

CLOUD-NATIVE, FUTURE-READY MULTIPRODUCT FINTECH PLATFORM FOR WORLD'S LEADING FINANCIAL CLIENTS

Q2 FY21 Results ending 30th September, 2020
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.



Intellect continues on Monetisation trajectory

A quarter of steady consolidation of our Monetisation agenda on revenue, costs, margin expansion and positive cash flows. Driven by healthy deal flows and highest levels of implementation closures.



Q2 FY21 - Calibrated Predictable Growth

Healthy growth in License revenues by 131% YoY

License linked Revenue (License + SaaS/ Subscription + AMC) is at 56% of total revenues vs 41% of total revenues in Q2FY20

Expansion of EBITDA margins at 24% of revenues in Q2 FY21 vs 20% in Q1 FY21



Revenue growth of 14% YoY in INR terms

Healthy growth in AMC revenues by 19% YoY

Gross Margin at 56% against 45% YoY



FINANCIAL HIGHLIGHTS

Executive Summary Q2 FY21



E1: Revenue

- **Q2 FY21**
 - Total Revenue is INR 3730 Mn registering 14% YoY Growth
 - In \$ terms, Total Revenue is at \$50.13 Mn registering 8% YoY Growth
- **H1 FY21**
 - Total Revenue of H1 FY21 is INR 7223 Mn, registering 8% YoY Growth
 - H1 FY21 revenue in \$ terms is at \$96 Mn

E2: License , AMC and SaaS Revenue

- **Q2 FY21**
 - License Revenue is INR 985 Mn registering 131% YoY growth
 - AMC Revenue is INR 748 Mn, registering 19% YoY growth
 - Cloud/SaaS revenue is INR 345 Mn, registering 25% YoY growth
- **H1 FY21**
 - License Revenue is INR 1591 Mn, registering 62% YoY growth
 - AMC Revenue is INR 1489 Mn, registering 22% YoY growth
 - Cloud/SaaS revenue is INR 734 Mn, registering 44% YoY growth

Executive Summary Q2 FY21



E3: Gross Margin, EBITDA and PAT

• Q2 FY21

- Gross Margin is INR 2096 Mn, 56% of revenues in Q2FY21 grew from 45% in Q2 FY20
- EBITDA is INR 904 Mn at 24% of revenues in Q2 FY21. It was negative INR (49) Mn in Q2FY20
- Net Profit is INR 592 Mn as against loss of INR (170) Mn in Q2 FY20

• H1 FY21

- Gross Margin is INR 3976 Mn, 55% of revenues
- EBITDA is INR 1617 Mn in H1 FY21
- Net Profit is INR 1018 Mn in H1 FY21 as against loss of INR (136) Mn in H1 FY20

E4: Cash and Debt position

- Effective Operating Cash Flow is INR 385 Mn in Q2 FY21 and INR 2167 Mn in H1 FY21
- Cash and Cash Equivalent is INR 1654 Mn
- Total debt as of Q2 FY21 is at INR 707 Mn as against INR 2302 Mn in Q2 FY20 registering a reduction of INR 1595 Mn

E5: Collections and Investment in Product Development (Capitalised)

- Collections for Q2 FY21 is INR 3343 Mn; up by INR 223 Mn as against Q2 FY20 and INR 7707 Mn for H1 FY21
- The Net Days of Sales Outstanding (DSO) is 127 days in Q2 FY21 as against 126 days in Q2 FY20
- Investment in Product Development (Capitalised) is INR 284 Mn, same as in Q2 FY20

E6: Order backlog – Cloud/Subscription deals

- Order backlog relating to License based (License, AMC and implementation) deals - INR 11940 Mn as of Q2 FY21 as against INR 11000 Mn in Q2 FY20

Q2 FY21 – Revenue at INR 3730 Mn



Q2 FY21 REVENUE (INR)

3730 Mn

Q2 FY20 - 3275 Mn

Q2 FY21 REVENUE (US \$)

\$ 50.13 Mn

Q2 FY20 - 46.57 Mn

EBITDA (INR)

904 Mn

Q2 FY20 - (49) Mn

GROSS MARGIN (INR)

2096 Mn

Q2 FY20 - 1484 Mn

GROSS MARGIN % (INR)

56 %

Q2 FY20 - 45 %

LICENSE (INR)

985 Mn

Q2 FY20 - 427 Mn

SAAS Revenue(INR)

345 Mn

Q2 FY20 - 276 Mn

AMC (INR)

748 Mn

Q2 FY20 - 628 Mn

PAT (INR)

592 Mn

Q2 FY20 - (170) Mn

Collections for
Q2 FY21 (INR)

3343 Mn

Net DSO

127 Days

Investment in Product
Development (Capitalized)
(INR)

284 Mn

Deal Wins

6

Large Deal Win

4

Implementations
(Go Lives)

19

CSR contribution
(INR)

0.10 Mn

H1 FY21 – Revenue at INR 7223 Mn



H1 FY21 REVENUE (INR)

7223 Mn

H1 FY20: 6709 Mn

H1 FY21 REVENUE (US \$)

\$ 96.18 Mn

H1 FY20: 95.93 Mn

EBITDA (INR)

1617 Mn

H1 FY20: 73 Mn

GROSS MARGIN (INR)

3976 Mn

H1 FY20: 3102 Mn

GROSS MARGIN % (INR)

55 %

H1 FY20: 46 %

LICENSE (INR)

1591 Mn

H1 FY20: 982 Mn

SAAS Revenue(INR)

734 Mn

H1 FY20: 509 Mn

AMC (INR)

1489 Mn

H1 FY20: 1224 Mn

PAT (INR)

1018 Mn

H1 FY20: (136) Mn

Collections for
H1 FY21 (INR)

7707 Mn

Net DSO

127 Days

Investment in Product
Development (Capitalized)
(INR)

553 Mn

Deal Wins

10

Large Deal Win

5

Implementations
(Go Lives)

31

CSR contribution
(INR)

10.2 Mn

Financial Results for the Second Quarter Ending – September 30, 2020

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

INR Mn

Particulars	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2020 (Q2 FY 21)	June 30, 2020 (Q1 FY 21)	September 30, 2019 (Q2 FY 20)	September 30, 2020 (H1 FY 21)	September 30, 2019 (H1 FY 20)	March 31, 2020 (FY20)
INCOME						
Income from software product license and related services	3,730	3,492	3,275	7,223	6,709	13,509
EXPENDITURE						
Software development expenses	1,635	1,613	1,791	32,47	3,607	6,987
Gross Margin	2,096	1,880	1484	3976	3102	6,522
Gross Margin %	56.18%	53.82%	45.32%	55.04%	46.24%	48.28%
Selling and marketing & & General and administrative expenses	844	832	1,126	1,676	2,238	4,213
Research & Engineering expenses	234	230	333	464	668	1,219
ESOP Cost	74	75	40	149	68	170
Provision for Debts and Write offs	40	30	35	69	54	172
Total Expenditure	2,826	2,779	3,324	5,606	6,636	12,761
EBITDA	904	713	(49)	1,617	73	748
Depreciation	(98)	(105)	(95)	(203)	(192)	(397)
Amortisation	(96)	(84)	(68)	(180)	(136)	(293)
Hedge Impact	(12)	(33)	(9)	(45)	(15)	(40)
Finance Charges	(25)	(39)	(48)	(65)	(87)	(174)
Profits / (Loss) before other income / minority interest	672	452	(269)	1,124	357	(155)
Other Income (including Treasury)	22	29	80	51	231	294
Reinstatement of Receivables / Liabilities	(28)	48	35	21	37	26
Minority Interest/ Share of profit/(loss) of Associate Companies	(4)	(58)	(10)	(62)	(38)	46
Profit / (Loss) before tax	662	471	(163)	1,133	(127)	211
Provision for taxation	(70)	(45)	7	(115)	10	(51)
Profit / (Loss) after tax	592	426	(170)	1,018	(136)	160

Collections and DSO



Collections by GEO

GEO	Americas	Europe	MEA	India	APAC	Total
INR (Mn)	754	956	705	367	569	3,343

DSO by GEO

GEO	Americas	Europe	MEA	India	APAC	Total
Billed	43	21	90	20	60	45
Net DSO	65	41	155	188	274	127

Net DSO of 127 days is computed by considering Trade Receivables (less taxes) of 1734 Mn.
Unbilled receivables of 4469 Mn and reducing advances of 1321 Mn.

Strong **Order backlog**



Q2 FY21

License Based

(License, AMC, Implementation, etc.,)

INR 11940 Mn

Q1 FY21

License Based

(License, AMC, Implementation, etc.,)

INR 11560 Mn

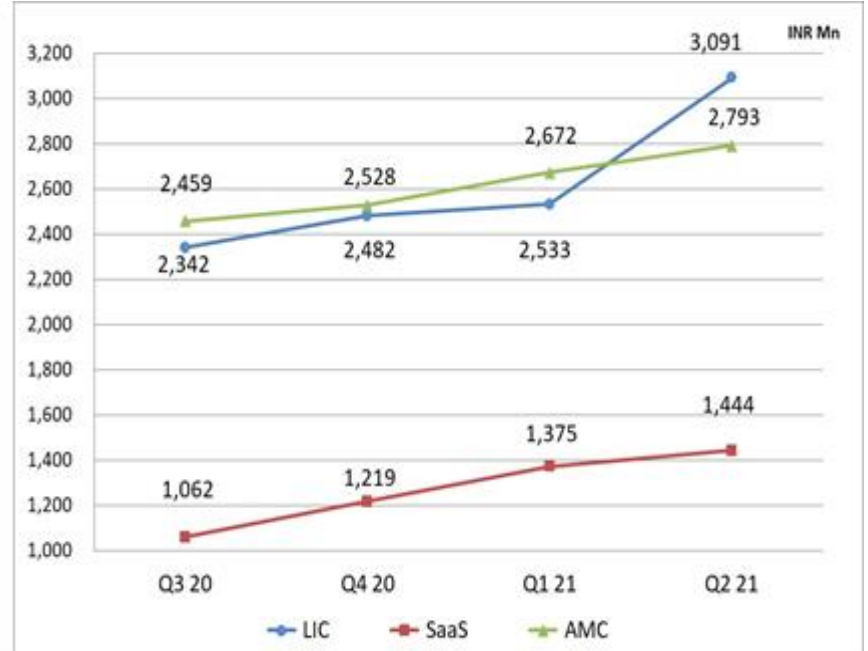
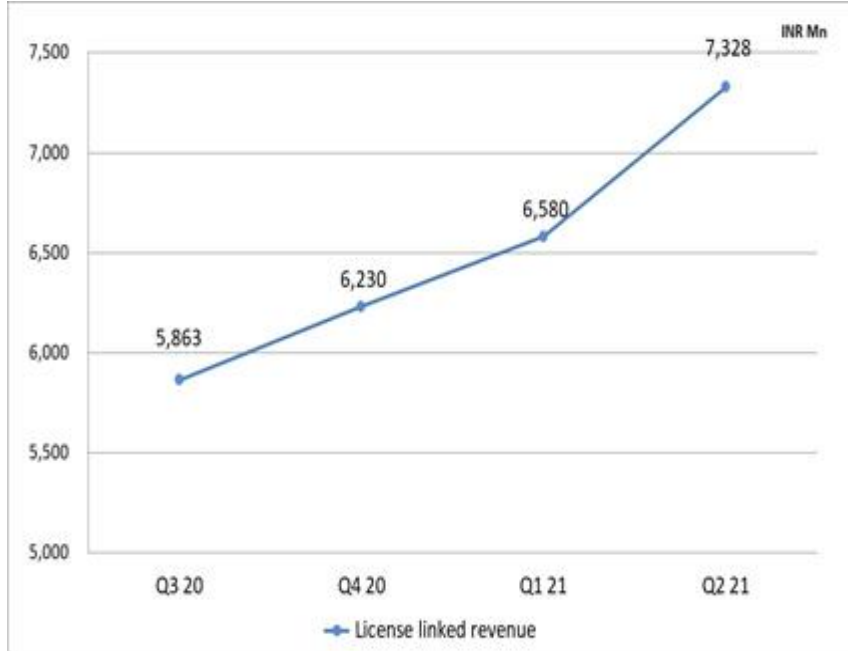
ARR for Cloud/Subscription based Revenue as at **Q2 FY 21 is INR 1379 Mn as against INR 1103 Mn **YoY****

Repeat revenue from existing customers stood at 93% (Q2 FY 21)

Steady growth in license linked revenue



Last Twelve Months



- License linked revenue (License + SaaS/ Subscription + AMC) is at 56% of total revenues vs 41% of total revenues YoY.

Destiny Deals

41

Active Pursuits – Q2 FY21

- The current funnel of Intellect is around INR 40181 Mn (\$ 540 Mn) out of which INR 30285 Mn (\$ 407 mn) is accounted by 117 Opportunities
- Average deal size in Q2 FY21 stands at INR 149 Mn (\$ 2 Mn) against INR 168 Mn (\$ 2.4 mn) in Q2 FY20

Destiny Deals – Q2 FY21

- Average deal size of destiny deals stands at INR 446 Mn (\$ 6 Mn) in Q2 FY21
- 41 destiny deals in Q2 FY21 as same as in Q2 FY20
- Destiny deals contributes to 53% of total Opportunity funnel in Q2 FY21 against 65% in Q2 FY20

Active Pursuits



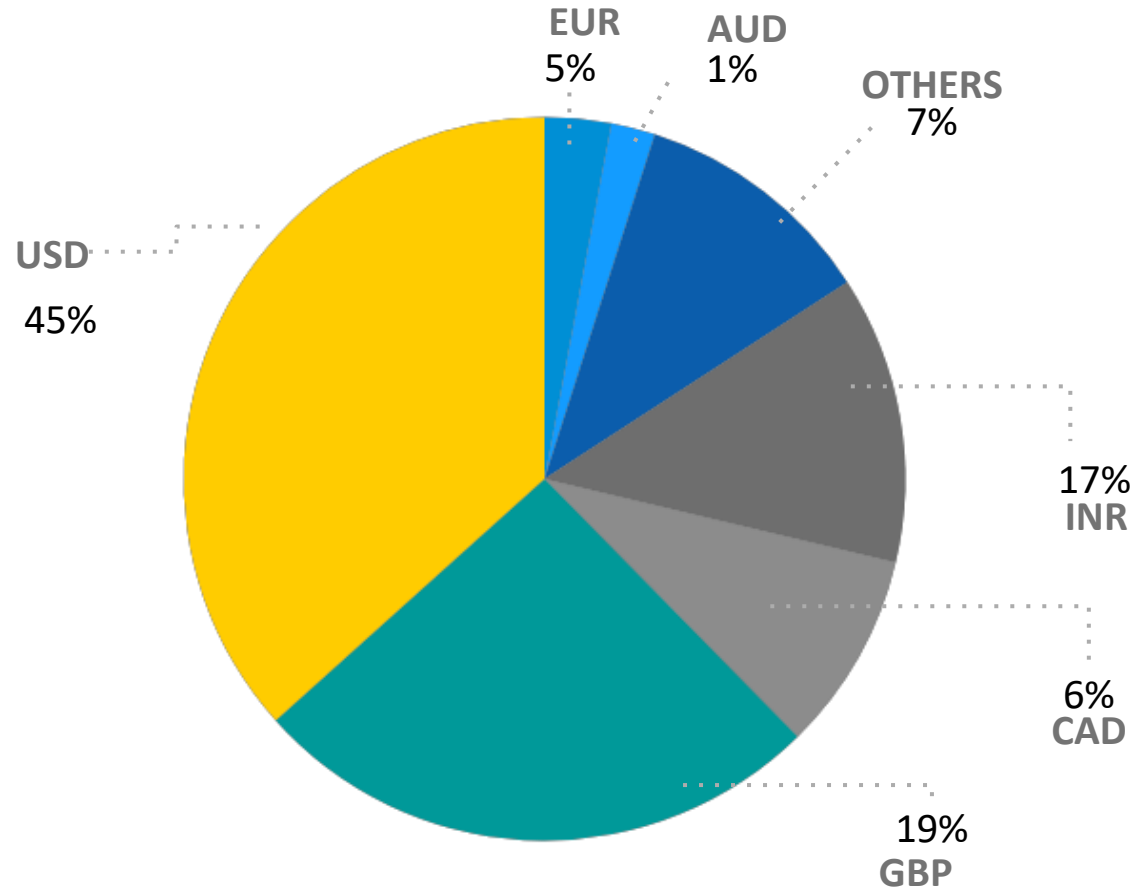
High value active pursuits

41

- 9 Pursuits > INR 50 Cr
- 12 Pursuits between INR 30 Cr to INR 50 Cr
- 20 Pursuits between INR 20 Cr to INR 30 Cr

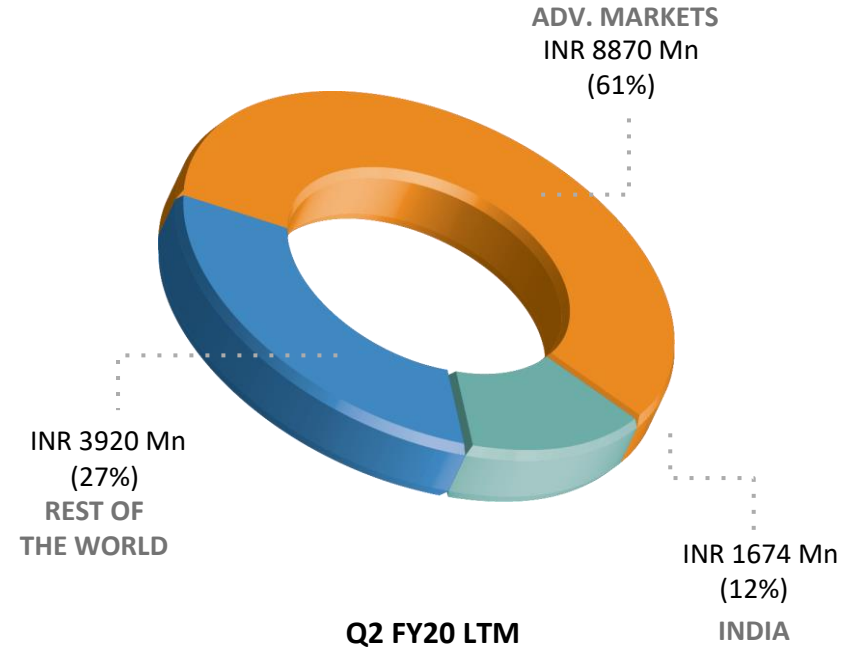
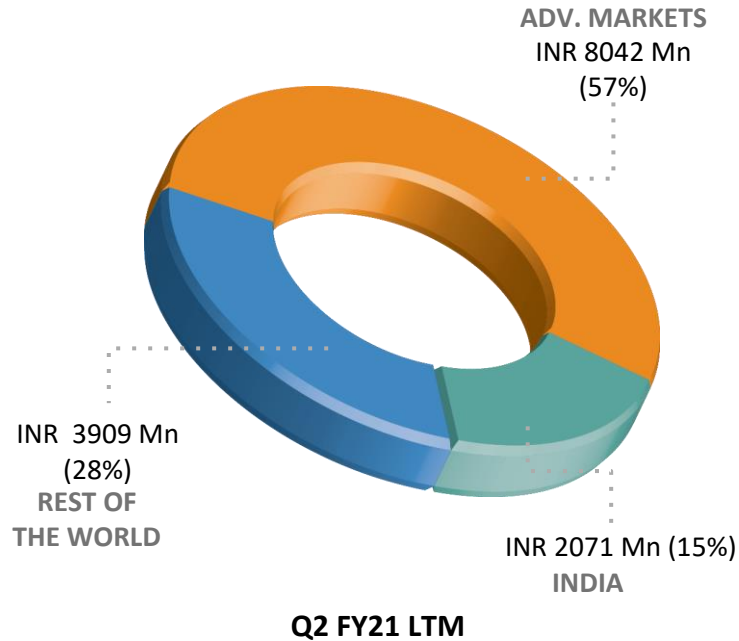
	Q1 FY21 Active Pursuits	Won	Lost	Added	Q2 FY21 Active Pursuits	Remarks
> INR 50 Cr	8		-	1	9	8 deals from Q1 FY21 + 1 new deal added
INR 30 Cr - INR 50 Cr	12	2	1	3	12	2 deals Won 1 deal Lost 9 deals from Q1 FY21 + 3 new deals added
INR 20 Cr - INR 30 Cr	20	2	3	5	20	2 deals Won 3 deals Lost 15 deals from Q1 FY21 + 5 new deals added

Currency wise Revenue Mix



Revenues across Geographies

Last Twelve Months



Adv. Markets: Americas, Europe, Australia, New Zealand, Singapore, Japan and South Africa



BUSINESS HIGHLIGHTS

Digital Deals and Implementations



6

Total Wins in Q2 FY21
including 4 large Digital
transformation deal

One of the largest multi-faceted global financial services providers in the US has chosen iGTB's Liquidity Management Solution.

One of the top African companies chose Intellect Digital Core banking solution - IDC 19.1.

Large Upgrade deal won from a leading Apex National financial Institution In India for their core banking and lending transformation.

One of the largest Southeast Asian banks has chosen Intellect's Cash Management Services.

19

Go Lives in Q2 FY21

A large Chilean retailing chain went live with Intellect Cards.

A Canadian multinational investment bank and financial services company went live with Intellect Payments Hub.

A Govt of India specialised financial institution has gone live with iGTB Corporate Banking, CBX, Payments and Account Services modules.

One of the largest banks in the Middle East has gone live with iGTB's corporate banking, CBX, Payments, Collections and Receivables and LMS modules.

The largest bank in UAE has expanded its relationship with Intellect and went live with iGTB to provide advanced Liquidity Management services to its customers.

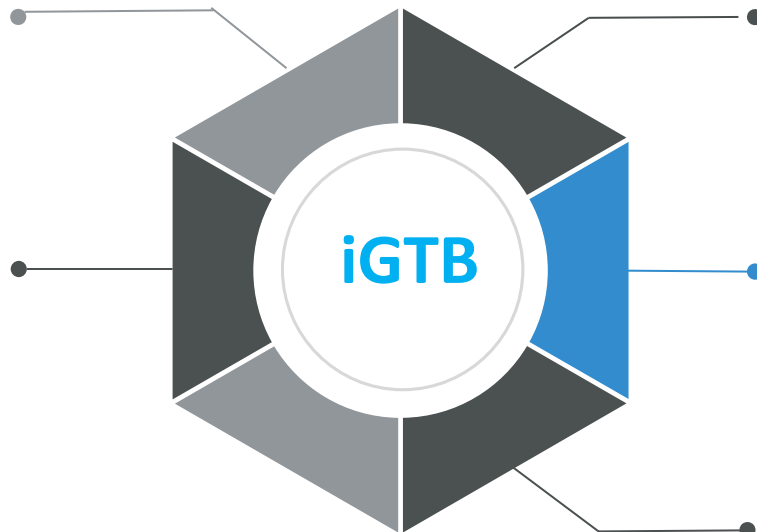
One of Vietnam's leading private sector banks has gone live with iGTB's end-to-end Cash Management services.

An Indian financial services company went live with Intellect Capital Sigma. Intellect's asset servicing solution suite which will help the company achieve 95%+ straight through processing and increase its operational efficiency.

Business Highlights - iGTB

Deals, Markets & Analyst

1. Digital Transaction Banking (DTB) has won its 57th customer during Q2FY21 for a largest bank in Southeast Asia
2. Intellect Liquidity further advances its category leadership by clocking a win in the US from the one of the largest multi-faceted global financial services. This is the 2nd deal in US in this financial year. With this deal win, iGTB now has 11 clients in the US out of Intellect's portfolio of 25 in North America, reinforcing its position as partner of choice.
3. Pipeline looking healthy for the next 2 quarters



Product Leadership Journey

1. Digital Liquidity with microservices based cloud architecture is ready to launch
2. Contextual Banking Experience (CBX), the first complete cloud native product is gaining momentum
3. Integrated Payments and Payment Services Hub are ready to be launched in this quarter

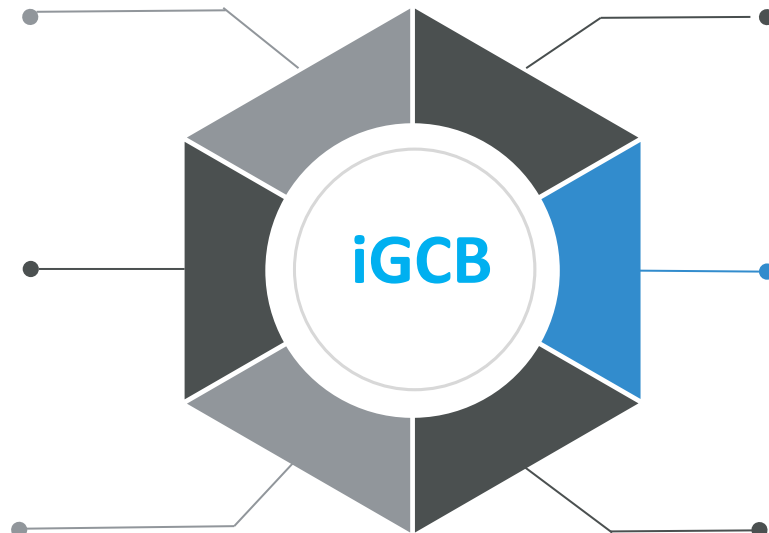
Analyst

1. iGTB rated as a "Strong Performer" in The Forrester Wave™ in Digital Banking Processing Platforms (Corporate Banking)
2. CBX Virtual Accounts Management (VAM) is featured among Global VAM players in an Aite report
3. Analyst endorsements from Aite for and Forrester, add to the #1 Rating in IBS Sales League in Wholesale Banking.

Business Highlights - iGCB

Deals, Markets & Analyst

1. Closed a multi million dollar upgrade deal with an Apex National financial Institution In India for their core banking and lending transformation.
2. Lending shapes up as the next Growth Engine after IDC, winning a series of Deals.
3. Quantum re-asserts its market leadership in the Central Banking.
4. Bright outlook in Europe continues, amongst the last 2 contenders in few deals



Product Leadership Journey on Core banking and Lending :

1. Rapid progress in Product Architecture Journey as IDC and IDL become Cloud native with Microservices Architecture and over 400 published Open APIs.
2. IDC and IDL demonstrated a TPS of over 4500 with containerized deployment.
3. Open Banking Compliance - PIS Managed Rollout certified by OBIE for Santander UK subsidiary.
4. Despite Covid, we have successfully initiated 7 Projects across the world.

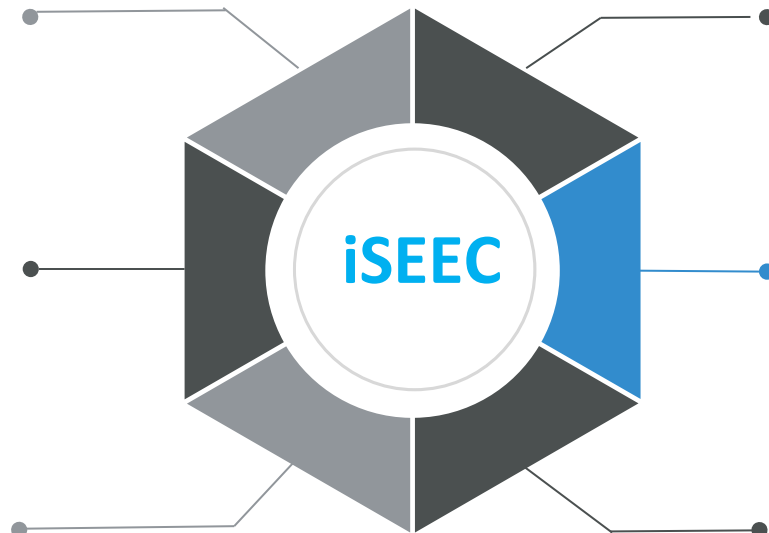
Analyst

Analyst coverage continues. Intellect now featured among five noted tech suppliers for Modular Core Banking Systems in IDC report titled "Challenger Banks: New Propositions for a New Age of Finance".

Business Highlights - Intellect SEEC

Deals, Markets & Analyst

1. Expanding in Australia after the US. Signed up a large reinsurer in Australia
2. Gaining traction in US, Australia and India
3. Relationship further strengthened with the largest Client in the UK. Looking to replicate success with similar Customers.
4. IDX - Intelligent Data Extraction solution based on AI/ML emerges as platform with higher data accuracy



Product Leadership Journey

1. Intellect Data Platform, operating in the US on AWS Cloud, is gaining traction
2. Underwriting workstation with built in real time risk analysis is rated one of the best products in US
3. Risk Analyst has tied up with 8000 Data sources to provide AI/ML based intelligence to P&C insurance companies

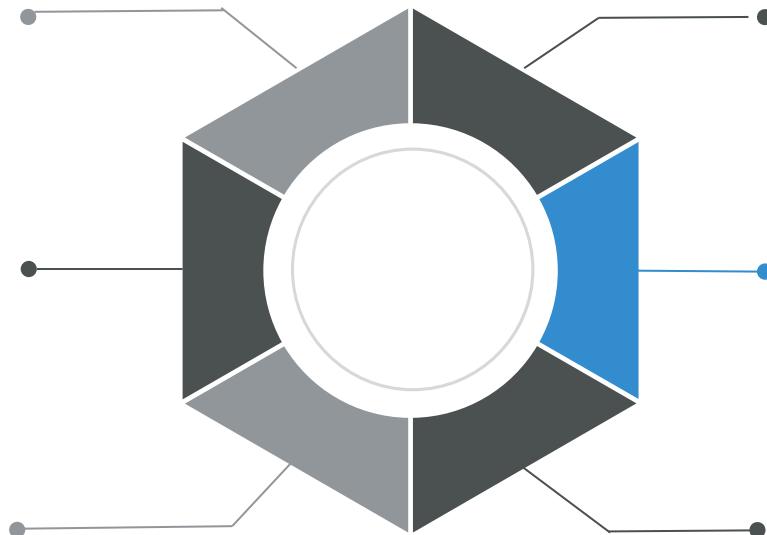
Analyst

Key Implementation with a major Carrier in the US wins analyst endorsement - Intellect SEEC's implementation at Liberty Mutual featured as a case study in the Data and Analytics category by Novarica

Business Highlights - iRTM, iWealth and iGov

Deals, Markets & Analyst

1. Wealth RM office goes live in Singapore and wins upgrade with a very large Account in India.
2. Engagement with key Global Account in Treasury further deepened.
3. iGov Business poised for growth over next two Quarters as business volumes accelerate over GeM portal.



Product Leadership Journey

1. Launched CALM 20 – a unified contextual ALM platform to manage balance sheet risks and CBX-FX – a contextual FX platform, combining trading and hedging needs for the bank's corporate customers
2. Nextgen Treasury ready for launch

Analyst

1. Intellect Wealth announced as the winner at the 2020 IDC FinTech Rankings Real Results Award for Digital Wealth Transformation at CIMB Thai Bank.
2. iRTM's Contextual ALM is positioned at the 75th percentile category performer for Liquidity/Funding Risk and Profitability Management in a Celent Report



MANAGEMENT COMMENTARY



Arun Jain

Chairman & Managing Director

“

I take great satisfaction in announcing another quarter of steady revenue growth along with sustained expansion in profitability as part of our monetisation strategy announced last quarter. Our brand recognition & superior and deep financial technologies are helping us to drive more consistent deal flows in advanced markets.”

CFO Commentary



Venkateswarlu

Saranu

Chief Financial Officer

“

We are happy to share that we have expanded our EBITDA margin by 400 basis points this quarter to 24% of revenue, which stands at INR 904 Mn. The PAT at INR 592 million on a quarterly basis delivers an EPS of INR 4.47. We are confident of steady growth of all financial metrics in the current year.”

