

INTELLECT DESIGN ARENA LIMITED

GLOBAL FINTECH PRODUCT COMPANY



Q3 FY19 Results ending 31st December, 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.



Executive Summary Q3 FY 19

E1: Revenue

- Total Revenue for Q3 FY19 **grew by 42% Y-o-Y to INR 377.94 Cr** against INR 266.14 Cr in the same quarter last year
- In \$ terms, Q3 FY19 Revenue **grew by 28% Y-o-Y to US \$ 52.43 Mn** against US \$ 41.12 Mn in the same quarter last year
- YTD FY19 (9 months) revenue registered **38% growth to INR 1061.15 Cr** against INR 766.59 Cr in YTD FY18
- Revenue at constant currency for three quarters of FY 19 :
 - Q1FY19 - \$45.36 Mn
 - Q2FY19 - \$56.61 Mn
 - Q3FY19 - \$55 Mn

E2: License Revenue

- Q3FY19 License Revenue **registered 68% growth Y-o-Y to INR 88.04 Cr** against INR 52.5 Cr in the same quarter last year. AMC revenue stood at INR 58.77 Cr in Q3 FY 19
- In \$ terms, Q3 FY19 License revenue **registered 51% growth YoY to \$12.21 Mn** against \$8.11 Mn in the same quarter last year
- YTD FY19 License revenue **registered 79% growth to INR 250.21Cr** against INR 139.56 Cr in YTD FY18



Executive Summary Q3 FY 19

E3: Gross Margin, EBITDA and PAT

- Gross Margin stood at INR 183.24 Cr in Q3 FY19 against INR 128.99 Cr in the same quarter last year
- EBITDA stood at INR 41.91 Cr registering 263% growth for Q3 FY19 against INR 11.55 Cr in the same quarter last year.
- YTD FY19 EBITDA stood at INR 96.37 Cr registering 139% growth against INR 40.32 Cr in the corresponding period last year
- PAT stood at INR 13.38 Cr in Q3 FY19 registering 10% growth against INR 12.16 Cr in Q3 FY18
- YTD FY 19 PAT stood at INR 88.37 Cr registering 323% growth against INR 20.85 Cr in the corresponding period last year
- Stable operating performance
- Reinstatement of receivables stood at INR -14.75 Cr (loss)
- Hedge impact (realised) of INR - 3.21 Cr (loss)
- CSR Contribution of INR 1.52 Cr

E4: Cloud Subscription Revenue

- Q3 FY 19 Cloud Revenue stood at INR 20.16 Cr which crosses 5% of Total Revenue
- Two deals won in Cloud have no revenue impact in this quarter
- Total Order backlog for Subscription/Cloud based revenue stood at INR 280 Cr as of Q3 FY 19
- Four Services on Subscription/Cloud
 - SS1 - Digital Cards - 4 Customers
 - SS2 - Digital Core - 7 Customers
 - SS3 - Exponent/ Risk Analyst from Intellect SEEC – 6 Customers
 - SS4 - iGOV Business - Government eMarketplace (GEM) - 1 Customer
- Four Subscription Models
 - SM 1 - Term License + Implementation Fee
 - SM 2 - Product Deployment without Infrastructure Cost
 - SM 3 - End-to-end Deployment with Infrastructure cost
 - SM 4 - Shared Cloud



Executive Summary Q3 FY 19

E5: iGTB Contributes 45% in Total Revenue

- iGTB Revenue stood at 167 Cr in Q3 FY 19 which contributes 45% of Total Revenue
- Gross Margin of iGTB stood at 58.6%
- iGTB recorded 66% of its YTD revenue (9 months) from Advanced Markets

E6: Collections and Investment in Product Development (Capitalised)

- Collections for Q3 FY19 stood at INR 376.05 Cr
- Investment in Product Development (Capitalised) stood at INR 28.27 Cr

E7: Digital led wins

- Q3 FY19 recorded 12 Digital led wins including 4 large Digital Transformation deals
 - iGTB strikes a multi-million deal win from the Largest Banking Group in UAE for the Digital banking business
 - iGTB's Digital Banking suite to empower a large bank in Bahrain and Kuwait to become their clients' principal banker with digital transformation
 - An award winning Bank in Kenya chose Intellect for the Digitisation of its end-to-end Corporate Banking Offerings and Retail Banking Interfaces
 - Leading Public Sector Enterprise in India chose Intellect Digital Lending platform to centralize operations and drive high operational efficiency

E8: Implementations

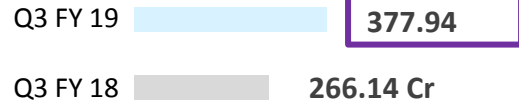
- Intellect went live in 15 financial institutions across the world during this quarter



Q3 FY 19 – Registering 42% growth YoY

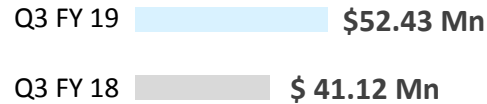
Q3 FY 19 REVENUE (INR)

377.94 Cr ↑ 42%



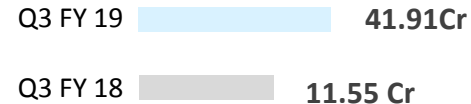
Q3 FY 19 REVENUE (US \$)

\$52.43 Mn ↑ 28%



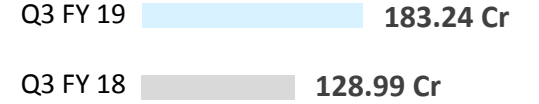
EBITDA (INR)

41.91 Cr ↑ 263%



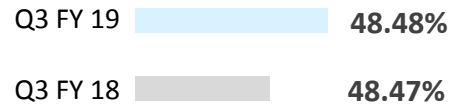
GROSS MARGIN (INR)

183.24 Cr ↑ 42%



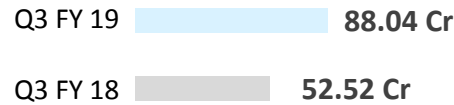
GROSS MARGIN % (INR)

48.48%



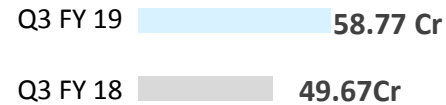
LICENSE (INR)

88.04 Cr ↑ 68%



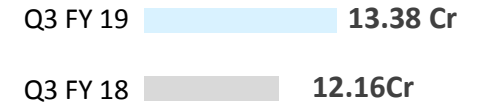
AMC (INR)

58.77 Cr ↑ 18%



PAT (INR)

13.38 Cr ↑ 10%



Collections for Q3 FY 19 (INR)

376.05 Cr

Net DSO (including Customer advances)

115 Days

Investment in Product Development (Capitalised)

28.27 Cr

Deal Wins in Q3 FY19

12

Large Deal Wins

4

Implementations (Go Lives)

15

CSR contributions

1.52 Cr

Financial Results for the Third Quarter FY19 Ended December 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 TO DATE		YEAR ENDED
	December 31, 2018 (Q3 FY 19)	September 30, 2018 (Q2 FY19)	December 31, 2017 (Q3 FY 18)	December 31, 2018 (YTD FY 19)	December 31, 2017 (YTD FY 18)	March 31, 2018 (FY18)
INCOME						
Income from software product license and related services	37,793.74	38,307.90	26,614.35	1,06,115.05	76,659.01	1,06,947.92
EXPENDITURE						
Software development expenses	19,469.88	19,271.86	13,714.38	54,683.75	39,488.02	54,898.30
Gross Margin	18,323.86	19,036.04	12,899.97	51,431.30	37,170.99	52,049.62
Gross Margin %	48.48%	49.69%	48.47%	48.47%	48.49%	48.67%
Selling and marketing & General and administrative expenses	11,610.23	11,434.53	9,593.11	33,427.15	27,257.47	37,662.45
Research & Engineering expenses	2,327.38	2,374.56	1,957.21	6,847.37	5,296.95	7,244.46
Provision for Debts and Write offs	195.00	1,129.68	195.00	1,519.68	585.00	1,060.48
Total Expenditure	33,602.49	34,210.64	25,459.70	96,477.95	72,627.44	1,00,865.70
EBITDA	4,191.25	4,097.26	1,154.66	9,637.10	4,031.58	6,082.22
Depreciation/Amortisation	1,092.70	1,072.89	652.10	3,008.46	1,833.86	2,653.49
Hedge Impact	(321.34)	(270.80)	453.14	(720.31)	1,372.74	1,781.15
Finance Charges	224.66	341.02	308.58	873.54	1,121.00	1,382.62
Profits / (Loss) before other income / minority interest	2,552.56	2,412.55	647.12	5,034.79	2,449.45	3,827.25
Reinstatement of Receivables / Liabilities	(1,475.26)	506.87	(360.69)	(875.25)	(705.44)	(625.18)
Other Income (including Treasury)	489.18	1,048.86	838.40	5,704.13	1,812.76	2,667.82
Minority Interest/ Share of profit/(loss) of Associate Companies	(33.18)	(244.99)	201.82	(306.10)	(813.96)	(494.29)
Profit / (Loss) before tax	1,533.31	3,723.29	1,326.64	9,557.57	2,742.82	5,375.61
Provision for taxation	195.66	576.68	110.28	720.88	657.35	702.98
Profit / (Loss) after tax	1,337.65	3,146.60	1,216.37	8,836.70	2,085.47	4,672.63

The above financials have been prepared on a functional classification and therefore the fx impact on hedges (realised) is reported separately below EBITDA



Digital Transformation Deals

12

Total Wins in Q3 FY 19 including
4 large Digital transformation deals

iGTB strikes a multi-million deal win from the Largest Banking Group in UAE for the Digital banking business

iGTB's Digital Banking suite to empower a large bank in Bahrain and Kuwait to become their clients' principal banker with digital transformation

An award winning Bank in Kenya chose Intellect for the Digitisation of its end-to-end Corporate Banking Offerings and Retail Banking Interfaces

Leading Public Sector Enterprise in India chose Intellect Digital Lending platform to centralize operations and drive high operational efficiency



Active Pursuits

The current funnel (Active Pursuits) of Intellect is around \$505 mn, out of which \$416 mn is accounted by 130 opportunities

36 high value active pursuits

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

Q2 FY 19 Active Pursuits	Won	Lost	Added	Q3 FY19 Active Pursuits	Remarks
8	1	2	2	7	1 deal Won 2 deals Lost 5 deals from Q2 FY19 2 new deal added
11	1	1	3	12	1 deal Won 1 deal Lost 9 deals from Q2 FY19 3 new deals added
16	3	4	8	17	3 deals Won 4 deals Lost 9 deals from Q2 FY19 8 new deals added



Strong Order backlog

Q3 FY19

License Based

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

INR 1108 Cr

Subscription/Cloud Based

INR 280Cr

(Excluding order backlog of GeM project)

Q2 FY19

License Based

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

INR 1010 Cr

Subscription/Cloud Based

INR 240 Cr

(Excluding order backlog of GeM project)

Repeat revenue from existing customers stood at **83%** (YTD FY19)



Collections and DSO

Collections by GEO

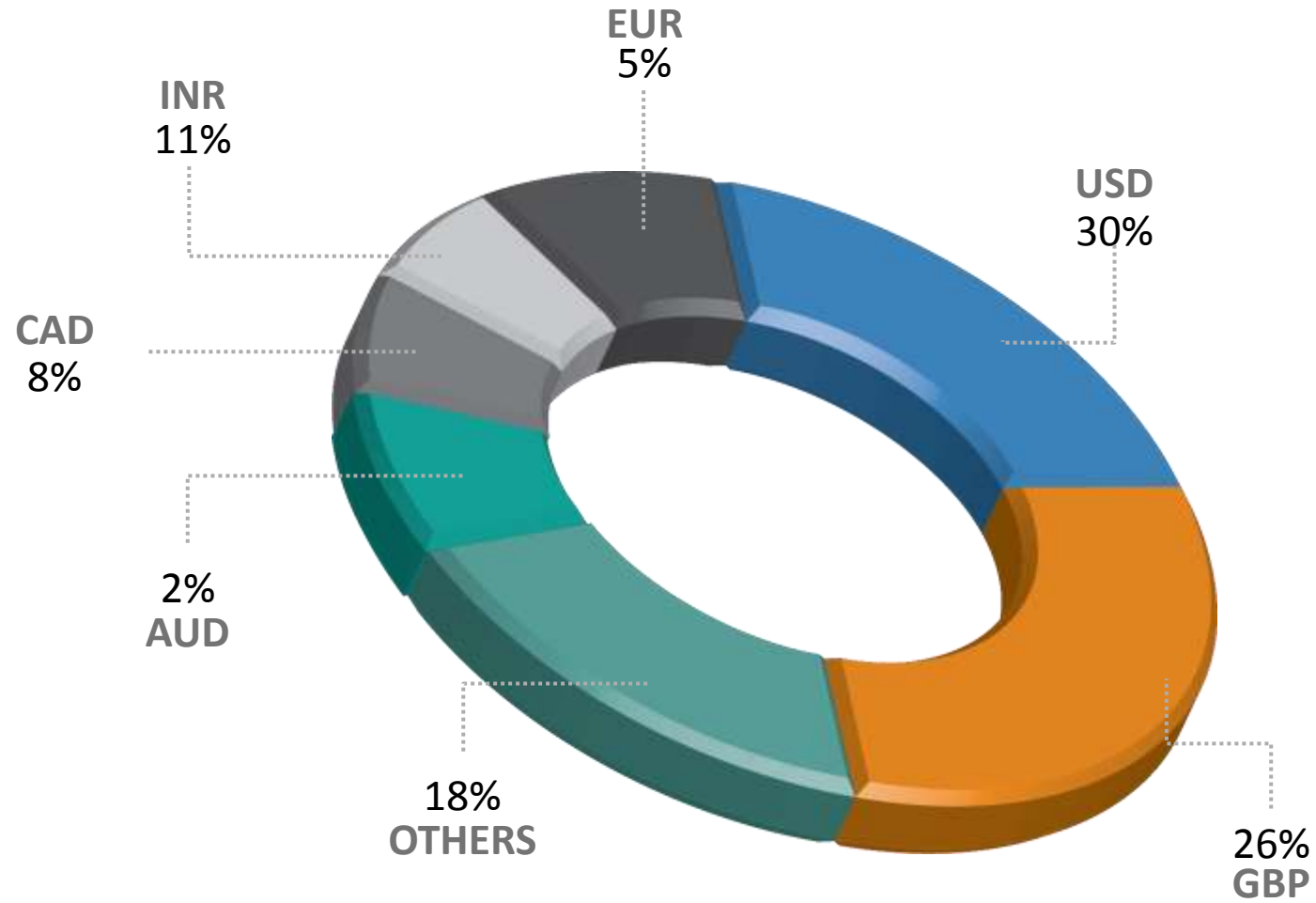
GEO	Americas	Europe	MEA	India	APAC	Total
INR (Cr)	47.87	111.01	56.14	43.32	117.71	376.05
\$Mn	6.86	15.91	8.05	6.21	16.87	53.89

DSO (including Customer Advances)

GEO	Americas	Europe	MEA	India	APAC	Total
No. of Days	87	50	194	161	141	115

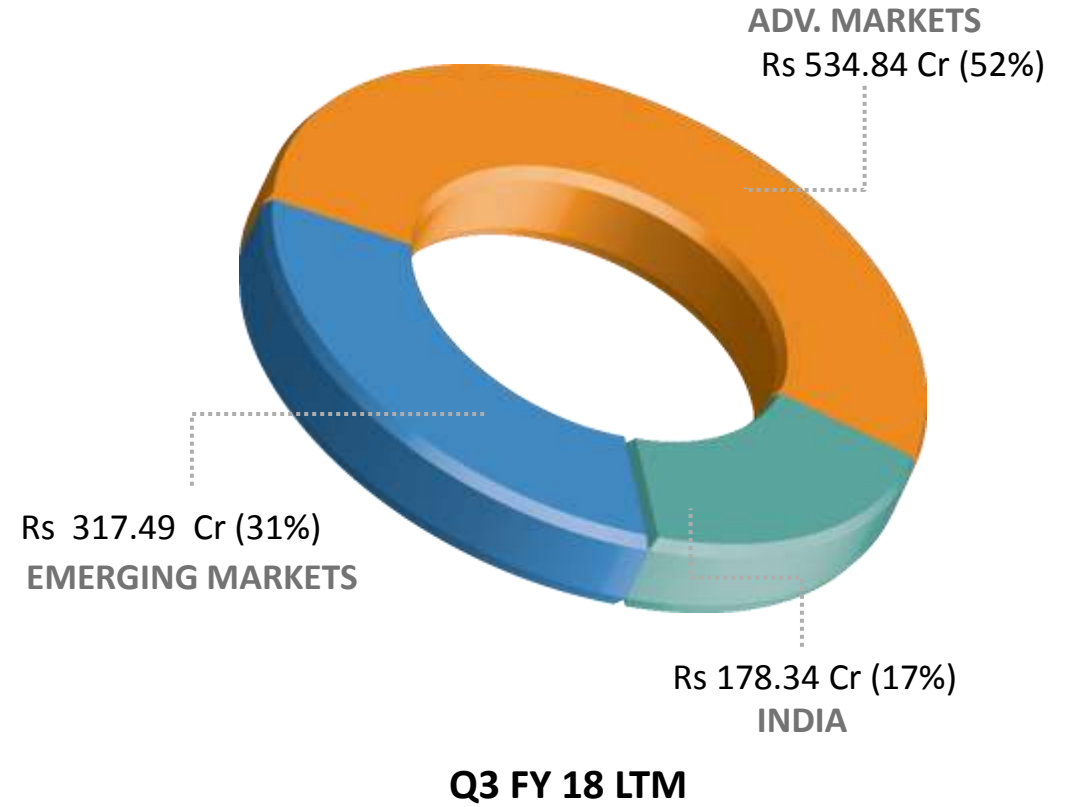
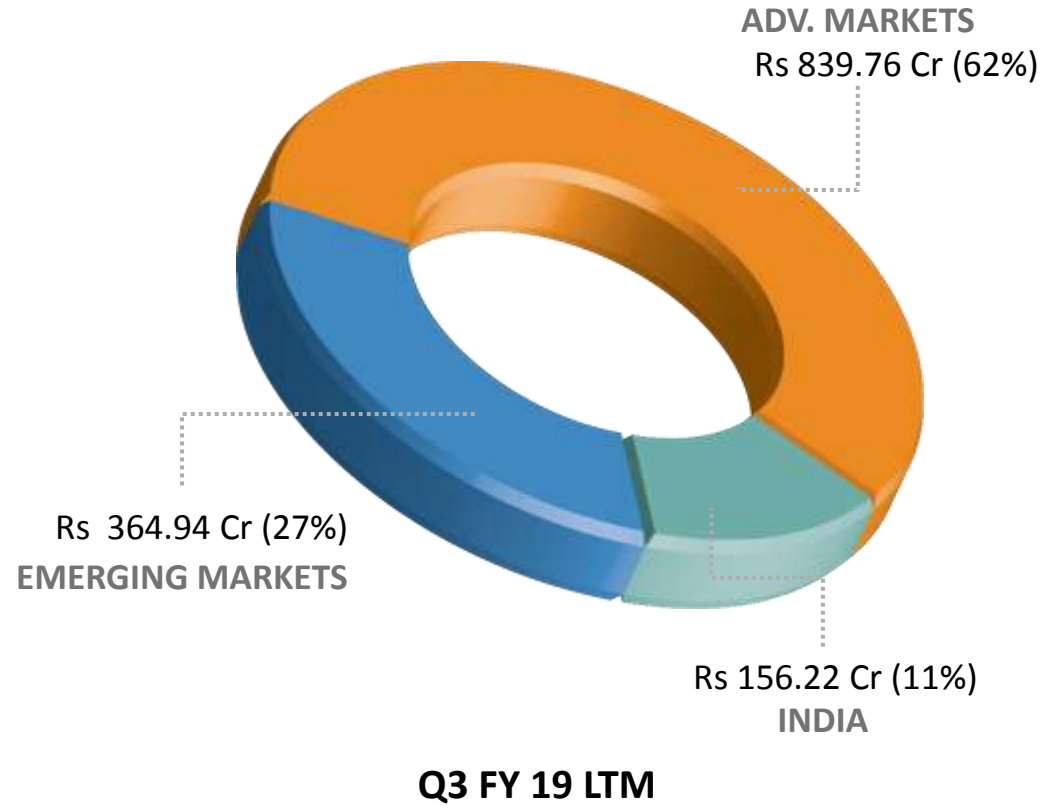


Currency wise Revenue Mix





Revenues across Geographies by LTM





Hedging Summary

FY 2018 - 19			FY 2019 - 20			FY 2020-21		
Quarter	\$ in Mn	Avg Hedge Rate	Quarter	\$ in Mn	Avg Hedge Rate	Quarter	\$ in Mn	Avg Hedge Rate
			Apr 2019 to June 2019	8.00	68.74	Apr 2020 to June 2020	8.00	71.21
			July 2019 to Sep 2019	8.00	69.38	July 2020 to Sep 2020	8.00	71.92
			Oct 2019 to Dec 2019	8.00	70.00	Oct 2020 to Dec 2020	8.00	72.65
Jan 2019 to Mar 2019	7.00	67.51	Jan 2020 to Mar 2020	8.00	70.61	Jan 2021 to Mar 2021	8.00	73.32

Management Observations



Arun Jain

Chairman & Managing Director

“**Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited** said, *“The achievement of 42% Revenue growth on YoY basis and 38% growth on nine months basis establishes our business stability and is a clear evidence of sustainable growth. Our continued investments in Cloud has resulted in revenue of INR 20 Cr which crosses 5% of Total Revenue. We are still investing 10-15 Cr in a quarter on subscription based deals because of lag between contract signing and revenue accruals in the books.”*”



Venkateswarlu Saranu

Chief Financial Officer

“**Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited** said, *“We are happy to report that the operational performance was stable and recorded highest ever Collections of INR 376.05 Cr during the quarter. The unexpected volatility in the forex markets globally resulted in high foreign exchange related impact on the financials of the company as observed across the industry.”*”



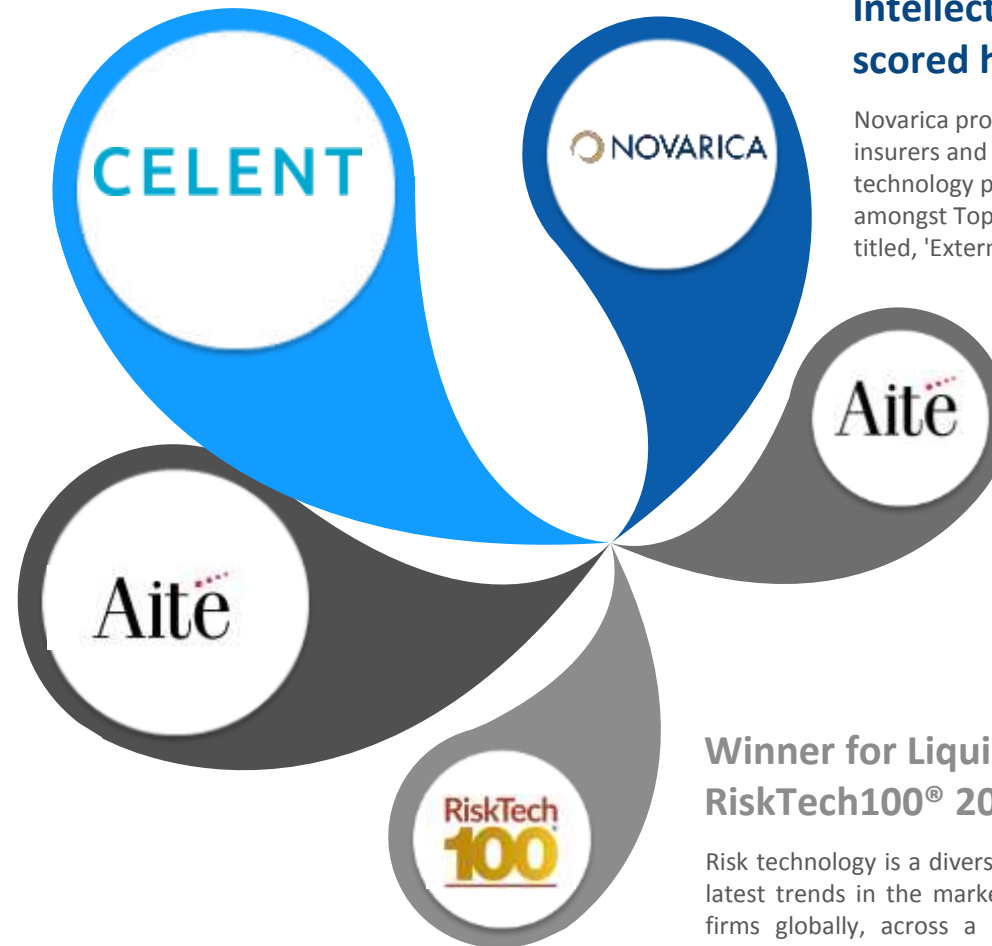
Product Acceptance in Leadership Quadrant

iGTB - CBX18 has been profiled as a "Pacesetter in Celent report

Bank customer engagement needs to evolve if banks are to remain competitive with alternative providers. Pacesetters are leading the charge by transforming the engagement model, adopting new channels and user interfaces, and investing in intelligence. Intellect iGTB - CBX18 has been profiled as a "Pacesetter" for developing persona-based customer journeys in Celent report titled Pacesetter in customer engagement - Top Trends And Best Practice Examples In Corporate Banking.

iGTB awarded "The Vendor to Watch" award, from Aite Group

AIM Evaluation: The Leading Providers of U.S. Cash Management, 2018, explores some of the key trends within the U.S. cash management market and discusses the ways in which technology is evolving to address new market needs and challenges. iGTB CBX awarded "The Vendor to Watch" title in Aite US Cash Management Report.



Intellect SEEC - Risk Analyst featured scored high

Novarica provides research, advisory services, and consulting to help insurers and reinsurers make better decisions about strategy and technology projects. Intellect SEEC - Risk Analyst featured scored high amongst Top Third-Party Data Providers for Insurers in Novarica's report titled, 'External Data in Insurance: Overview and Prominent Providers'.

Intellect Digital Lending has been profiled in Aite Group's report

Intellect Digital Lending has been profiled amongst major vendors globally in Commercial Loan servicing space in Aite Group's report titled "Commercial Loan Servicing: Maintenance After the Close". The servicing of commercial loans is a labor-intensive business requiring complex workflows related to customer service, accounting, risk, management, analytics, and reporting.

Winner for Liquidity Risk & ALM at RiskTech100® 2019 awards

Risk technology is a diverse, fast moving space and to keep pace with the latest trends in the market, RiskTech100® have recognized a number of firms globally, across a wide range of categories and have declared Intellect Design as the Winner in the Liquidity Risk and ALM solutions category at RiskTech100® Awards 2019.



DIVISIONAL COMMENTARY

(ORDER WINS AND IMPLEMENTATIONS FOR Q3 FY 2019)



Large Digital Transformation deal wins

- **iGTB strikes a multi-million deal win from the Largest Banking Group in Middle East for the Digital banking business**

One of the largest banking groups in the Middle East chose iGTB for the implementation of Digital Banking with its self-service digital UX. This will integrate a number of previously separate platforms, allowing the bank's clients – which include SMEs and multinational corporations – to consistently view, monitor and control their consolidated working capital funds, payments activities, collections & receivables, trade finance and supply chain finance deals. At the same time, irrespective of the country they operate in, iGTB will allow cross-channel accessibility anywhere.

- **iGTB's Digital Banking suite to empower a large bank in Middle East to become their clients' principal banker with Digital Transformation**

One of the largest banks, which has a strong foot hold in the Corporate Banking space with a clear leadership in Bahrain and planning to widen its reach in markets like Kuwait & India, has chosen Intellect to implement a comprehensive digital transformation of its banking business which will equip the bank with state-of-the-art digital infrastructure. This digital transformation initiative based on iGTB's model-bank repertoire of proven customer journeys, will completely transform the bank's cash management and trade finance services. This solution will provide digital banking user experience, with end-to-end integration that allows the bank to create fully customized products and services over multiple channels.



Large Digital Transformation deal wins

- **An award winning Bank in Kenya chose Intellect for the Digitisation of its End-to-End Corporate Banking Offerings and Retail Banking Interfaces**

A commercial bank in Kenya, the largest economy in the East African community has chosen iGTB's Contextual Banking Experience (CBX), Digital Face (Retail) and Omni Channel for their Digital transformation initiatives. The transformation program will place the bank on an accelerated path to achieve its vision of becoming Kenya's leading bank in providing great customer experience

- **Leading Public Sector Enterprise in India chose Intellect Digital Lending platform to centralize operations and drive high operational efficiency**

A wholly-owned Government Company in providing Loans for Housing and Urban Infrastructure Projects in India has chosen Intellect Digital Lending platform to centralize operations and drive high degree of efficiency across the complete loan management life cycle. Intellect's Digital Lending solution will empower the company towards re-positioning itself for the future by increasing operational efficiency with seamless flow of information across all systems



Significant deal wins

- iGTB has been chosen by the largest business bank in Australia, to develop a digitised Escrow account service(s) to improve the existing services, which includes the development of Trustee/Escrow management service for Corporate 'At Call' and 'Term Deposit' accounts through an integrated digital service, API enabled integration with the banks connect, Virtual Account (master/subaccount data feed capability), Digital service offering including reconciliation, communication processing, digital forms and channel capability
- A major British financial institution chose Funds Control Hub from iGTB to onboard more customers. Now, the product upgrade delivery for the same has been given and UAT is in progress
- The largest Swedish financial group for corporate customers, institutions and private individuals, headquartered in Stockholm has chosen iGTB for the digital transformation of its liquidity management platform. The Liquidity Management solution will help the group in full online reporting and analytics with Liquidity Management structures such as: Cash Concentration Sweeps, Notional Pools & Intercompany Loans.
- A leading state-owned commercial bank in United Arab Emirates, has upgraded to Intellect's fully integrated Digital Core banking solution. The bank has chosen Intellect's truly digital solution to enhance customer satisfaction, streamline operations and deliver a holistic Digital Banking experience to its customers
- The third largest broker in the US and an International Specialty Insurance organization that provides innovative solutions for brokers, agents and insurance carriers has chosen Intellect SEEC - Risk Analyst for creating sophisticated insurance and risk management solutions for a select group of hard-to-place risks



Reliable Implementations

Intellect went live in 15 financial institutions across the world during this quarter. Some of the significant implementations in Q3 FY 19 include:

- The largest American multinational investment bank and financial services company headquartered in New York City goes live with iGTB for its Legal Entity Separation in the context of BREXIT, which involves breaking the current structures and migrating them to various geographies, ensuring their balances & BVT's work. The Operational Data Source (ODS), which extracts liquidity sweeps data real time and populates data into denormalized database, enabling the bank to generate online reporting / dashboards
- One of the largest Spanish multinational commercial bank and financial services company founded and based in Spain goes live with Intellect Global Transaction Banking for the transformation of its payment management system. Intellect will help the bank's global customers to make payments from their accounts, send massive payments messages through IPH and the payment instruments supported include: Confirming invoice and credit note. The book transfer and Interbank transfer payment instruments are also supported
- One of the major Indian commercial banks, in the private sector, a pioneer among traditional banks in India in using technology to leverage its operations and one of the first set of banks in India to computerize all its branches, goes 'live' with Digital Banking Platform from iGTB
- A bank headquartered in Jordan with one of the largest global Arab banking networks, with over 600 branches spanning five continents has gone 'live' with iGTB's Digital Banking platform. This implementation is a multi-country rollout on a single instance, allowing the bank to decide on a centralised or decentralised mode of operation, based on their business strategy.
- A leading bank in UAE and one of the world's largest and safest financial institutions, went live with iGTB's Digital Banking platform for the integration of its omni-channel, front-end interface offering into the bank's pre-existing core banking platform using a variety of middleware



Reliable Implementations

Intellect went live in 15 financial institutions across the world during this quarter. Some of the significant implementations in Q3 FY 19 include:

- One of the leading premier and most valuable banking company in Nigeria went live with iGTB, migrating from their legacy Digital Banking solution to the Digital solution to compete aggressively in the Nigerian market. The delivery was divided into two phases to achieve extremely quick go-to market. The solution includes Payments, Account Services, LMS, CnR, H2H and mobility
- A leading Islamic bank based in Abu Dhabi goes live with iGTB's Digital Banking. Intellect will help the bank deliver cutting-edge experiences to the bank's clients – providing highly relevant products that can be accessed through multiple channels - anywhere and anytime. For the bank, centralised functions with an optimized infrastructure will lead to reduced costs and increased automation, Straight Through Processing and efficiency. It will also improve customer convenience, time to market for innovative products and accelerate the client on-boarding process
- One of India's leading diversified financial services company providing a broad range of financial products and services has replaced its current fragmented system for Custody with a robust and integrated solution combined with flexibility and efficiency, to handle the core Custody Operations. The company goes live with Intellect Custody to automate its Custody business, standardize business processes and comply with regulatory mandate
- The largest insurance and investment company, headquartered in Mumbai, went 'live' with multiple upgrades to its Customer Portal, Agent Portal and Sales App of Intellect SEEC. Additional features were released on Web and Mobile apps, like application accessible in local languages, etc.
- An insurance organization charged with creating exceptional value and one of the top 100 Property & Casualty companies in the United States goes live with the Underwriting Workstation Platform of Intellect SEEC with an objective to achieve UW efficiency and improvements in the loss ratio for commercial lines. Integration with the organisation's internal systems such as Image Right document, Workflow, Policy System, Warehouse and other internal systems has been completed during this implementation
- A UK-based wealth management business, which focuses on achieving and maintaining a thorough understanding of the clients financial needs and aspirations, goes live with Intellect SEEC's - Platform Series 4 Migration - UK's biggest migration, which was successfully carried out by Intellect SEEC

