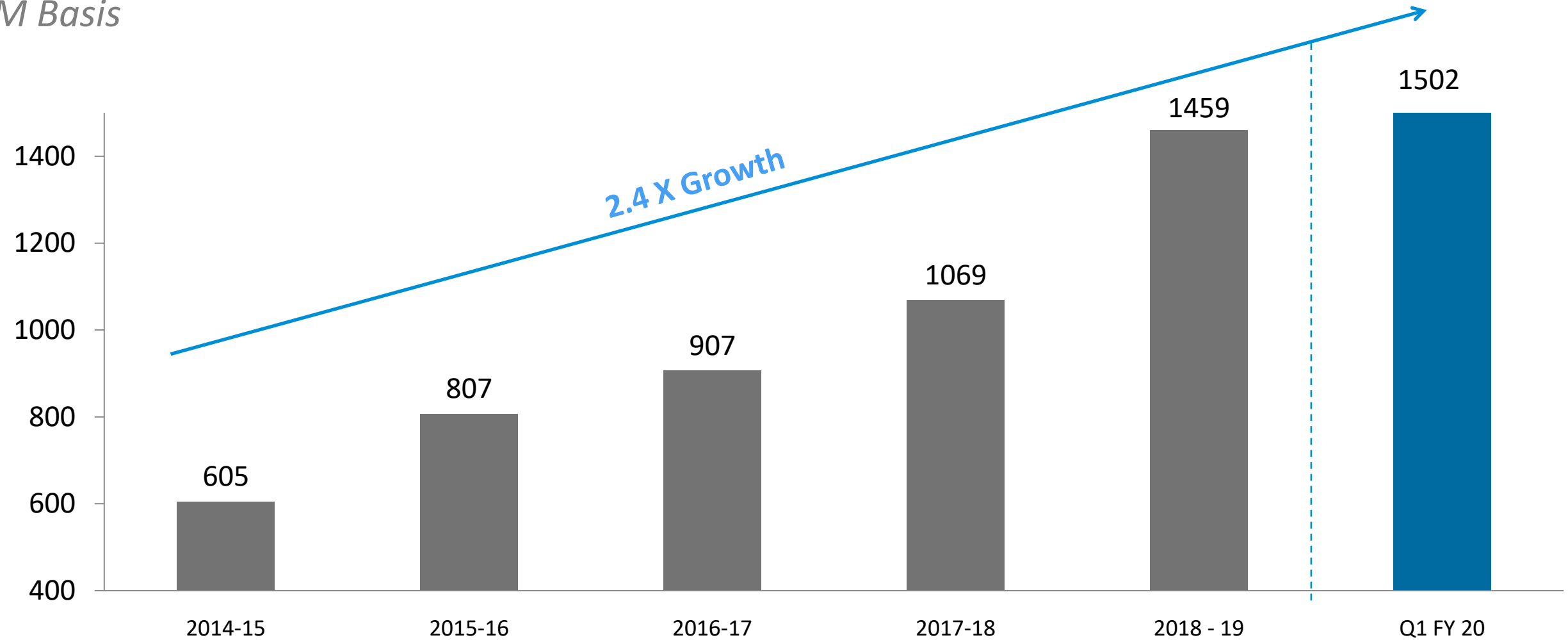


Operating Leverage Play now in evidence



REVENUE GROWTH

LTM Basis



LTM = Revenue of current quarter + last three quarters



Healthy Pipeline

Destiny Deals

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Active Pursuits – Q1FY20

- The current funnel of Intellect is around INR 3580 Cr (\$ 515 Mn), out of which INR 3275 Cr (\$ 474 Mn) is accounted by 133 opportunities
- Average deal size in Q1FY20 stands at INR 16 Cr (\$ 2.3 Mn) against INR 12.5 Cr (\$ 1.8 Mn) in Q1FY19

Destiny Deals – Q1FY20

- Average deal size of destiny deals stands at INR 41 Cr (\$ 5.9 Mn) in Q1FY20
- 41 destiny deals in Q1 FY 20 against 34 in Q1 FY 19
- Destiny deals contributes 69% of total opportunity funnel in Q1FY20 against 56% in Q1FY19

Active Pursuits

High value active pursuits

40+

- 7 pursuits are of value more than **INR 50 Cr each**
- 14 pursuits are of value between **INR 30 Cr to INR 50 Cr**
- 20 pursuits are of value between **INR 20 Cr to INR 30 Cr**

Q4 FY19 Active Pursuits	Won	Lost	Added	Q1 FY20 Active Pursuits	Remarks
6	-	-	1	7	6 deals from Q4 FY19 1 new deal added
14	1	1	2	14	1 deal Won 1 deal Lost 12 deals from Q4 FY19 2 new deals added
19	2	2	5	20	2 deals Won 2 deals Lost 15 deals from Q4 FY19 5 new deals added



Strong Order backlog

Q1 FY20

License Based

(License, AMC*, Implementation, etc.,)

INR 1128 Cr

Subscription/Cloud Based

INR 400 Cr

(GeM project)

INR 300 Cr

(Other Cloud deals)

Q4 FY19

License Based

(License, AMC*, Implementation, etc.,)

INR 1135 Cr

Subscription/Cloud Based

INR 295 Cr

(Excluding order backlog of GeM project)

Repeat revenue from existing customers stood at 88% (Q1 FY20)

Collections and DSO

Collections by GEO

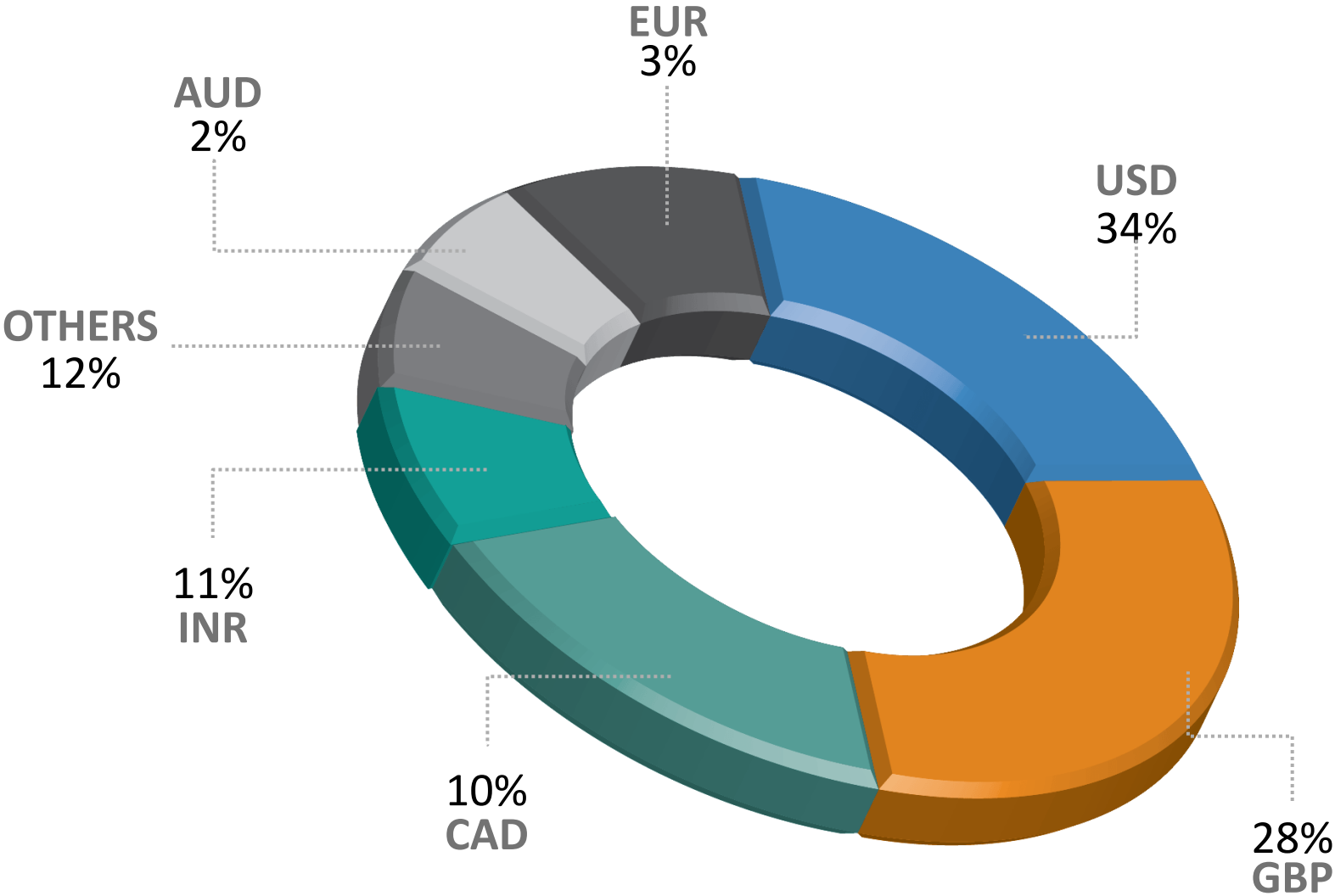
GEO	Americas	Europe	MEA	India	APAC	Total
INR (Cr)	97.78	127.96	50.24	34.47	27.75	338.19
\$Mn	14.17	18.54	7.28	4.99	4.02	49

DSO

GEO	Americas	Europe	MEA	India	APAC	Total
Billed	25	25	133	39	36	45
DSO - including Customer Advances	105	47	166	153	184	119



Currency wise Revenue Mix



Hedging Summary

FY 2019 – 20

Quarter	\$ in Mn	Avg Hedge Rate
July 2019 to Sep 2019	8.00	69.38
Oct 2019 to Dec 2019	8.00	70.00
Jan 2020 to Mar 2020	8.00	70.61

FY 2020-21

Quarter	\$ in Mn	Avg Hedge Rate
Apr 2020 to June 2020	8.00	71.21
July 2020 to Sep 2020	8.00	71.92
Oct 2020 to Dec 2020	8.00	72.65
Jan 2021 to Mar 2021	8.00	73.32



Digital Transformation Deals

CONTEXTUAL and DIGITAL is the Key Differentiator

5

Total Wins in Q1 FY20
including 2 large Digital
transformation deals

iGTB strikes a large deal win in Vietnam reiterating our market leadership in the country

Largest Banking Group in Vietnam chose iGTB for the Digital Transformation of its end-to-end transaction banking business. iGTB will help the bank to achieve its objective of becoming the largest multi-functional financial group in non-Japan Asia with true Digitalisation. This is the fifth deal win in Vietnam outbeating our competition, which reiterates our leadership in the country

Bank of Mongolia drives digital transformation vision with Intellect

Intellect will implement its award-winning Quantum Central Banking Solution. The solution is well poised to accelerate the Bank of Mongolia's digital transformation initiatives under the Payment System Modernization project funded by Asian Development Bank (ADB)



Digital Implementations

9

Total
Implementations in
Q1 FY20

Leading banking group in Austria implemented iGTB's SWIFT certified, Digital Trade Finance platform. iGTB has helped to centralise trade finance IT operations with a single instance implementation of the solution based on a single source code.

One of the top 100 Property & Casualty companies in the United States has gone 'live' with the Underwriting Workstation Platform. Implementation will help the company to achieve UW efficiency and improvements in the loss ratio for commercial lines.

Leading financial services organisation in Malaysia went 'live' with iGTB's Digital Transaction Banking (DTB). Implementation will enable the bank to build the solution that deliver seamless digital experiences across the corporate financial supply chain

Leading Saudi Arabian bank went 'live' with Phase 1 of the CBX Retail and Digital Transaction Banking. CBX Retail implementation enables the bank to simplify channel banking and fuel their Principal Bank aspirations and DTB will enable the bank to adhere to the new regulatory payment introduced by the Central Bank

Product Acceptance in Leadership Quadrant

Intellect's cutting-edge digital technologies and products have been recognized by renowned global analysts and research firms



IBS ranks Intellect no. 1 amongst top vendors worldwide in IBS Sales League Table for 2019

Intellect Design Arena ranked amongst top vendors worldwide in IBS Sales League Table for 2019.

- Ranked No. 1 for Retail Banking Systems Worldwide
- Ranked No. 2 for Payments & Cards Management (Domestic Leaders – Suppliers)
- Ranked No. 3 for Digital Banking & Channels Worldwide and
- Ranked No. 4 for Digital Banking Experience Platform (Domestic Leaders - Suppliers).



Aite Group has profiled Intellect SEEC as a "Full AI suite provider" in its report titled, "P&C underwriting: Changing the global dynamics with AI"

Aite Group, a global research and advisory firm profiled Intellect SEEC as a "Full AI suite provider". It mentions that the clients using Intellect's services see a reduction in time needed for underwriting decision-making, reduction in cost from premium data sources, reduction in time for new business case processing, and improvement in decision accuracy & consistency by using their AI and ML solutions.



Intellect has been recognized as a 'Global Pursuer' and a 'Global Player' for Combined Deals & New Named Deals in the Global Banking Platform Deals Survey 2019

Forrester acknowledged Intellect Design Arena as a 'Global Pursuer' for new named deals and a 'Global Player' for combined deals in the Global Banking Platform Deals Survey 2019 by Forrester Research, Inc.



Novarica recognized Intellect SEEC for the Novarica Impact award at its report titled "Research Council Study- Insurance Technology Case study compendium 2019"

The Novarica Research Council Impact Awards has recognized Intellect SEEC for the Novarica Impact award in IT Digital Innovation practices (IT Practice or Infrastructure). The report features Intellect's Underwriting workbench platform hosted on AWS that leverages multiple AWS capabilities for companies like Amerisure and StarStone.



iGTB rated as LEADER in the space of "AI in the UI" in the Celent report titled 'AI in the UI: Leaders Differentiate Themselves - Vendor spectrum - Corporate Banking Edition'

AI based UI Development (AI-UI) Artificial Intelligence (AI) is currently one of the most popular topics in the industry with seemingly endless applications in everything. iGTB has been rated as LEADER in the space of "AI in the UI" at the Celent report titled 'AI in the UI: Leaders Differentiate Themselves - Vendor spectrum - Corporate Banking Edition'.

Financial Results for the First Quarter FY20 Ended June 30, 2019



Additional Information on function wise classification of statement of Profit and Loss of the Group (Consolidated Unaudited / Not Reviewed)

Rs. In Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	June 30, 2019 (Q1 FY 20)	June 30, 2018 (Q1 FY 19)	March 31, 2019 (Q4 FY 19)	March 31, 2019 (FY19)
INCOME				
Income from software product license and related services	34,338.13	30,013.41	39,758.20	1,45,873.25
EXPENDITURE				
Software development expenses	18,158.79	15,942.01	19,033.85	73,717.60
Gross Margin	16,179.34	14,071.40	20,724.35	72,155.65
Gross Margin %	47.12%	46.88%	52.13%	49.46%
Selling and marketing & General and administrative expenses	11,403.73	10,382.39	12,099.31	45,526.46
Research & Engineering expenses	3,355.13	2,145.43	3,192.44	10,039.81
Provision for Debts and Write offs	195.00	195.00	219.48	1,739.16
Total Expenditure	33,112.65	28,664.83	34,545.08	1,31,023.03
EBITDA	1,225.48	1,348.58	5,213.12	14,850.22
Depreciation/Amortisation	(1,654.46)	(842.87)	(1,147.25)	(4,155.71)
Hedge Impact	(58.82)	(128.18)	(196.00)	(916.32)
Finance Charges	(393.87)	(307.86)	(270.71)	(1,144.25)
Other Income (including Treasury)	1,507.66	4,166.09	566.44	6,270.56
Reinstatement of Receivables / Liabilities	23.32	93.14	(305.06)	(1,180.31)
Minority Interest/ Share of profit/(loss) of Associate Companies	(282.97)	(27.93)	611.13	305.03
Profit / (Loss) before tax	366.34	4,300.98	4,471.66	14,029.21
Provision for taxation	27.22	(51.47)	173.83	894.70
Profit / (Loss) after tax	339.12	4,352.45	4,297.83	13,134.51

Management Observations



Arun Jain
Chairman &
Managing Director

“**Arun Jain**, Chairman and Managing Director, Intellect Design Arena Limited said, “Our focus on high quality opportunities is yielding results. We have a funnel of around USD 500 million, which we feel is the right size to provide focus for closure. In this quarter iGCB is also gaining traction on revenues in line with iGTB. We are also seeing very high acceptance of Xponent in the US market but these being cloud deals, the revenues are tail ended. Based on current pipeline and visibility, we are on track to achieving around 20% YoY growth.”



Venkateswarlu Saranu
Chief Financial Officer

“**Venkateswarlu Saranu**, Chief Financial Officer, Intellect Design Arena Limited said, “We are in line with our cost management and operating cash flow plans. With the maturity of products, we have started the process of de-layering and off-shoring design talent from US and Canada to India. With this initiative we have been able to contain costs better in the quarter. ”

