

# SPOTLIGHT

THE MAKING OF A GLOBAL FINTECH PRODUCT COMPANY OUT OF INDIA

Q4 and Annual Results FY 18 ending 31<sup>st</sup> March 2018  
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.



# Global FinTech Leader for BFSI



LED BY INDEPENDENT LEADERSHIP TEAMS

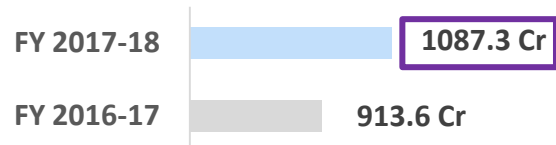
# Intellect Strategy



# FY 18 – Calibrated Growth Yielding Predictability

FY 18 - TOTAL REVENUE (INR)

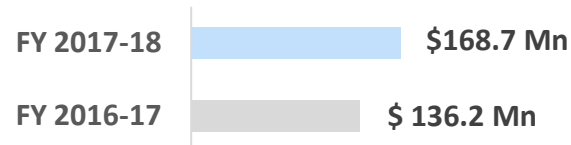
**1087.3 Cr** ↑



Revenue grew by 19%

FY 18 – TOTAL REVENUE (US \$)

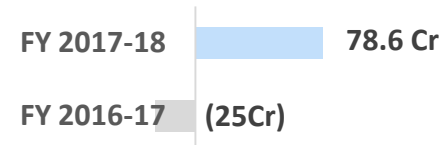
**\$168.7 Mn** ↑



Revenue grew by 24%.

EBITDA

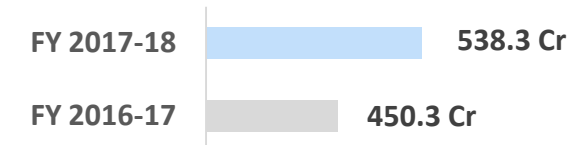
**78.6 Cr** ↑



Strong EBITDA Growth of 103 Cr during the year

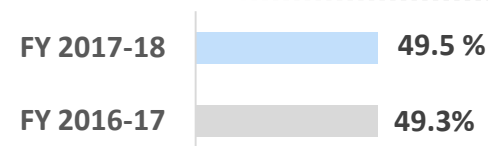
GROSS MARGIN (INR)

**538.3 Cr** ↑



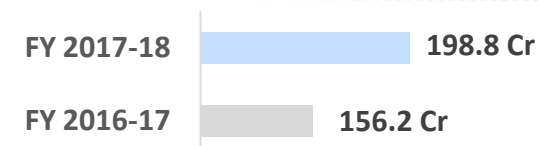
GROSS MARGIN % (INR)

**50 %**



LICENSE (INR)

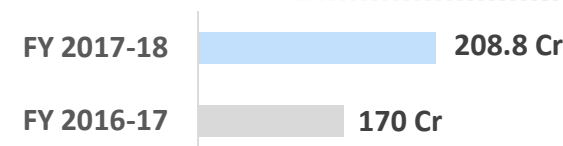
**198.8 Cr** ↑



Registered 27% Growth

AMC (INR)

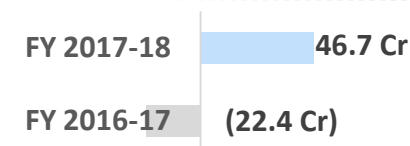
**208.8 Cr** ↑



Registered 23% Growth

PAT (INR)

**46.72 Cr** ↑



Cash and Cash  
Equivalent (INR)  
(As on 31<sup>st</sup> March 2018)

**169.5 Cr**

Total Debt including  
term loan (INR)  
(As on 31<sup>st</sup> March 2018)

**159 Cr**

Collections for  
FY 18 (INR)

**1111Cr**

Deal Wins in FY18

**50**

Avg. license value per deal is  
INR 3.8Cr

Large Digital  
Transformation  
Deal Wins

**12**

Implementations  
(Go Lives) in FY18

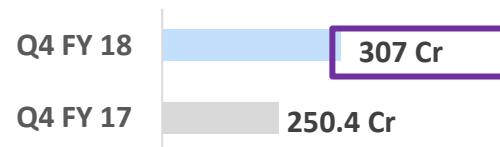
**53**

# Q4 FY 18 – Crossed 300 Cr Revenue in Q4 FY 18



Q4 FY 18 REVENUE (INR)

**307 Cr** ↑



Revenue grew by 23% YoY

Q4 FY 18 REVENUE (US \$)

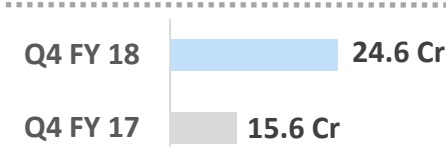
**\$47.7 Mn** ↑



Revenue Grew by 28% YoY

EBITDA

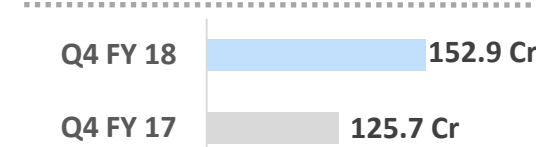
**24.6 Cr** ↑



Grew by 57% YoY

GROSS MARGIN (INR)

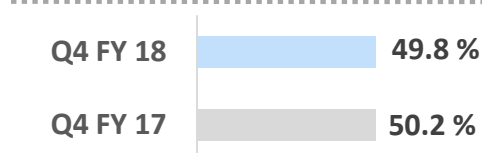
**152.9 Cr** ↑



Grew by 22% YoY

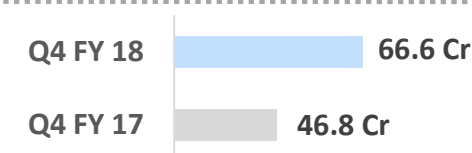
GROSS MARGIN % (INR)

**50 %**



LICENSE (INR)

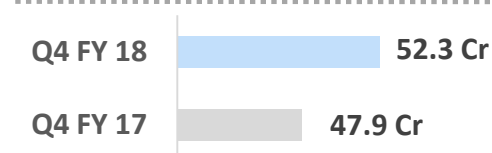
**66.6 Cr** ↑



Registered 42.3% Growth

AMC (INR)

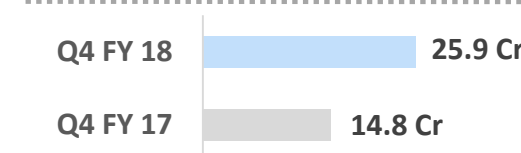
**52.3 Cr** ↑



Registered 23% Growth

PAT (INR)

**25.9 Cr** ↑



Collections for  
Q4 FY 18 (INR)

**302.7 Cr**

Net DSO (including  
Customer advances)

**122 Days**

Investment in Product  
Development  
(Capitalised)

**28.3 Cr**

Deal Wins in Q4 FY18

**11**

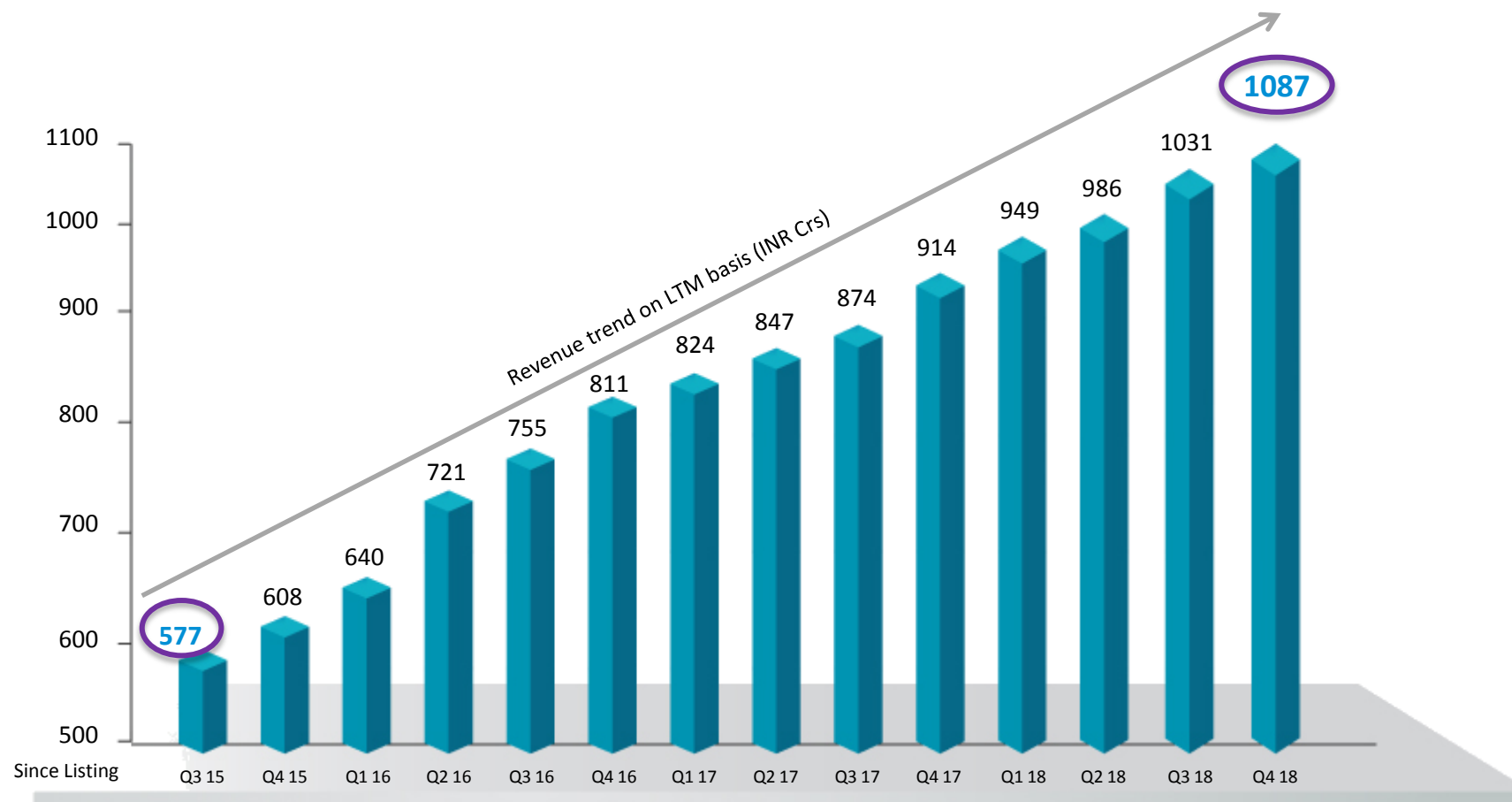
Large Digital  
Transformation Deal  
Wins in Q4 FY 18

**4**

Implementations  
(Go Lives) in Q4 FY18

**13**





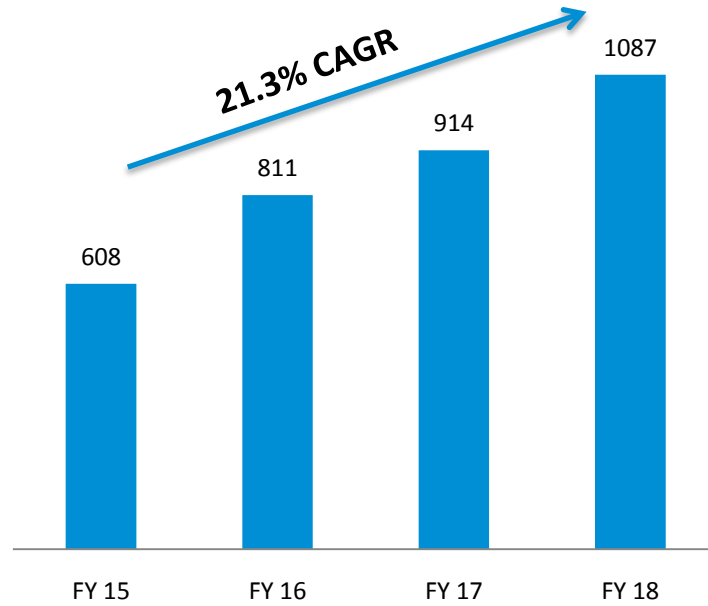
1  
Calibrated  
Growth Yielding  
Predictability

REVENUE GROWTH IN  
THE LAST 14 QUARTERS

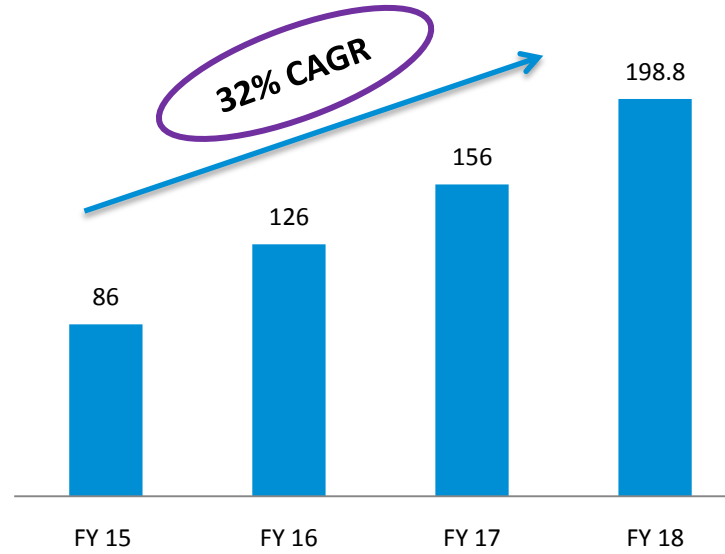
LTM = Revenue of current quarter + last three quarters



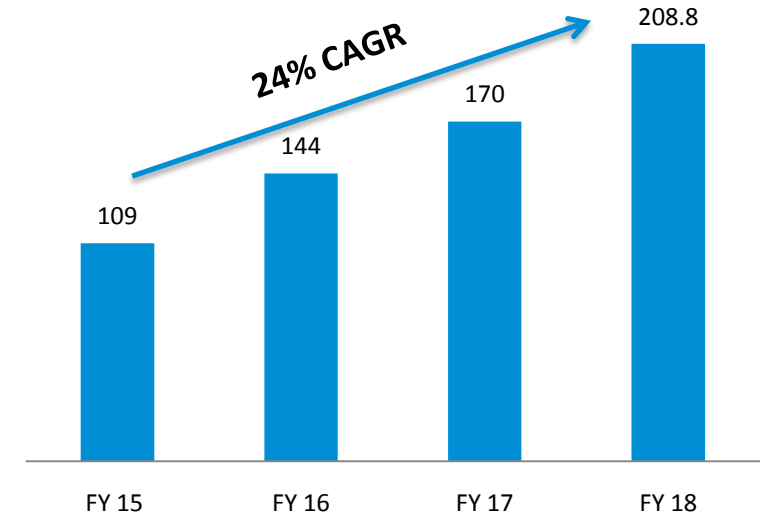
### Revenue (in INR)



### License Revenue



### AMC Revenue



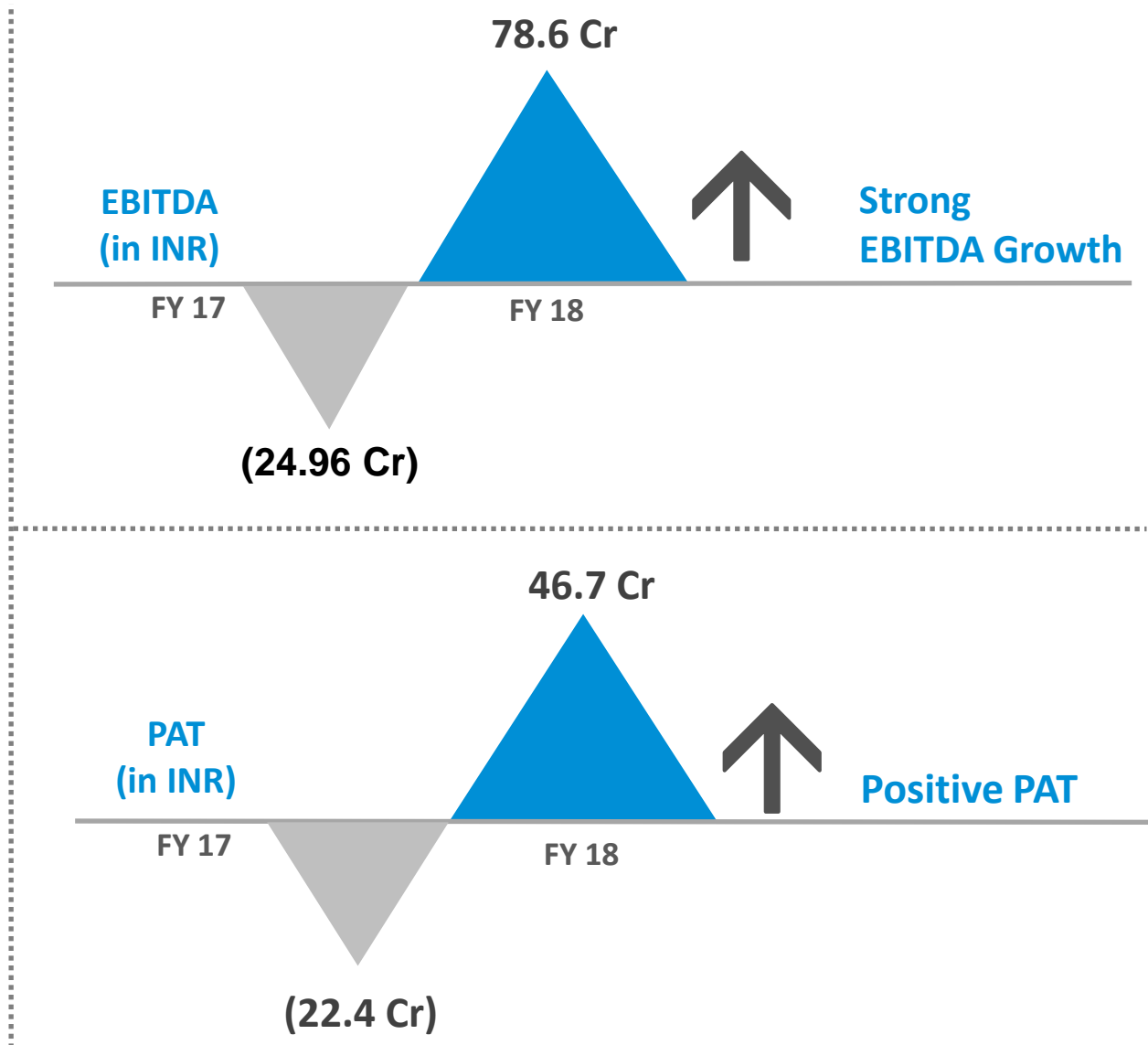
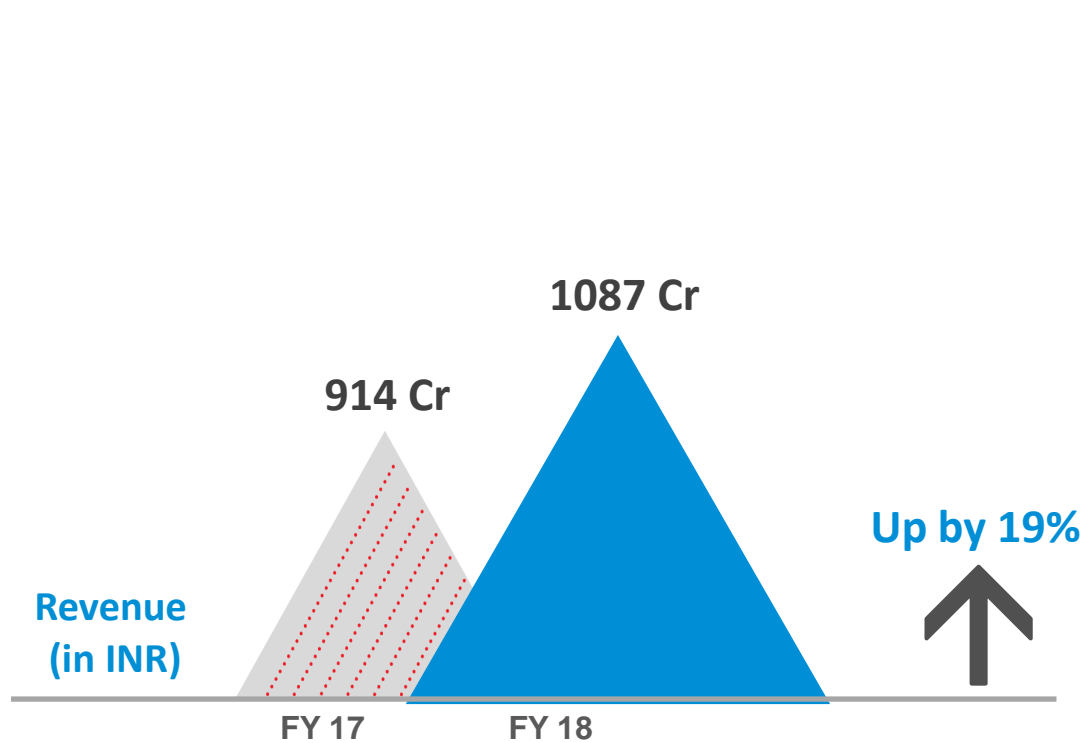
1

Calibrated  
Growth Yielding  
Predictability

CONSISTENT GROWTH



# Strong EBITDA Growth and Net Profit Positive





# Collections continuing to be Robust

Collections for Q4 FY 2018 stood at

**INR 302.7 Cr**

In \$ terms, Collections for  
Q4FY18 stood at \$ 45.87 Mn

Net DSO Days



Q4 FY17



Q4 FY18



Q4 FY 18 Revenue Stood at Rs.306.97 Cr  
In dollar terms, Q4 FY18 revenue stood at \$47. 71Mn

# Financial Results for the Fourth Quarter FY18 Ended March 31, 2018



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	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>INCOME</b>				
<b>Revenue from Operations</b>	<b>30,697.32</b>	<b>25,035.15</b>	<b>108,729.07</b>	<b>91,357.50</b>
<b>EXPENDITURE</b>				
Software development expenses	15,410.30	12,465.39	54,898.30	46,326.00
<b>Gross Margin</b>	<b>15,287.02</b>	<b>12,569.76</b>	<b>53,830.77</b>	<b>45,031.50</b>
<b>Gross Margin %</b>	<b>49.80%</b>	<b>50.21%</b>	<b>49.51%</b>	<b>49.29%</b>
Selling & marketing and General & Administrative expenses	10,404.98	8,559.52	37,662.45	39,102.94
Research & Engineering expenses	1,947.51	1,673.69	7,244.46	7,192.08
Provision for Debts and Write offs	475.48	772.14	1,060.48	1,233.16
<b>Total Expenditure</b>	<b>28,238.27</b>	<b>23,470.74</b>	<b>100,865.69</b>	<b>93,854.18</b>
<b>EBITDA</b>	<b>2,459.05</b>	<b>1,564.41</b>	<b>7,863.38</b>	<b>(2,496.68)</b>
Depreciation/Amortisation	819.63	600.58	2,653.49	2,413.99
Finance Charges	261.62	402.50	1,382.62	1,130.24
<b>Profits / (Loss) before other income / minority interest</b>	<b>1,377.80</b>	<b>561.33</b>	<b>3,827.26</b>	<b>(6,040.91)</b>
Other Income including exceptional items	935.32	177.98	2,042.65	3,429.72
Minority Interest/ Share of profit/(loss ) of Associate Companies	319.67	31.98	(494.29)	656.24
<b>Profit / (Loss) before tax</b>	<b>2,632.79</b>	<b>771.28</b>	<b>5,375.62</b>	<b>(1,954.95)</b>
Provision for taxation	45.62	705.87	702.98	283.63
<b>Profit / (Loss) after tax</b>	<b>2,587.17</b>	<b>1,477.15</b>	<b>4,672.64</b>	<b>(2,238.58)</b>

# 4 Large Digital Transformation Deal Wins

## Breakthrough in Europe for Digital Core Offering

One of the leading and private banks operating in the United Kingdom has chosen Intellect Digital Core (IDC 17.1)

## Major win in Asia Region with higher License Revenue

One of the leading commercial banks in Vietnam has chosen Intellect iGTB for their Digital Transformation initiatives.

## iGTB emerged as a partner of choice and acquired a new customer in US

One of the leading regional banks in the US headquartered in Cincinnati has chosen iGTB as its technology partner to implement a comprehensive Digital Liquidity Management platform

## A Green field Bank in Africa chose Integrated Trade, Core, Treasury and CBX from Intellect

One of the newly licensed merchant banks in Africa with a focus on wholesale and investment banking has chosen Intellect Digital Core, Trade, Treasury and CBX offerings from Intellect

# 11

Total Wins in Q4 FY2018 including 4 large Digital transformation deals

# 2

Product Acceptance &  
Large Digital  
Transformation  
Deal Wins



Active Pursuits

**32**

The current funnel (Active Pursuits) of Intellect is around \$ 521 mn, out of which \$425 mn is accounted by 143 opportunities.

## 32 high value active pursuits

- 6 pursuits are of value more than **INR 50 Cr. each**
- 9 pursuits are of value between **INR 30 Cr - INR 50 Cr. each**
- 17 pursuits are of value between **INR 20 Cr - INR 30 Cr. each**

2

Product Acceptance &  
Large Digital  
Transformation  
Deal Wins

HEALTHY PIPELINE



	Q3 FY 18 Active Pursuits	Won	Lost	Deferred	Added	Q4 FY 18 Active Pursuits	Remarks
> 50 Cr	6	2 Wins (Moved from 30 Cr - 50 Cr)				6 (6 deals from Q3 FY18)	2 Wins - From 30 - 50 Cr 6 deals from Q3 FY 18
30 Cr - 50 Cr	8		1		4	9 (4 deals from Q3 FY18; 5 New deals; 1 deal moved from 10 - 20 Cr)	1 deal lost 2 deal moved to >50 Cr 1 deal size decreased to 6 Cr 4 deals from Q3 FY 18 + 4 New Deals added + 1 deal from 20 - 30 Cr
20 Cr - 30 Cr	14	1 Win			6	17 (9 deals from Q3 FY18; 8 New deals)	1 deal win 1 deal moved to 30 - 50 Cr 1 deal size decreased to 13 Cr 11 deals from Q3 FY18 + 6 new deals added

2

Product Acceptance &  
Large Digital  
Transformation  
Deal Wins

HEALTHY PIPELINE



# Strong Order backlog

## License Based

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

# INR 890 Cr

## Subscription Based

# INR 150 Cr

(Excluding order backlog of GeM project)

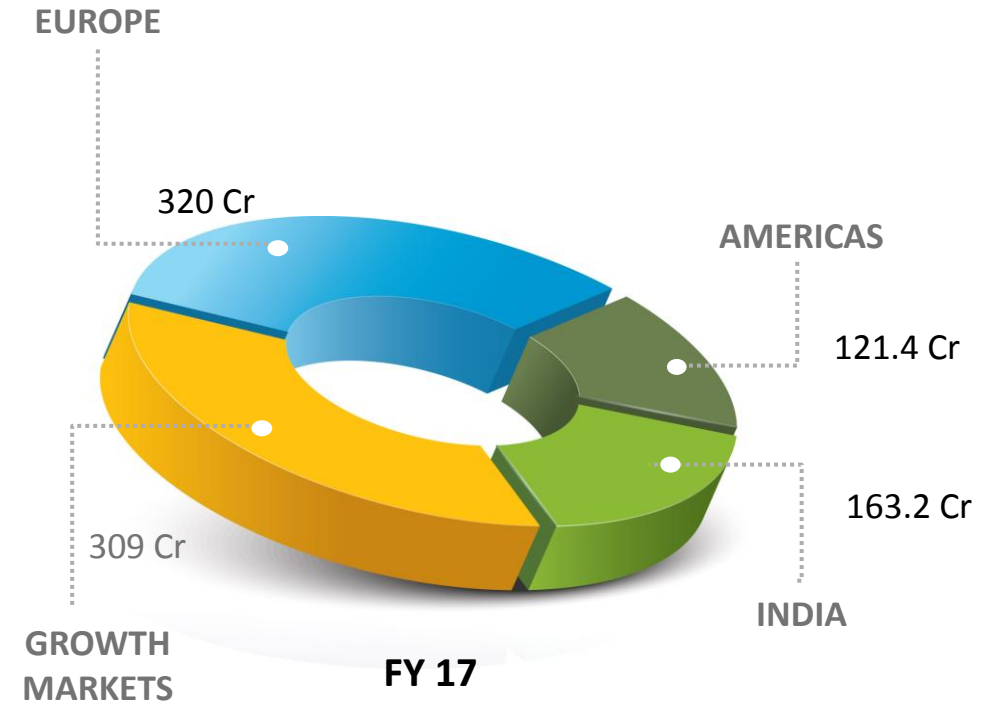
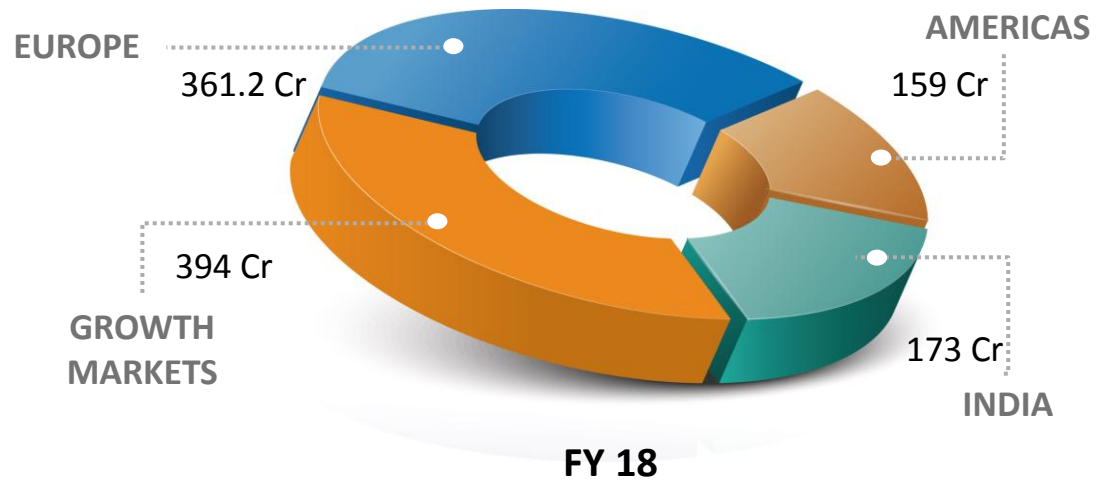
# 2

Product Acceptance &  
Large Digital  
Transformation  
Deal Wins

\*AMC considered for the next 12 months

As on 31<sup>st</sup> March 2018





3  
Enhanced  
Footprint across  
Geographies

## AMERICAS US \$ REVENUE

### UP BY 36% YoY

29 Customers Rely on Intellect in Americas

**US \$ 24.7 Mn**

**FY 18 Americas Revenue**

FY 18 Americas Revenue up by 36% as against FY 17 Revenue - \$18.1 Mn

**INR 159 Cr**

**FY 18 Americas Revenue**

FY 18 Revenue up by 31% as against FY 17 Revenue – INR 121.4 Cr

## EUROPE US \$ REVENUE

### UP BY 18% YoY

27 Customers Rely on Intellect in Europe

**US \$ 56 Mn**

**FY 18 Europe Revenue**

FY 18 Europe Revenue up by 18% as against FY 17 Revenue - \$47.7 Mn

**INR 361.2 Cr**

**FY 18 Europe Revenue**

FY 18 Europe Revenue up by 13% as against FY 17 Revenue – INR 320 Cr

## INDIA REVENUE

### SUSTAINED IN YoY

97 Customers Rely on Intellect in India

**US \$ 26.9 Mn**

**FY 18 India Revenue**

FY 18 India Revenue up by 10% as against FY 17 Revenue - \$24 Mn

**INR 173 Cr**

**FY 18 India Revenue**

FY 18 India Revenue up by 6% as against FY 17 Revenue – INR 163 Cr

## GROWTH MARKETS

### REVENUE UP BY 33% YoY

123 Customers Rely on Intellect in Growth Markets

**US \$ 61.1 Mn**

**FY 18 Growth Markets Revenue**

FY 18 Growth Markets Revenue up by 33% as against FY 17 Revenue - \$46 Mn

**INR 394 Cr**

**FY 18 Growth Markets Revenue**

Q4 FY 18 Growth Markets Revenue up by 28% as against Q4 FY 17 Revenue – 309 Cr



# iGTB

## # 1 Partner of Choice for Digital Transaction Banking Transformation Programs



IBSintelligence



Ranked

**#1**

Retail Banking  
Systems  
**Intellect Digital Core**

Payment Systems  
**Intellect Payments**

Ranked

**#2**

Lending Systems  
**Intellect Digital  
Lending**

Ranked

**#3**

Digital Banking &  
Channels  
**Intellect Digital  
Banking Experience  
Platform**

Ranked

**#4**

Investment Fund  
Management  
System  
**Intellect OneMarkets**

IBS ANNUAL SALES LEAGUE TABLE 2018



# MANAGEMENT OBSERVATIONS

Looking back with satisfaction & looking forward with confidence

# Intellect 1.0: Design elements that augmented the Growth story



## WHAT WORKED WELL

- 4 Lines of Business Design with individual Leadership teams that focused on each Vertical of Banking/ Insurance
- Right Sales and Marketing investments even upto 45% of revenue in 2015 – 2017 since it was fundamental to Business success.
- Best in class FinTech products catering to Global Markets.
- Building brand in all 4 markets leading to global opportunity exploitation. Growth from all 4 markets - Asia Pacific, India, Middle East Africa, Europe and Americas.
- Investments in Building **‘Agenda setting’** thinking and organisation culture much different from ‘order taking’ thinking of Service Industry. Very early investments of Design Thinking paying off.

## WHAT DID NOT WORK WELL

- Weaker focus on Collection resulting in much higher DSOs during 2016-17, resulting in pressure on cash flows.
- Not able to meet our guidance in 2016-17 because of 2 global events - Brexit and US elections that delayed Business decisions with several of our Customers
- Too many products for Sales team to carry. Subsequently Go-To-Market (GTM) consolidated under 14 key products offering instead of earlier 22

# Focus Areas for Intellect 2.0



- Just 2 focus areas : **Industrialisation and Monetisation.**
- Industrialisation means Industrialise the products, Industrialise the Implementation process and industrialise the sales process. In Design Thinking vocabulary, this amounts to converting Mystery to Heuristics and progressively to Algorithm - which when executed repeatedly guarantees success
- Monetise means improving license pricing, increasing cross sell/Up sell on our rich customer base, increase market share with focused countries.
- Ride the Digital and AI Wave of banking technology infrastructure with intellect NextGen product suite.
- Delete all hobbies

## Tail Winds for Intellect 2.0

- Demonstrable track record of CAGR of over 20% growth
- Very healthy Deal Pipeline of \$ 521 Mn with license components of the deals above \$ 250 Mn.
- Financial Industry have budgets to spend to modernise the their infrastructure to Digital.

**NOTE: Consequent to introduction of Ind AS 115 effective 1<sup>st</sup> April 2018, Intellect is evaluating possible impact on revenue recognition**





# APPENDIX



# **DIVISIONAL COMMENTARY**

(ORDER WINS AND IMPLEMENTATIONS FOR Q4 FY 2018)



## 4 Large Digital Transformational deal wins

- **Breakthrough deal win in Europe for Intellect Digital Core (IDC 17.1) Offering:** A large, private European bank with specialised services to customers with a unique branchless banking model has chosen Intellect Digital Core (IDC 17.1) for its banking operations. The bank wanted to modernise its technology architecture and had chosen Intellect Digital Core (IDC 17.1) for powering its digital transformation. IDC 17.1 with its new open banking architecture is enabling the bank to adapt to Open Bank regulations along with PSD2 compliance. It is also enabling the bank to offer digital solutions to not just customers but also their financial advisors who form the backbone of their business model. IDC17.1 will enable the UK based bank to reduce account opening lead times from 4 days to just 15 minutes.
- **Major win in Asia Region with higher License Revenue for iGTB:** One of the leading commercial banks in Vietnam with a sustainable financial foundation and outstanding product-service portfolio has chosen Intellect to offer Digital, Payments, Liquidity, Collections, Supply Chain Finance and Trade for its banking operations. The strategic intent and purpose of the project is to position the Bank ahead of its competitors, adapt rapidly to the changes of technologies in future and Optimize/Reduce Cost of the Bank's operation. A new customer interaction platform for delivery of marketing and promotional campaigns and initiatives has been planned.
- **iGTB emerged as a partner of choice and acquired a new customer in US to implement a comprehensive Digital Liquidity Management platform:** A leading regional bank in the US headquartered in Cincinnati has chosen CBX, Liquidity and Cash. Intellect CBX installation and implementation will offer Cash Concentration, Account Services and Cash Position view. Intellect LMS will come integrated with the solution to perform Cash concentration execution and EOD batch run. Cash position module to offer centralized view across accounts associated with a customer; show consolidated position on a selected currency; allow customer to download cash position in BAI2 format; show positions on Loans and Investments. Cash concentration will allow end customer to create sweep structure and will adhere to rules on selection of Accounts for transfer. Intellect will also offer Cash flow forecasting to the bank.
- **A Green field Bank in Africa chose Integrated Trade, Core, Treasury and CBX from Intellect:** One of the newly licensed merchant banks in Africa with a focus on wholesale and investment banking has chosen integrated Trade, Digital Core, Treasury and CBX from Intellect. The Bank believes that its customers are at the heart of everything they do and they needed a core banking solution to enable insight-data driven approach to offer new perspectives to enable them win in the marketplace. The bank uses IDC 17.1 to offer services like Client Management, Product Management, CASA, General Ledger, Budget, Clearing, Remittance, Loans, Deposits, Trade finance and Treasury to its customers.

# Other Significant deal wins

- One of the Big Five banks in Canada headquartered in Ontario has chosen Intellect Remittance Repository. The Intellect Remittance Repository is a key foundational concept for payment modernization, and is conceptualized as an API-based centralized repository to store remittance information for all payment schemes that either carry remittance data along with the payment, or, is sent separately as a standalone remittance.
- One of the leading banks in Middle East has decided to embark on a digital transformation journey with the implementation of Intellect Digital Face. Digital Face will provide cutting edge digital solution to the bank's demand of offering self assisted channels Internet and Mobile banking and tablet banking to assist their branch banking requirements.
- A leading financial services provider in the Sultanate of Oman with a strong presence in corporate banking, retail banking, investment banking, treasury, private banking and asset management has selected Intellect Digital Transaction Banking. The Bank has decided to evaluate implementing an additional Transaction Banking front-end layer along with mid-office modules for Liquidity, Collections & Receivables, Supply Chain Finance and Trade Finance.
- A leading financial services company in India has chosen Intellect Custody, a core offering for their securities services division. Intellect Custody, is a high throughput solution designed to seamlessly fit into the client's technology landscape, supporting wide range of asset classes, catering to the entire Corporate Actions cycle, with rule based flexible fee & billing engine and seamless integration with third party systems.



# Reliable Implementations

Intellect went live in 13 projects across the world during this quarter. The significant implementations in Q4 FY 18 include:

- One of the four major banking organizations in Australia and one of the largest banks in New Zealand, went live with Intellect's ITTR (Integrated Treasury, Trade Finance and Retail FX) at Fiji. The Intellect ITTR solution is a modular, SOA enabled, web-based, platform-independent, and built on the latest J2EE technology using MVC Architecture.
- One of the top 5 Global Banks in North America went live with Intellect OneTREASURY's front and mid office solution for Money Markets and Fixed Income. OneTREASURY, brings together 16 legal entities of this global bank (New York and Canada) on a single platform, covering cash flows of USD 270 Billion+ across 10 currencies.
- The third largest bank by market capitalisation in Australia went live with the upgraded version of Liquidity Management 16.1. The Bank upgraded to the new version to address multiple issues. With the older version having few limitations like allowing limited number of participants to be added in a pool (100), the new version allows adding 1000+ participants to address the required growth.
- A UK-based wealth management business has gone live with a Legacy Infrastructure Upgrade from Intellect SEEC. Major change to infrastructure for Platform Illustrations and CFR were made.
- United Bank of India went live with Intellect Digital Credit Card Management System comprising of Intellect Digital Cards and Intellect Digital Origination. This marks Intellect's first end-to-end business solution deal, handling Technological Infrastructure, Operations, Product Implementation and Management, and Marketing for the bank. The rapid implementation was completed in just three months including network (RuPay Certification) increasing United Bank of India's speed to market.
- LIC of India went live with multiple upgrades to its Customer Portal of Intellect SEEC's Distribution and Service Suite. Additional features for Customer portal app released include Customer dashboard, alerts, notifications; along with Agent and Sale Apps released in Web for limited users.

